

## **AUDIT, RISK AND SCRUTINY COMMITTEE**

ABERDEEN, 25 September 2018. Minute of Meeting of the AUDIT, RISK AND SCRUTINY COMMITTEE. Present:- Councillor Flynn, Convener; Councillor Yuill, Vice-Convener; Councillor Donnelly, the Depute Provost (as substitute for Councillor Lumsden); and Councillors Allard, Duncan, Graham, Houghton (as substitute for Councillor Reynolds until item 8.1), Avril MacKenzie and Townson and Wheeler (as substitute for Councillor Reynolds from item 8.1).

**The agenda and reports associated with this minute can be found at:-**

**<https://committees.aberdeencity.gov.uk/ieListDocuments.aspx?CId=507&MIId=6258&Ver=4>**

**Please note that if any changes are made to this minute at the point of approval, these will be outlined in the subsequent minute and this document will not be retrospectively altered.**

### **DETERMINATION OF EXEMPT BUSINESS**

1. The Convener proposed that the Committee consider item 9.1 (Corporate Investigation Team Annual Report) (article 25 of this minute) on the agenda with the press and public excluded.

#### **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 item 9.1 on the agenda so as to avoid disclosure of exempt information of the class described in paragraph 14.

### **DECLARATIONS OF INTEREST**

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

(1) Councillor Duncan declared an interest in item 8.4 (ALEO Assurance Hub) (article 8) by virtue of her position as a Board Member of Aberdeen Performing Arts and considered that the nature of her interest did not require her to leave the meeting at that item on the agenda.

#### **The Committee resolved:-**

to note the declaration of interest.

### **MINUTE OF PREVIOUS MEETING OF 26 JUNE 2018**

3. The Committee had before it the minute of its previous meeting of 26 June 2018.

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**The Committee resolved:-**

to approve the minute as an accurate record.

**COMMITTEE BUSINESS PLANNER**

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

**The Committee resolved:-**

- (i) to note that items 6 (Transformation), 9 (Devolved Education Management), 11 (Internal Transport Tendering Procedures) and 14 (Digital Strategy) would be transferred to the 4 December 2018 meeting;
- (ii) to note that items 18 (Health and Social Care Partnership Charging Policy) and 22 (Money Laundering) would be transferred to the 14 February 2019 meeting; and
- (iii) to otherwise note the content of the business planner.

**INFORMATION GOVERNANCE ANNUAL STATEMENT 2017-2018 - GOV/18/072**

5. The Committee had before it a report by the Chief Officer Business Intelligence and Performance Management which presented the annual report on the Council's Information Governance Performance, including information relating to the changes implemented through the Council's readiness approach to ensure compliance with the General Data Protection Regulation (GDPR) and the Data Protection Act 2018.

**The report recommended:**

That the Committee -

- (a) notes the information provided about the Council's information governance performance at sections 3.1 – 3.5 and in the Information Governance Report at Appendix 1; and
- (b) notes the implementation of changes made through the Council's GDPR readiness approach, as part of the Council's wider information assurance improvement plan at sections 3.6 – 3.9.

Members asked questions around the level of GDPR training in place, to ensure that all employees were able to complete the mandatory training, wherein the Information Manager advised that there were various methods available, including group sessions and online training.

**The Committee resolved:-**

to approve the recommendations contained in the report.

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**CORPORATE RISK REGISTER - GOV/018/076**

6. The Committee had before it a report by the Chief Officer Governance which presented the Corporate Risk Register in accordance with the Risk Management Framework.

**The report recommended:**

That the Committee -

- (a) note the Corporate Risk Register as set out in Appendix A;
- (b) note that the Corporate Risk Register would be further developed to correlate risks with organisational outcomes and that this would be completed as the Local Outcome Improvement Plan is refreshed; and
- (c) note the progress being made with finalising Cluster Risk Registers for all Chief Officer areas and the proposed timetable for reporting those to relevant committees as set out in Appendix B.

Members asked various questions in relation to the content of the Corporate Risk Register.

**The Committee resolved:-**

- (i) in response to questions from Councillors Allard and Donnelly regarding the Workforce of the Future risk specifically around the potential impact of Brexit for current and future employees from the EU, to note that the Interim Chief Officer People and Organisation would provide a response to the Committee outwith the meeting; and
- (ii) to otherwise approve the recommendations contained in the report.

**RIPSA ANNUAL REPORT - GOV/18/073**

7. The Committee had before it a report by the Chief Officer Governance which presented the annual statement on the Council's Regulation of Investigatory Powers (Scotland) Act 2000 (RIPSA) policy and the statistical information on relevant activity.

**The report recommended:**

that the Committee note the update within the report and protocol.

**The Committee resolved:-**

- (i) in response to a question from Councillor Townson relating to section 6.2 within the protocol and the terminology for employees, to note that Officers would clarify the terminology and circulate a response to the Committee; and
- (ii) to otherwise approve the recommendation contained in the report.

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**DECLARATIONS OF INTEREST**

**Councillor Wheeler declared an interest in the following article due him to being a Council appointed Director of the Aberdeen Sports Village and considered that the nature of his interest did not require him to leave the meeting during consideration of the item.**

**ALEO ASSURANCE HUB - GOV/18/075**

8. 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; and
- (b) note that the Assurance Hub officers and ALEO Service Leads would discuss any outstanding issues identified in the appendices and identified at the Audit, Risk and Scrutiny Committee with ALEO representatives, with a view to improving the assessment ratings at the next Hub meeting.

**The Committee resolved:-**

to approve the recommendations contained in the report.

**FLEET AND MOT ISSUES - OPE/18/127**

9. With reference to article 13 of the minute of its meeting of 8 May 2018, the Committee had before it a report by the Chief Operating Officer which provided an update in relation to the results of the Freight Transport Association (FTA) Audit.

**The report recommended:**

that the Committee acknowledge the steps taken to address the matters raised in the FTA Audit report and be advised of the continuing Corporate Investigation enquiry.

**The Committee resolved:-**

- (i) in response to a question from Councillor Allard relating to the FTA Audit report stating that there was currently no detailed trend analysis for incidents and whether this was accurate, to note that the Chief Officer Operations and Protective Services would liaise with Officers and provide a response to the Committee; and
- (ii) to otherwise approve the recommendation contained in the report.

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**SCOTTISH PUBLIC SERVICES OMBUDSMAN DECISIONS AND INSPECTOR OF CREMATORIA COMPLAINT DECISIONS - CUS/18/081**

10. The Committee had before it a report by the Director for Customer which provided 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 that complaints and Scottish Welfare Fund applications were being handled appropriately.

**The report recommended:**

that the Committee note the content of the report.

**The Committee resolved:-**

to approve the recommendation contained in the report.

**INTERNAL AUDIT PROGRESS REPORT - IA/18/016**

11. The Committee had before it a report by the Chief Internal Auditor which advised on progress against the 2017/18 and 2018/19 internal audit plans.

**The Committee resolved:-**

to note the content of the report.

**TIMESHEETS AND ALLOWANCES - IA/AC1909**

12. The Committee had before it a report by the Chief Internal Auditor which presented an audit in relation to Timesheets and Allowances which reviewed a sample of timesheets to ensure that they had been completed, authorised and paid correctly.

**The Committee resolved:-**

- (i) in response to questions regarding when the new payroll system would be in place, to note that testing of the system was underway and that the system would be available early in 2019 and if the timescales were to change due to the results of testing that the Committee would be informed; and
- (ii) to otherwise note the content of the report and endorse the recommendations for improvement as agreed by the Service.

**GENERAL DATA PROTECTION REGULATIONS - IA/AC/1904**

13. The Committee had before it a report by the Chief Internal Auditor which presented an audit in relation to General Data Protection Regulations (GDPR) which was undertaken

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to provide assurance that the Council had adequate arrangements in place that were understood across the organisation to protect the Council's information.

**The Committee resolved:-**

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

**UNIVERSAL CREDIT AND HOUSING RENT - IA/AC1905**

14. The Committee had before it a report by the Chief Internal Auditor which presented an audit in relation to Universal Credit and the impact on Housing Rent which was undertaken to provide assurance that appropriate arrangements had been put in place to manage the impact of Universal Credit on rent collection including intervention relating to identified vulnerable cases.

**The Committee resolved:-**

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

**DEBTORS SYSTEM - IA/AC1902**

15. The Committee had before it a report by the Chief Internal Auditor which presented an audit in relation to the Debtors System which was undertaken to provide assurance over system controls, documentation supporting invoices raised and the debt recovery process.

**The Committee resolved:-**

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

**VAT - IA/AC1906**

16. The Committee had before it a report by the Chief Internal Auditor which presented an audit report in relation to VAT which was undertaken to provide assurance over arrangements in place to maximise the recovery of VAT and to ensure that VAT recovered was adequately supported.

**The Committee resolved:-**

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

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**CREDITORS PAYMENTS - IA/AC1901**

17. The Committee had before it a report by the Chief Internal Auditor which presented an audit in relation Creditors Payments which was undertaken to provide assurance that there were adequate controls around the interface of payment data from named systems to the Creditors System and that any associated balance sheet or suspense codes were reconciled on a regular basis.

**The Committee resolved:-**

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

**FIXED ASSET REGISTER - IA/AC1823**

18. The Committee had before it a report by the Chief Internal Auditor which presented a report in relation to the Fixed Asset Register which considered whether procedures for ensuring timely recording of the acquisition or disposal of assets were adequate, revaluations were undertaken in accordance with recognised best practice and that a sample of recorded assets existed and those assets required to be recorded were.

**The Committee resolved:-**

- (i) in response to a question from Councillor Allard regarding whether there had been any breaches relating to publishing the Common Good register, to note that if there had been, information would be circulated to the Committee; and
- (ii) to otherwise note the content of the report and endorse the recommendations for improvement as agreed by the Service.

**STORES PURCHASING - IA/AC1829**

19. The Committee had before it a report by the Chief Internal Auditor which presented an audit in relation to Stores Purchasing which considered whether adequate controls were in place regarding procurement and receipt of materials.

**The Committee resolved:-**

- (i) in response to a question from Councillor Duncan regarding why contracts had not been signed by suppliers that were still being used, to note that the Chief Officer Commercial and Procurement would liaise with officers and provide a response to the Committee;
- (ii) to otherwise note the content of the report and endorse the recommendations for improvement as agreed by the Service.

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**EXTERNAL AUDIT ANNUAL REPORT**

**20.** The Committee had before it a report by the External Auditor which presented their annual report on their conclusions in respect of the wider scope matters of Audit Scotland's Code of Audit Practice including financial management, financial sustainability, governance and transparency and value for money.

**The Committee resolved:-**

to note the content of the report.

**AUDIT SCOTLAND'S REPORT ON COUNCILS' USE OF ARM'S LENGTH ORGANISATIONS - GOV/18/078**

**21.** The Committee had before it a report by the Chief Officer Governance which presented Audit Scotland's recently published report on 'Councils' use of arms-length organisations' and outlined the Council's proposed response to Audit Scotland's report recommendations.

**The report recommended:**

That the Committee –

- (a) review, discuss and comment on Audit Scotland's report as attached at Appendix A;
- (b) note that there were no direct recommendations for Aberdeen City Council within Audit Scotland's report; and
- (c) to endorse the Council's proposed response to the report's recommendations.

**The Committee resolved:-**

- (i) to congratulate staff involved with the ALEO Hub for the work undertaken to date and the positive audit report; and
- (ii) to otherwise approve the recommendations contained in the report.

**ACCOUNTS COMMISSION - LOCAL GOVERNMENT IN SCOTLAND CHALLENGES AND PERFORMANCE 2018 - GOV/018/077**

**22.** The Committee had before it a report by the Chief Officer Governance which provided assurance on actions being taken or proposed to be taken to respond to the recommendations from the Accounts Commission within their report 'Local Government in Scotland: Challenges and Performance 2018'.

**The report recommended:**

That the Committee -

- (a) note the report from the Accounts Commission; and



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- (b) note the responses from officers against the recommendations contained in the Accounts Commission report.

**The Committee resolved:-**

to approve the recommendations contained in the report.

**FOLLOW UP ON AGREED INTERNAL AUDIT RECOMMENDATIONS - GOV/18/171**

**23.** The Committee had before it a report by the Chief Officer Governance which provided further information on internal audit recommendations which had not been progressed in accordance with agreed timescales.

**The report recommended:**

That the Committee –

- (a) note the responses from Chief Officers and Internal Audit as detailed;
- (b) agrees to remove the following items from the internal audit report on overdue recommendations:
- (1) AC1714 – Land and Buildings;
  - (2) AC1806 – Corporate Landlord Responsibilities (2.2.4, 2.2.6 and 2.2.8);
  - (3) AC1709 – Care First System;
  - (4) AC1814 – Travel Costs;
  - (5) AC1805 – Attendance Management;
  - (6) AC1621 – ALEOs;
  - (7) AC1722 – ALEOS – Management by Services (Integrated Children’s and Family Services);
  - (8) AC1623 – Compliance with Procurement Legislation
  - (9) AC1602 – Craft Workers Terms and Conditions;
  - (10) AC1705 – Roads Payroll;
  - (11) AC1808 – Vehicle Maintenance;
  - (12) AC1709 – Care First System;
  - (13) AC1803 – Health and Safety – SSERC;
  - (14) AC1809 – Care of Children; and
  - (15) AC1826 – Out of Authority Placements;
- (c) agree that the following items remain listed in the internal audit report on overdue recommendations at the present time:
- (1) AC1806 – Corporate Landlord Responsibilities (2.2.3, 2.3.8 and 2.3.13);
  - (2) AC1812 – Financial Ledger System;
  - (3) AC1722 – ALEOS – Management by Services (Integrated Children’s and Family Services);
  - (4) AC1608 – Trade Waste
  - (5) AC1604 – Payment Controls in Children’s Social Work
  - (6) AC1811 – Placing Requests
  - (7) AC1722 – ALEOs – Management by Services (Health and Social Care Partnership)

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(8) AC1617 – Self-Directed Support (Health and Social Care Partnership)

The Chief Internal Auditor advised that in order to comply with the Internal Audit Standards, he would still be required to monitor all outstanding recommendations until such time as they had been fully completed.

**The Committee resolved:-**

to instruct the Chief Internal Auditor to continue to monitor and report to this Committee on all outstanding audit recommendations.

**INTERNAL AUDIT FOLLOW UP ON AGREED RECOMMENDATIONS - IA/18/015**

24. The Committee had before it a report by the Chief Internal Auditor which advised on progress made by Services with implementing recommendations that had been agreed in Internal Audit reports.

**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.**

**CORPORATE INVESTIGATION TEAM ANNUAL REPORT 2017/18**

25. The Committee had before it a report by the Chief Officer Governance which presented the Corporate Investigation Team's Annual Report for 2017/18.

**The report recommended:**

that the Committee note the level of activity and statistics undertaken during the year.

Members asked various questions in relation to the report.

**The Committee resolved:-**

- (i) to note the thanks to the Corporate Investigation Team for their work in this area over the past year;
- (ii) to otherwise approve the recommendation contained in the report.

- **COUNCILLOR STEPHEN FLYNN, Convener**

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