Audit, Risk and Scrutiny Committee Annual Effectiveness Report

ABERDEEN
CITY COUNCIL

Contents

1. INTRODUCTION

1.1 I would like to thank members of the committee and staff who have helped to support the committee. I believe the committee has taken a constructive approach to the way it conducts the business and look forward to building on this through the course of 2019-2020.

Councillor Stephen Flynn

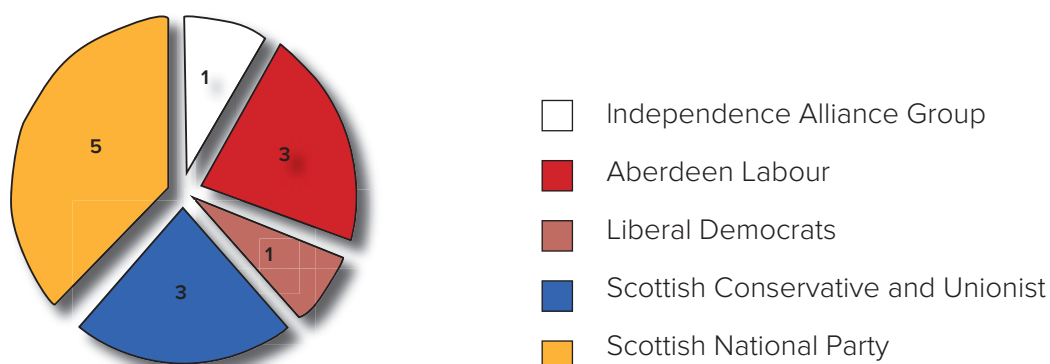Convener, Audit, Risk and Scrutiny Committee

2. THE ROLE OF THE COMMITTEE

2.1 The purpose of the Audit, Risk and Scrutiny Committee is to provide assurance to the Council that it has in place robust arrangements in place for good governance, maintaining an effective control environment and financial and performance reporting. It monitors compliance with these arrangements through, for example, the receipt of reports from internal and external auditors. It completes the process by ensuring that recommendations flowing from internal and external audits are implemented where appropriate.

The Terms of Reference for the Committee as approved by Council on 5 March 2018 that applied to the committee's business during 2018/2019 are appended to the report.

3. MEMBERSHIP OF THE COMMITTEE DURING 2018/2019

3.1 The Audit, Risk and Scrutiny Committee has 9 members and the composition is presented below.

Committee political balance (seats)

- ☐ Independence Alliance Group
- 🟥 Aberdeen Labour
- 🟫 Liberal Democrats
- 🟦 Scottish Conservative and Unionist
- 🟧 Scottish National Party

4. MEMBERSHIP CHANGES

4.1 There were no membership changes to the Committee during the reporting period.

5. MEMBER ATTENDANCE

| Member	Total Anticipated Attendances	Total Attendances	Nominated Substitute
Stephen Flynn	5	5	0
Ian Yuill	5	5	0
Christian Allard	5	3	2
Sarah Duncan	5	4	1
Gordon Graham	5	5	0
Douglas Lumsden	5	3	2
Avril MacKenzie	5	5	0
John Reynolds	5	3	2
Gordon Townson	5	5	0

6. MEETING CONTENT

6.1 6.1 During the 2018/2019 reporting period (6 March 2018 to 29 April 2019) the Committee had 5 meetings and considered a total of 74 reports

6.2 **Terms of Reference**

Of the 74 reports received the following table details how the reports aligned to the Terms of Reference for the Committee.

Alignment to the Terms of Reference
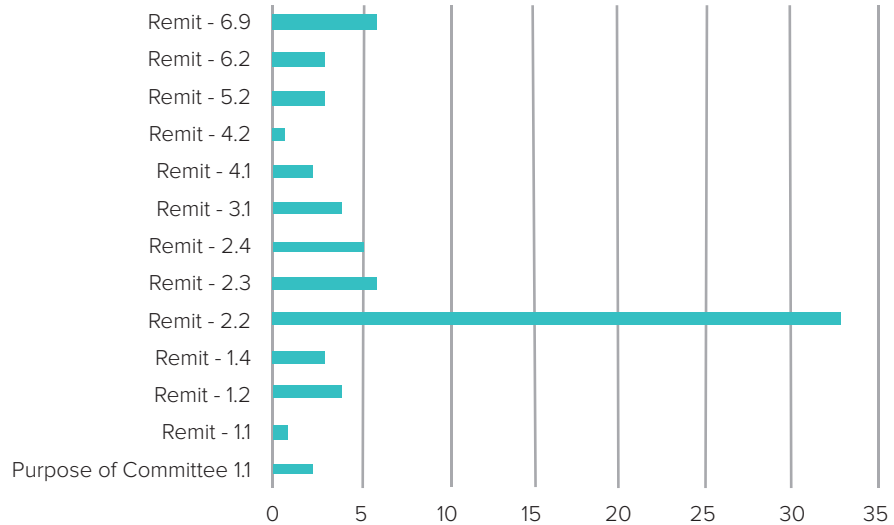
All sections of the committee's terms of reference were discharged through the course of the reporting period with reports from internal audit forming most of the business of the committee. This would indicate that the committee has discharged the role set by Full Council

6.3   Local Outcome Improvement Plan

The following table details of the 74 reports how many had a link to the themes of the Local Outcome Improvement Plan.

Local Outcome Improvement Plan Category

Economy

People

Place

Tech
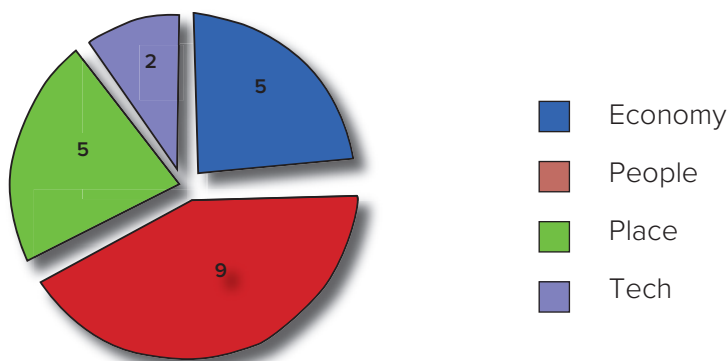
6.4   Reports and Committee Decisions

The following table details the outcome of the Committee's consideration of the 81 reports presented to it throughout the year.

	Total	% Total Reports
Confidential	0	0.0%
Exempt	2	2.7%
Number of reports where the Committee has amended officer recommendations	1	1.4%
Number and percentage of reports approved unanimously	73	69.1%
Number of reports requested by members during the consideration of another report to provide additional assurance and not in forward planner	1	N/A
Number of service updates requested by members during the consideration of another report to provide additional assurance and not in forward planner	1	N/A
Number of decisions delayed for further information	0	0.0%
Number of times the Convener has had to remind Members about acceptable behaviour and the ethical values of Public Life	0	0.0%
Number of late reports received by the Committee	0	0.0%
Number of referrals to Council, or other Committees in terms of Standing Order 33.1	0	0.0%

	Total
Number of Notices of Motion	0
Number of times Standing Orders were suspended	0
The specific Standing Orders suspended	N/A
Number of deputations or other indicators of interface with the public, i.e. engagement and social media.	0
Number of petitions considered	0
Number of Members attending meetings of the committee as observers	1
Number of Meetings held by the Convener with other Conveners, relevant parties, to discuss joint working and key issues being raised at other Committee meetings	Monthy

7. TRAINING REQUIREMENTS AND ATTENDANCE

7.1   There was no specific training for members of the Audit, Risk and Scrutiny Committee during the course of the reporting period. Training has been requested by members in respect of fraud, bribery and corruption and this will be addressed by the executive lead. Any other specific requests for development opportunities should be made to the executive lead.

7.2   The following specific Scheme of Governance training which is related to the operation of all Committees was provided:

- Scheme of Governance Effective Decision Making on 23, 27 and 28 March 2018

- Financial and Procurement Regulations on 23 and 29 March 2018"

7.3   Training on the Councillors' Code of Conduct was provided in January and February 2018.

8. CODE OF CONDUCT – DECLARATIONS OF INTEREST

8.1   5 declarations of interest were made by Councillors during the reporting period. We measure this information to evidence awareness of the requirements to adhere to the Councillors' Code of Conduct and the responsibility to ensure fair decision making.

9. CIVIC ENGAGEMENT

9.1   The committee's focus, by its very nature, has largely been on compliance with the Council's governance framework. It has done this in partnership with outside bodies such as the Council's Arm's Length External Organisations (ALEOs) through the ALEO Assurance Hub and external audit. Through the course of the year, consideration will be given to enhancing civic engagement in the discharge of the committee's remit.

10. OFFICER SUPPORT TO THE COMMITTEE

Officer	Total Expected Attendances	Total Attendances	Substitute Attendances
Fraser Bell, Chief Officer Governance	5	4	1
David Hughes, Chief Internal Auditor	5	4	1
Andy Shaw, External Auditor	5	5	0
Sandra Buthlay, Interim Chief Officer Finance	1	1	0
Jonathan Belford, Chief Officer Finance	4	4	0
Steve Whyte, Director of Resources	4	4	0

11. EXECUTIVE LEAD'S COMMENTS

11.1   One of the Council's transformation projects is to deliver the CIPFA Mark of Excellence in Good Governance. As part of this project, CIPFA recommended that each committee should annually review its effectiveness, including its information reporting needs. This would help ensure that each committee is following its terms of reference, is operating effectively and to identify any training needs or improvements to the Council's decision making structures.

11.2   The committee would appear to be working effectively noting that:

- No decisions required to be delayed;

- All sections of the terms of reference were engaged; and

- The vast majority of business was approved/noted unanimously.

11.3   It is noted that the vast majority of business was able to be considered in public.

11.4   It is also worth noting that the total number of recommendations made by the Council's internal auditors following the delivery of their annual internal audit programme continues to reduce as follows:

2016-17:   340;

2017-18:   274; and

2018-19:   159.

11.5   Although it is acknowledged that different areas of the Council are looked at each year, this is a positive trend.

11.6   Furthermore, it is noted that the number of outstanding internal audit recommendations fell from 45 on 28 February 2018 to 17.

12. NEXT YEAR'S FOCUS

12.1 Council on 4 March 2019 approved new Terms of Reference and a further review will be reported to Council in March 2020. Throughout the next reporting year, we will review the Terms of Reference in line with the business submitted to the Committee and reflect on whether any areas require refinement moving forward to ensure the efficient operation of the Committee.

12.2 The committee recently approved an internal audit plan for 2019-2020 and it is expected that as per the reporting period, a significant part of the committee's business will be the receipt of internal audit reports. The reports will cover matters such as the Council's shut down on non-essential spend during 18-19 and income generation. Learning from these audits will contribute to the Council's ability to deliver the budget decisions made by Full Council on 5 March 2019.

12.3 The focus on any outstanding internal audit actions will be maintained with the Council taking a risk based approach to further reducing the number of outstanding actions.

Appendix 1

Previous version of the Audit, Risk and Scrutiny Committee Terms of Reference approved by Council on 5 March 2018

AUDIT, RISK AND SCRUTINY COMMITTEE

PURPOSE OF COMMITTEE

1. To provide a high-level assurance that the Council has robust arrangements for:

    1.1 Good governance including information governance, surveillance, fraud, bribery and corruption;

    1.2 Maintaining an effective control environment through an effective approach to risk management; and

    1.3 Reporting on financial and performance reporting.

2. To monitor the effectiveness of the Internal Audit function and the Council's implementation of its recommendations.

3. To monitor the Council's implementation of the recommendations of its external auditors

REMIT OF COMMITTEE

1. **Risk Management**

    The Committee will:

    1.1 receive an annual review of the system of risk management and an annual report on the corporate risk register and related action plans;

    1.2 receive reports from the ALEO Assurance Hub on the monitoring and mitigation of risks to the Council associated with its ALEOs;

    1.3 receive reports from providers of independent assurance; and

    1.4 receive reports to provide assurance on the Council's information governance.

2. **Internal Audit**

    The Committee will:

    2.1 Contribute to and approve the Internal Audit Annual Plan;

    2.2 consider reports issued by Internal Audit;

    2.3 monitor compliance with Internal Audit recommendations; and

    2.4 ensure that there is an adequately resourced Internal Audit service and monitor its performance.

3. External Audit

The Committee will:

3.1 consider reports prepared by the Council's External Auditor;

3.2 monitor the Council's relationship with the external Auditor; and

3.3 monitor compliance with External Audit recommendations.

4. Annual Reports and Accounts

The Committee will:

4.1 consider and approve the Council's Annual Report and Annual Accounts; and

4.2 consider and approve the annual governance statement.

5. Legal obligations

The Committee will:

5.1 seek assurance on the effectiveness of the whistleblowing policy; and

5.2 monitor and seek assurance on the effectiveness of the Council's compliance with its statutory obligations relating to surveillance, information governance, bribery, corruption and fraud.

6. Scrutiny

The Committee will:

6.1 where appropriate, review minuted actions from all Committees with the exception of the Planning Development Management and Licensing Committees and the Appeals Sub Committee to ensure good practice; it will not prevent any decision being taken, will only review the effectiveness of decision making or monitoring and may make recommendations to Council;

6.2 consider any previously unscrutinised issue, process or practice provided that the matter has been the subject of a report to Council or Committee and the consideration of the subject matter concluded by Council or said Committee;

6.3 on occasion, and as it sees fit, seek information from partner organisations, contractors or other stakeholders such as Community Councils or groups of interest on any particular issue;

6.4 oversee the Council's continued commitment and adherence to the key elements of good governance;

6.5 oversee the implementation of the Council's ALEO Assurance Framework;

6.6 oversee the Council's Code of Corporate Governance;

6.7 provide independent assurance on the integrity of financial reporting and annual governance processes and oversee the effectiveness of internal control functions;

6.8 request, where appropriate and in terms of any contract or agreement, representatives of external organisations to attend and contribute to meetings; and

6.9 receive reports from regulatory bodies and those providing external assurance such as the Scottish Public Services Ombudsman and Inspector of Crematoria, ensure that the Council responds appropriately and monitor compliance with recommendations.

JOINT WORKING WITH OTHER COMMITTEES:

The Committee will maintain an awareness of issues of mutual interest arising through the work of other committees of the Council, through lead officers, conveners and vice conveners working together, and attending other committees as observers. Areas of mutual interest may include, but will not be restricted to:

1. a relationship with the Public Protection Committee in terms of the systems in place to manage the public protection risks; and

2. a relationship with the Staff Governance Committee in terms of the system in place to manage the health and safety risks.

JOINT WORKING WITH NON COUNCIL BODIES:

The Committee, through its lead officers, will work jointly with external regulatory bodies to ensure that Council benefits from external review and assurance.

Executive Lead: Chief Officer – Governance