

ABERDEENSHIRE COUNCIL

SCRUTINY AND AUDIT COMMITTEE

WOODHILL HOUSE, ABERDEEN, 2 JULY, 2015

Present: Councillors G Owen (Chair), R Cassie (Vice Chair), A C Duncan, K Farquhar, I Gray, J Ingram, A Ross and C Shand.

Apologies: Councillor A J C Cullinane and Councillor J Strathdee.

Officers: Director of Business Services, Head of Finance, Chief Internal Auditor, Corporate Finance Manager, Benefits Manager, Principal Accountant (Mr C Smith), Solicitor (Governance) (Mr S Munro), Communications Officer (Mr N Moir), Support Officer (Scrutiny and Audit), and Committee Officer (Mrs V McCaskill).

In Attendance: Ms K Watt, Deloitte.

1. DECLARATION OF MEMBERS' INTERESTS

The Chair asked Members if they had any interests to declare in terms of the Councillors' Code of Conduct.

Councillors Ross Cassie and Ian Gray declared an interest in Item 12 as members of Banff and Buchan Area Committee.

2(a). PUBLIC SECTOR EQUALITY DUTY

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,
 - (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.

2(b). RESOLUTION

The Committee **agreed** in terms of Section 50A (4) and (5) of the Local Government (Scotland) Act 1973 to exclude the public from the meeting during consideration of Item 3 so as to avoid disclosure of exempt information of the classes described in paragraphs 1, 12 and 14 of Part 1 of Schedule 7A of the Act.

3. INTERNAL AUDIT REPORTS (EXEMPT)

There had been circulated a report dated 16 June 2015, by the Chief Internal Auditor, on recent internal audit reports which had been reported to Social Work and Housing Committee and Policy and Resources Committee in June 2015, outlining audits on social work payroll and travel and subsistence. Appendices were attached to the report setting out

progress made by services in completing agreed recommendations contained in internal audit reports as at 16 June 2015.

During discussion, Members asked questions on a range of issues including how travel and subsistence claims would be dealt with once the ERM system was implemented; accuracy when completing travel and subsistence claims; booking foreign travel for work purposes; and the reasons behind the delay in implementing the outstanding recommendation from Internal Audit 1349 - Harbours.

Thereafter, the Committee **agreed**:-

- (1) to note the issues raised within the report and attached appendices,
- (2) to instruct officers to present a report to the September 2015 meeting of the Committee on the subject of the ERM system, including specific reference to travel and subsistence claims, Internal Audit 1535 – Social Work Payroll,
- (3) to instruct officers to upload a copy of the travel and subsistence expenses claim form, together with the procedure document, to Ward Pages for Members' information, Internal Audit 1535 – Social Work Payroll, and
- (4) to instruct officers to provide a further update, via Ward Pages, on Internal Audit Report 1349 – Harbours.

4. INTERNAL AUDIT REPORTS (PUBLIC)

There had been circulated a report dated 16 June 2015, by the Chief Internal Auditor, on recent internal audit reports considered by Education, Learning and Leisure, Policy and Resources and Infrastructure Services Committees in May and June 2015. Audits had been carried out into sport and leisure management budget monitoring; school catering; software licensing and support; attendance management; quarries; and vehicle usage. Appendices were attached to the report setting out progress made by services in completing agreed recommendations contained in internal audit reports as at 16 June 2015.

During discussion, Members asked questions on training for authorised signatories; the compatibility of Microsoft Configuration Manager with non-Microsoft products; compliance with the Council's Financial Regulations; operator vigilance in carrying out vehicle checks; and the Council's ability to access the DVLA records of employees who drive Council vehicles.

Thereafter, the Committee **agreed**:-

- (1) to note the issues raised within the report and the attached appendices,
- (2) to instruct officers to provide further information, via Ward Pages, on whether Microsoft Configuration Manager could only be used with Microsoft products, Internal Audit 1540 – Software Licensing and Support,
- (3) to instruct officers to provide an update, via Ward Pages, on the current number of licences still to be reported back to ICT and to advise Members of progress made with the Corporate Contract Register, Internal Audit 1540 – Software Licensing and Support,
- (4) to instruct officers to arrange a workshop on the subject of Vehicle Usage, Internal Audit 1537 – Vehicle Usage,

- (5) to instruct officers to arrange a workshop on the subject of Developer Obligations, Internal Audit 1448 – Developer Obligations,
- (6) to instruct officers to provide further information, via Ward Pages, on the resource issues which had led to a delay in implementing the outstanding recommendation in Internal Audit 1448 – Developer Obligations,
- (7) to instruct officers to update Members, via Ward Pages, on the cause of the delay in implementing two outstanding recommendations relating to Internal Audit 1420 – Museums,
- (8) to instruct officers to present a report to the September 2015 meeting of the Committee, on work being undertaken to address the staffing issues which featured in a number of internal audit reports across all Services of the Council, and
- (9) to upload a copy of the Financial Regulations Lite to Ward Pages for Members' information.

5. PERFORMANCE REVIEW – INTEGRATED BENEFITS SECTION

With reference to the Minute of Meeting of 1 November 2012, when it was agreed that the Integrated Benefits Section would provide regular performance update reports, there was circulated a report dated 4 June, 2015, by the Director of Business Services, providing the Committee with an update against targets set out in the Service Plan for 2014/15. Appendix 1 to the report, contained a summary of the workload data for 2014/2015 compared against the team's workload in 2013/2014. Appendix 2 to the report gave a summary of performance data for 2014/2015 compared with that of 2013/2014; the performance targets set in the Service Plan; and the average processing performance of UK and Scottish Local Authorities.

Members of the Committee acknowledged the volume of work which the team had been dealing with and congratulated them on their performance.

Thereafter, the Committee **agreed**:-

- (1) to note the performance against targets set out in the Service Plan for 2014/2015,
- (2) to instruct officers to upload a copy of the Benefits Performance Audit Annual Update 2014/15 by Audit Scotland to Ward Pages for Members' Information, and
- (3) that there was no further requirement for the Committee to receive annual performance update reports from the Integrated Benefits Section and instructed officers to remove the item from the Committee work plan going forward.

6. REVENUE BUDGET MONITORING TO 31 MARCH 2015

There had been circulated a report dated 16 June, 2015, by the Director of Business Services, which sought the Committee's comments on the revenue budget monitoring to 31 March, 2015. The report had previously been presented to Aberdeenshire Council on 18 June, 2015. The report advised that, in 2014/15, the Council budgeted to spend £526.835 million. Actual expenditure was £521.726 million. Actual income was £528.019 million, £4.887 million higher than anticipated, so the Council was within budget by £9.996 million. Appendices to the report set out the financial position in more detail.

During discussion, Members asked questions on how forecasting could be improved; the reasons behind budget underspend; the budget implications arising from Health and Social Care Integration; and the overspend on the office accommodation budget.

Thereafter, the Committee **agreed**:-

- (1) to note the information provided within the report and the attached appendices,
- (2) to instruct officers to report back to a future meeting of the Committee on the outcome of the review of 2014/15 Council Outturn, and
- (3) to instruct officers to provide more information, via Ward Pages, on why office accommodation was in excess of budget.

7. REQUESTS UNDER THE SCHEME OF END YEAR FLEXIBILITY

There had been circulated a report dated 16 June, 2015, by the Director of Business Services, which sought the Committee's comments on requests under the scheme of end year flexibility and the transfer of funds to ring fenced reserves. The report had previously been presented to Aberdeenshire Council on 18 June, 2015. The report advised that the scheme of end year flexibility improved the integration of service planning and multiple year budgeting, allowing Services to retain some degree of their current budget to ensure continuity of service delivery. Services had submitted ten requests for end year flexibility totalling £380,000 and nine requests for ring fenced and statutory reserves totalling £5,264,000. A summary of the requests was provided in an appendix to the report.

After consideration, the Committee **agreed** to note the contents of the report.

8. UNAUDITED ANNUAL ACCOUNTS 2014/15 FOR ABERDEENSHIRE COUNCIL AND ITS CHARITABLE TRUSTS

There had been circulated a report dated 13 May, 2015, by the Director of Business Services, which set out the unaudited Statement of Accounts 2014/15 for Aberdeenshire Council and its Charitable Trusts. The report had previously been presented to Aberdeenshire Council on 18 June, 2015. It was advised that a complete review of the format and content of the document had been carried out during the year with assistance from Deloitte. The document had been designed to be read online and fewer copies had been printed. The review had also resulted in a further reduction in the length of the accounts.

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

- (1) to note the contents of the report,
- (2) to instruct officers to circulate the Revenue Budget Monitoring report, due to go to Policy and Resources Committee in September 2015, via Ward Pages, in order to provide further information to Members' on the Council's reserves going forward, and
- (3) to instruct officers to provide further information to Members, via Ward Pages, on the basis of the revaluation of assets and the Banff and Macduff valuation going forward.

9. SIX KEY AREAS FOR DEVELOPMENT – FINAL OUTTURN

There had been circulated a report, by the Director of Business Services, which gave details of the final outturn of the Six Key Areas for Development. The report advised that £13,126,000 had been allocated to projects from additional savings made in 2011/12 and

that officers had identified a further £1,935,000 as part of the 2013/18 budget process. In total, to the end of financial year 2014/15, just over £12 million had been spent on all projects with a balance of just under £3 million remaining. Appendix 1 to the report provided an overall summary of the allocation, spend and balance which remained on the Six Key Areas projects. Appendix 2 set out the proposal to transfer the balance, after the spend on committed projects, to reserves. This decision would be requested for approval by Policy and Resources Committee in September 2015.

After consideration, the Committee **agreed** to note the contents of the report.

10. AUDIT SCOTLAND REPORT ON BORROWING AND TREASURY MANAGEMENT IN COUNCILS

There had been circulated a report dated 16 June, 2015, by the Director of Business Services, which asked the Committee to consider the findings of the Audit Scotland report on borrowing and treasury management in Councils and the implications for Aberdeenshire Council.

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

- (1) to note the findings detailed in the Audit Scotland report on borrowing and treasury management in Councils, and
- (2) to instruct officers to invite all councillors to the Treasury Management workshop, with a particular emphasis on Members of the Scrutiny and Audit and Policy and Resources Committees, once a date was confirmed.

11. SCRUTINY AND AUDIT COMMITTEE COMMUNICATIONS STRATEGY UPDATE

There had been circulated a report, by the Director of Business Services, which provided an update on the communications strategy for the Committee and set out the proposed activities for the next six months. The report also sought Members' approval for the creation of a film clip on the work of the Committee as detailed in an appendix to the report.

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

- (1) to note the contents of the report, and
- (2) to approve the proposal for the creation of a film clip on the work of the Scrutiny and Audit Committee as set out in the report.

12. SCRUTINY AND AUDIT COMMITTEE INVESTIGATION TOPIC CONSIDERATION OUTCOMES

Councillors Ross Cassie and Ian Gray, having earlier declared an interest, left the room during consideration of this item.

There had been circulated a report dated 16 June, 2015, by the Director of Business Services, which provided a brief outline of how topics were selected for investigation by the Committee. A copy of the criteria checklist for selecting topics for review was included as an appendix to the report. Appendix 2 to the report, which detailed the outcome of the informal topic scoring meeting which took place on 22 June, 2015, was tabled.

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

- (1) to approve the outcomes of the topic scoring session, as detailed in an appendix to the report,
- (2) that the draft terms of reference and an indicative timetable for the first investigation to be undertaken, together with a recommendation on whether an external expert should be sought, be progressed and reported formally to Committee for approval on 23 September, 2015,
- (3) that detailed consideration of several topics proposed for workshop sessions and reports, be progressed with officers and reported back to Committee for approval on 23 September, 2015, and
- (4) to delegate to the Director of Business Services to progress the preliminary work over the summer recess.

13. ANNUAL REPORT

There had been circulated a report, by the Director of Business Services, which advised that the Committee's Annual Report would be prepared jointly by the Chair and Vice Chair with officer input. The report would cover the period from July 2014 to March 2015 and it was suggested that the proposed text content be circulated via Ward Pages for consideration by Members.

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

- (1) to consider and approve the draft Annual Report text, which would be circulated via Ward Pages and email, for submission to Council in September 2015, and
- (2) to delegate authority to approve the final version of the Annual Report to the Chair and Vice Chair of the Committee.

14. WORK PLAN UPDATE

There had been circulated a report, by the Director of Business Services, which set out the outcomes of an update workshop on GLOW which took place on 1 June, 2015. The report also gave details of a number of meetings and visits undertaken by the Committee during June 2015.

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

- (1) to note the outcomes of the update workshop on GLOW, held on 1 June, 2015,
- (2) to note that an informal session with officers, focusing on technological future proofing of shared systems to support Health and Social Care Integration was held on 11 June, 2015,
- (3) to note that visits were held to the Moray Council's Audit and Scrutiny Committee on 10 June, 2015, and to Aberdeen City Council's Audit, Risk and Scrutiny Committee on 25 June, 2015, and to instruct officers to organise a Committee away day to focus on the issue of self-assessment,
- (4) to note that a date for the session on Improvement, requested at Committee on 1 April, 2015, will be timetabled for early autumn 2015, and

- (5) to instruct the Director of Business Services to meet with the Director of Education and Children's Services to discuss how the uptake of GLOW within schools could be improved.

15. PROGRESS WITH ACTIONS FROM PREVIOUS SCRUTINY AND AUDIT COMMITTEE MEETINGS

There was circulated a report dated 17 June, 2015, by the Director of Business Services, which updated Members on progress made with actions agreed at previous meetings of the Scrutiny and Audit Committee held on 19 February and 1 April, 2015. All agreed actions from the last meeting of the Committee, held on 21 May, 2015, were also covered within the report.

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

- (1) to note the contents of the report and appendix, and
- (2) to instruct the Director of Business Services to meet with the Director of Infrastructure Services to discuss how to progress the issue of funding for private unadopted roads and report back to Committee via the Progress with Actions from Previous Scrutiny and Audit Committee Meetings report in September 2015.