

AUDIT, RISK AND SCRUTINY COMMITTEE

ABERDEEN, 8 May 2018. Minute of Meeting of the AUDIT, RISK AND SCRUTINY COMMITTEE. Present:- Councillor Flynn, Convener; Councillor Yuill, Vice-Convener; and Councillors Allard, Councillor Donnelly, the Depute Provost (as substitute for Councillor Reynolds), Duncan, Graham, Lumsden, Avril MacKenzie and Townson.

CHANGE TO THE AGENDA

1. The Convener advised that he proposed to take item 7.17 (Fleet and Transport MOT issues) after item 7.7 (Inspection Report of Aberdeen Crematorium by the Inspector of Crematoria) on the agenda.

The Committee resolved:-

to concur with the proposed change from the Convener.

DETERMINATION OF EXEMPT BUSINESS

2. The Convener proposed that the Committee consider item 8.1 (Garthdee Alpine Sports) on the agenda with the press and public excluded.

The Committee resolved:-

that in terms of Section 50(A)(4) of the Local Government (Scotland) Act 1973, to exclude the press and public from the meeting for item 8.1 so as to avoid disclosure of exempt information of the class described in paragraph 6.

MEMBERS ARE REQUESTED TO INTIMATE ANY DECLARATIONS OF INTEREST

3. Members were requested to intimate any declarations of interest in respect of the items on the agenda, thereafter, the following declarations of interest were intimated:-

- (1) Councillor Duncan declared an interest in item 7.4 (ALEO Assurance Hub) by virtue of her position as a Board member for Aberdeen Performing Arts, she considered that the nature of her interest did not require her to leave the meeting at that item on the agenda; and
- (2) Councillor Graham declared an interest in item 7.4 (ALEO Assurance Hub) by virtue of his position as Director of Sport Aberdeen, he considered that the nature of his interest did not require him to leave the meeting at that item on the agenda.

The Committee resolved:-

to note the declarations of interest.

AUDIT, RISK AND SCRUTINY COMMITTEE

8 May 2018

COMMITTEE BUSINESS PLANNER

4. The Committee had before it the Business Planner prepared by the clerk.

The Committee resolved:-

to note the content of the Committee Business Planner.

MINUTE OF MEETING OF 22 FEBRUARY 2018

5. The Committee had before it the minute of its previous meeting of 22 February 2018.

The Committee resolved:-

to approve the minute as a correct record.

UNAUDITED ANNUAL ACCOUNTS 2017/18 - RES/18/011

6. The Committee had before it a report by the Director of Resources which (1) provided an overview of the Council's 2017/18 unaudited annual accounts; (2) sought approval of the annual Governance Statement which had been included in the 2017/18 unaudited accounts; and (3) provided the unaudited 2017/18 accounts for those registered charities where the Council was the sole trustee and were subject to statutory requirements for separate accounts and audit opinions.

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 2017/18;
- (b) note that following the meeting, the Council's and the registered charities unaudited Annual Accounts would be finalised, signed and submitted to Audit Scotland;
- (c) note that this Committee on 26 June 2018 would receive the Council's audited accounts for consideration and approval prior to their signature by the Director of Resources, Chief Executive and a Council Leader;
- (d) note that this Committee on 26 June would receive the external auditor's report on the annual accounts for debate and consideration and that the report would set out the auditor's findings and conclusions, highlight the significant issues arising from the audit of the annual accounts and inform Members of the proposed audit opinion in advance of the accounts being certified; and
- (e) note that this Committee would 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.

AUDIT, RISK AND SCRUTINY COMMITTEE

8 May 2018

The Convener thanked all staff involved with the accounts process, specifically members of the finance team for the work undertaken to get the unaudited accounts before the Committee at an early stage than previous years.

The Committee resolved:-

- (i) in response to a question from the Convener relating to the City Region Deal and whether the delays with the city fibre network had been taken into account within the accounts, to note that the Interim Chief Officer Finance would liaise with the Service and provide a response to the Committee;
- (ii) in response to a question from the Convener relating to remuneration bands and the difference between the figures from the previous year and how many was attributed to exit packages, to note that the Interim Chief Officer Finance would liaise with colleagues and provide a response to the Committee;
- (iii) to note the thanks offered to all those involved with the accounts process, specifically members of the finance team for the work undertaken to get the unaudited accounts before the Committee; and
- (iv) to otherwise approve the recommendations contained in the report.

INTERNAL AUDIT PROGRESS REPORT - IA/18/006

7. The Committee had before it a report by the Chief Internal Auditor which advised on progress against the 2017/18 Internal Audit Plan.

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.

FORMAT OF INTERNAL AUDIT REPORTS - IA/18/008

8. The Committee had before it a report by the Chief Internal Auditor which presented options for the content of future internal audit reports.

The report recommended:

That the Committee consider whether the format of internal audit reports meet the requirements of the Audit, Risk and Scrutiny Committee and to determine whether any changes were required.

Members discussed the options as presented in the report and agreed that option 2 would be the preferred choice for future reports.

AUDIT, RISK AND SCRUTINY COMMITTEE

8 May 2018

The Committee resolved:-

to instruct the Chief Internal Auditor to proceed with option 2 as presented in the report so that the Internal Auditor would continue to produce fully detailed reports for management with graded recommendations and no overall report grading, with a longer more detailed executive summary, with the full report being presented to this Committee.

ALEO ASSURANCE HUB - GOV/18/004

9. 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 the future oversight arrangements for each ALEO and to further note that this had been predicted on the level of risk to the Council and the level of assurance provided by the ALEO; and
- (c) note that Assurance Hub Officers and ALEO Service Leads would discuss any outstanding issues with representatives of each ALEO with a view to improving the assessment ratings at the next Hub meeting.

The Committee resolved:-

- (i) in relation to questions from members regarding the General Data Protection Regulations and whether ALEO's were fully prepared, to note that ALEO's were assessed in March and that a further assessment would be undertaken and presented in the report before the Committee in September 2018;
- (ii) in relation to a question from Councillor Duncan regarding Bon Accord Care and the percentage of Board members that were female, to request the Head of Commercial and Procurement Services to re-state the importance of moving towards gender equality with Bon Accord Care;
- (iii) in relation to a question from Councillor Duncan regarding Bon Accord Care and the reason why they felt that a Scheme of Delegation was not required, to note that the legal team within Commercial and Procurement Services would be discussing this further with Bon Accord Care during the ongoing Service Level Agreement Review;
- (iv) in relation to a question from Councillor Duncan regarding Sport Aberdeen and the comparison of the overall risk assessment with other ALEO's, to note that there had been a negative movement on the risk rating from the previous report which had taken into account the complexity of implementing GDPR and the merger of Garthdee Alpine Sports and Adventure Aberdeen into Sport Aberdeen;

AUDIT, RISK AND SCRUTINY COMMITTEE

8 May 2018

- (v) in relation to a question from Councillor Duncan regarding Aberdeen Heat and Power and the current process for appointing a Chief Executive Officer, to note that interviews had been scheduled and that officers were in regular contact with the ALEO regarding the matter; and
- (vi) to otherwise approve the recommendations contained in the report.

PROTECTIVE MONITORING - CUS/18/007

10. The Committee had before it a report by the Director of Customer which provided (1) assurance that Protective Monitoring is performed in line with legislation and best practice and (2) an update on the governance process for officers and elected members.

The report recommended:

that the Committee approves the following documents which make up the suite of Protective Monitoring:

- (a) Protective Monitoring Policy
- (b) Protective Monitoring Privacy Impact Assessment
- (c) Protective Monitoring Risk Assessment
- (d) Protective Monitoring Access to Information Procedure
- (e) Access to Information Guide and Form.

The Committee resolved:-

- (i) in relation to a question from the Vice Convener regarding the implications if elected members were found to be in breach in the ICT Acceptable Use Policy, to note that the Councillor's Code of Conduct specifies that members must abide to the Council's ICT Acceptable Use Policy and that any breaches would be reported, and appropriate action taken; and
- (ii) to otherwise approve the suite of documents relating to Protective Monitoring as presented in the report.

SPSO DECISIONS AND INSPECTOR OF CREMATORIA COMPLAINT DECISIONS - CUS/18/006

11. The Committee had before it a report by the Director of Customer which provides information on all Scottish Public Services Ombudsman (SPSO) and Inspector of Crematoria decisions made in relation to Aberdeen City Council since the last reporting cycle to provide assurance to Committee that complaints and Scottish Welfare Fund applications are being handled appropriately.

The report recommended:

that the Committee note the content of the report.

AUDIT, RISK AND SCRUTINY COMMITTEE

8 May 2018

The Committee resolved:-

- (i) in relation to a question from Councillor Duncan regarding the Scottish Welfare Fund and whether the misinterpretation of the guidance during the application process related to the information not being recorded correctly or whether the process had not been followed, to note that it was the way in which the information had been recorded and that additional guidance had been provided to staff; and
- (ii) to otherwise approve the recommendation contained in the report.

INSPECTION REPORT OF ABERDEEN CREMATORIUM BY THE INSPECTOR OF CREMATORIA - OPE/18/012

12. The Committee had before it a report by the Chief Operating Officer which presented the Inspector of Crematoria's Inspection Report of the Aberdeen Crematorium.

The report recommended:

that the Committee note the report.

Councillor Duncan, the Convener and Vice Convener offered their thanks to the staff working at the Crematorium for their hard work to make the improvements required especially under difficult circumstances.

The Committee resolved:-

- (i) in relation to questions from members regarding the forthcoming refurbishment to the chapel and office accommodation located at the Crematorium, to note that alternative arrangements for holding services were being investigated and the information would be shared with all funeral directors and where appropriate the fees would reflect the alternative arrangements;
- (ii) to note the thanks offered to staff for their hard work in making the improvements at the Crematorium especially under difficult circumstances which resulted in a positive inspection report; and
- (iii) to otherwise note the content of the inspection report as appended to the report.

FLEET AND TRANSPORT MOT ISSUES - OPE/18/024

13. The Committee had before it a report by the Chief Operating Officer which provided information regarding Aberdeen City Council operating six vehicles without valid MOT certificates.

AUDIT, RISK AND SCRUTINY COMMITTEE

8 May 2018

The report recommended:

That the Committee -

- (a) note the report and that the Corporate Investigation Team had been instructed to carry out an internal investigation of Fleet Services;
- (b) instruct the Chief Operating Officer to report back to this Committee within two committee cycles, following the completion of the investigation and following consideration of the matter being concluded by the Operational Delivery Committee.

Members asked various questions in relation to the incident specifically around insurance for the vehicles with no MOT, the changes in procedures and the internal investigation to be undertaken. The Chief Officer Operations and Protective Services advised that if there had been an accident with the vehicle and another, that only the other vehicle would be covered. He further advised that moving forward, all vehicles would have a copy of all of the required documentation.

The Committee resolved:-

- (i) to note the additional information provided in relation to the incident; and
- (ii) to otherwise approve the recommendations contained in the report.

INTEGRATION JOINT BOARD - INTEGRATION AND CHANGE FUNDING - IA/AC/18/07

14. The Committee had before it a report by the Chief Internal Auditor which presented the outcome of an audit that was included in the Aberdeen City Health and Social Care Partnership Internal Audit Plan 2017/18.

The report recommended:

that the Committee note the content of the report.

The Committee resolved:-

to approve the recommendation contained in the report.

FINANCIAL LEDGER SYSTEM - IA/AC/18/12

15. The Committee had before it a report by the Chief Internal Auditor which presented an audit in relation to the Financial Ledger which considered whether appropriate control was being exercised over the system and that interfaces to and from other systems were accurate and properly controlled.

Councillor Townson sought assurance that the current system was still fit for purpose, wherein the Chief Internal Auditor advised that the Council could demonstrate value for money using the system.

AUDIT, RISK AND SCRUTINY COMMITTEE

8 May 2018

Councillor Duncan sought clarification as to whether the superusers were from within the finance team, wherein the Director of Resources advised that they were and that all activity for them would be monitored.

The Committee resolved:-

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

PECOS - IA/AC/18/20

16. The Committee had before it a report by the Chief Internal Auditor which presented an audit report in relation to PECOS which considered whether appropriate control was being exercised over the system and that interfaces to and from other systems were accurate and properly controlled.

The Committee resolved:-

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

OUT OF AUTHORITY PLACEMENTS - IA/AC/18/26

17. The Committee had before it a report by the Chief Internal Auditor which presented an audit in relation to Out of Authority Placements which reviewed progress with implementing the applicable recommendations of the Inclusion Review and to consider whether the system used to make and review on-going out of authority placements is robust and that alternatives were considered before decisions were made which committed expenditure.

The Committee resolved:-

- (i) in relation to a question from Councillor Duncan regarding the recommendation that the Service review the impact of the changes made as a result of the Inclusion Review to determine the impact on out of authority placements and which Committee would receive this information, to note that the Lead Service Manager would provide an update to this Committee at its September meeting;
- (ii) to instruct the Lead Service Manager to present a report to the Operational Delivery Committee presenting the outcome of the impact of the Inclusion Review on out of authority placements; and
- (iii) to otherwise note the content of the report and endorse the recommendations for improvement as agreed by the Service.

AUDIT, RISK AND SCRUTINY COMMITTEE

8 May 2018

CAPITAL PLAN - IA/AC/1818

18. The Committee had before it a report by the Chief Internal Auditor which presented an audit in relation to the Capital Plan which was undertaken to ensure that robust procedures were in place for setting, progressing and monitoring the Capital Programme. The audit focused on ensuring that the new processes were being applied and to provide assurance over the setting and delivery of the Capital Plan.

The Committee resolved:-

- (i) in relation to a question from the Convener regarding the information provided for the Energy from Waste project and whether it had been reported via a Committee, to note that the Chief Officer Corporate Landlord would provide a response to the Committee;
- (ii) in relation to questions from members regarding the information provided for the Broad Street project to note the information provided by the Director of Resources; and
- (iii) to otherwise note the content of the report and endorse the recommendations for improvement as agreed by the Service.

HOMELESS PERSON - HOUSING SUPPORT BUDGET - IA/AC/18/25

19. The Committee had before it a report by the Chief Internal Auditor which presented an audit in relation to the Housing Support Budget which considered whether adequate control was being exercised over income and expenditure and that best value was being obtained.

Councillor Donnelly inquired as to whether there had been a decline in the number of people presenting themselves as homeless, wherein the Support Services Manager advised that there had been a 23% increase since 2015 with increased reporting and assessment to comply with the regulators.

The Committee resolved:-

- (i) in relation to questions from Councillor Graham regarding the recommendation to update the written procedures to reflect appropriate changes and the information provided relating to out of hours temporary accommodation given with no paperwork completed, to note that a Service update would be issued to provide details of the changes and the decision-making processes;
- (ii) in relation to a question from Councillor Lumsden regarding the number of void properties and the length of time to reallocate the properties, to request the Internal Auditor to include Void Properties into a future internal audit plan; and
- (iii) to otherwise note the content of the report and endorse the recommendations for improvement as agreed by the Service.

AUDIT, RISK AND SCRUTINY COMMITTEE

8 May 2018

CARE MANAGEMENT - IA/AC/18/28

20. The Committee had before it a report by the Chief Internal Auditor which presented an audit in relation to Care Management which was undertaken to obtain assurance that care needs were being identified, planned and recorded accurately with the costs charged being appropriate and accurately controlled.

The Committee resolved:-

- (i) in relation to a question from Councillor Duncan regarding compliance with recording details in the CareFirst system, to note that the procedure notes had been updated, workshops for staff would be provided and specific training would be given to employees;
- (ii) in relation to a question from Councillor Duncan regarding how CareFirst could be improved for Self-Directed Support, to note that additional work was required to make improvements to the CareFirst system in this area; and
- (iii) to otherwise note the content of the report and endorse the recommendations for improvement as agreed by the Service.

EXTERNAL AUDIT, INTERIM MANAGEMENT REPORT

21. The Committee had before it a report by the External Auditor which presented the Interim Management Report and Audit Status Summary. The report provided an update in relation to significant risks and other focus areas, the results of the control testing encompassing overarching governance and system controls and best value approach.

Members asked various questions in relation to the content of the interim management report specifically around the risk section.

The Committee resolved:-

to note the content of the interim report.

INTERNAL AUDIT FOLLOW UP ON AGREED RECOMMENDATIONS - IA/18/007

22. The Committee had before it a report by the Chief Internal Auditor which provided an update on the progress made by Services with implementing recommendations that has been agreed in Internal Audit reports.

The Chief Internal Auditor advised that the number of outstanding recommendations had reduced and that all of the recommendations were being monitored by the Corporate Management Team.

AUDIT, RISK AND SCRUTINY COMMITTEE
8 May 2018

The Committee resolved:-

to note the content of the report and request all Services to undertake the work required to complete the outstanding audit recommendations.

In accordance with the decision recorded under article 2 of this minute, the following item of business was considered with the press and public excluded.

GARTHDEE ALPINE SPORTS

23. The Committee had before it a report by the Director of Commissioning which provided an update in relation to Garthdee Alpine Sports.

The Committee resolved:-

to approve the exempt recommendations contained in the report.

- **COUNCILLOR STEPHEN FLYNN, Convener**

AUDIT, RISK AND SCRUTINY COMMITTEE
8 May 2018

DRAFT