

ABERDEENSHIRE COUNCIL

AUDIT COMMITTEE

WOODHILL HOUSE, ABERDEEN, 4 JULY, 2019

Present: Councillors R Cassie (Chair), A McKelvie (Vice-Chair), N Baillie, A Bews, S Calder, M Ewenson, A Forsyth (as substitute for S Leslie), J Hutchison (as substitute for Councillor M Buchan), D Lonchay (as substitute for Councillor I Taylor), Councillor W Howatson, A Kloppert, S Leslie, N Smith (as substitute for Councillor H Smith) and I Sutherland.

Apologies: A Buchan, M Buchan, S Leslie, H Smith and I Taylor.

Officers: Director of Business Services; Head of Finance; Chief Internal Auditor; Head of HR and OD; Legal Services Manager (Governance); Quality and Resources Manager, Infrastructure Services; Team Leader, Finance (A Tennant); Team Leader Finance (P Mitchell); and Senior Committee Officer (N David).

In attendance: A MacDonald, Audit Scotland.

1. DECLARATION OF MEMBERS' INTERESTS

The Chair asked members if they had any interests to declare in terms of the Councillors' Code of Conduct. No interests were declared.

2A. STATEMENT ON EQUALITIES

In taking decisions on the undernoted items of business, the Committee **agreed**, in terms of Section 149 of the Equality Act 2010 to: -

- (1) have due regard to the need to:-
 - (a) eliminate discrimination, harassment and victimisation,
 - (b) advance equality of opportunity between those who share a protected characteristic and persons who do not share it, and
 - (c) foster good relations between those who share a protected characteristic and persons who do not share it, and
- (2) consider the contents of equality impact assessments, where provided, and to take those into account when reaching a decision.

2B. EXEMPT INFORMATION

The Committee **agreed**, in terms of Sections 50A (4) and (5) of the Local Government (Scotland) Act 1973 to exclude the public from the meeting during consideration of Item 10 so as to avoid disclosure of exempt information of the classes described in paragraphs 12 and 14 of Part 1 of Schedule 7A of the Act.

3. MINUTE OF MEETING OF THE COMMITTEE OF 24 MAY, 2019

The Minute of Meeting of the Committee of 24 May, 2019 had been circulated, was **approved** as a correct record and thereafter signed by the Chair.

4. PROGRESS WITH ACTIONS FROM PREVIOUS AUDIT COMMITTEE MEETINGS

There was circulated a report dated 12 June, 2019, by the Director of Business Services, which updated members on progress made with actions agreed at the previous meeting of the Audit Committee, held on 24 May, 2019.

After consideration, the Committee **agreed**:-

- (1) to note the position with regard to progressing actions from previous meetings, as detailed in Appendix 1 to the report; and
- (2) that the Director of Business Services report to the meeting on 19 September, 2019, on the Audit Scotland – National Fraud Initiative.

5. INTERNAL AUDIT REPORTS (PUBLIC)

There was circulated a report dated 18 June, 2019, by the Chief Internal Auditor which advised members of Internal Audit Reports which were being presented to the Audit Committee at this meeting. Appendices to the report gave a summary of progress made by Services in completing agreed recommendations and an explanation of the gradings used.

The Chief Internal Auditor introduced each of the completed audits, and members heard from officers from the relevant Services and discussed the issues raised.

Following discussion, the Committee **agreed** to:-

- (1) acknowledge that the two recommendations in Internal Audit Report 1903, Temporary Employee Contracts (reference 2.6.7 (b) and (c)) would not now be implemented by management; and
- (2) acknowledge the issues raised within the report and appendices.

6. UNAUDITED ANNUAL ACCOUNTS 2018/19 FOR ABERDEENSHIRE COUNCIL AND ITS CHARITABLE TRUSTS

There was circulated a report dated 19 June, 2019, by the Director of Business Services which presented for consideration the unaudited Annual Accounts, 2018/19, for Aberdeenshire Council and its Charitable Trusts.

The report explained that Aberdeenshire Council had a statutory responsibility to prepare its Annual Accounts by 30 June, following the 31 March financial year end.

The Committee, having heard from the Head of Finance, **agreed** to:-

- (1) approve the unaudited Annual Accounts 2018/19 for Aberdeenshire Council and its Charitable Trusts; and
- (2) approve the Annual Governance Statement.

7. AUDIT SCOTLAND – SAFEGUARDING PUBLIC MONEY: ARE YOU GETTING IT RIGHT?

There was circulated a report dated 15 May, 2019, by the Director of Business Services on the Audit Scotland report entitled Safeguarding Public Money: Are You Getting It Right?

The report explained that the Auditor General, the Accounts Commission and Audit Scotland worked together to deliver public audit in Scotland; and in April 2019 Audit Scotland published the report "How Councils Work: An Improvement Series for Councillors and Officers - Safeguarding Public Money: Are You Getting It Right?". The report was included as an appendix. A further appendix provided a checklist of questions for elected members to consider in relation to internal controls and risk management in the Council.

Following discussion, the Committee **agreed** to:-

- (1) acknowledge the findings of Audit Scotland's report on Safeguarding public money; and
- (2) consider using the summary of checklists supplied by Audit Scotland to help with internal controls and risk management within Aberdeenshire Council

8. EXTERNAL AUDIT – INTERIM REPORT ON THE 2018/19 AUDIT

There had been circulated a report dated 5 June, 2019 by the Director of Business Services, requesting Members' consideration of the External Audit interim report on the 2018/19 Audit, setting out, in line with the annual audit plan, the findings from Audit Scotland's annual review of internal financial controls and wider scope responsibilities around governance.

Having heard further from the External Auditor on key aspects the Committee **agreed**:-

- (1) to acknowledge the External Auditor's Interim Report on the 2018/19 Audit; and
- (2) that a report be submitted to the meeting of the Committee on 19 September detailing options for ensuring appropriate public access to information within full audit reports; and also on options for progressing to a satisfactory conclusion long outstanding Internal Audit recommendations.

9. EXTERNAL AUDIT – PROGRESS REPORT AT 30 JUNE 2019

There had been circulated a report dated 5 June, 2019, by the External Auditor, providing, for members' consideration, an update on progress against the 2018/19 audit plan.

Having heard further from the External Auditor of progress in delivering audit work, as approved in the 2018/19 audit plan and action plan, the Committee **agreed** to note the External Audit Progress report as at 30 June, 2019.

10. REGISTER OF BREACHES OF FINANCIAL REGULATION

With reference to the Minute of Meeting of the Committee of 1 November, 2018 (Item 7) there was circulated a report dated 18 June, 2019, by the Chief Internal Auditor which presented the six monthly update on the Register of Breaches of Financial Regulations. A copy of the Register to the end of March 2019 was included as an appendix to the report.

The Committee **agreed** to acknowledge the issues raised within this report and the attached appendices.

