

ABERDEENSHIRE COUNCIL**SCRUTINY AND AUDIT COMMITTEE****WOODHILL HOUSE, ABERDEEN, 3 NOVEMBER, 2016**

Present: Councillors G L Owen (Chair), P W Bellarby, R A Cassie, A J C Cullinane, K A Farquhar, J Ingram, J J Latham, W A C Shand and I S Tait.

Apologies: Councillors G E Petrie and M Watt.

Officers: Director of Business Services, Chief Internal Auditor, Acting Corporate Finance Manager, Head of Roads, Landscape Services and Waste Management, Senior Solicitor, Governance (F Stewart) and Principal Committee Officer.

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 intimated.

2. RESOLUTIONS**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:-

- (1) to have due regard to the need to:-
 - (a) eliminate discrimination, harassment and victimisation;
 - (b) advance equality and 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) to consider, where an equality impact assessment has been provided, its contents and to take those into consideration when reaching a decision.

B. EXEMPT INFORMATION

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 below 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 18 October, 2016, by the Chief Internal Auditor, together with an appendix setting out the progress made by services in implementing recommendations made in previous internal audit reports which should have been implemented by 30 September, 2016. With reference to the Minutes of Meetings of 20 March, 2013 (Item 2, Page 1979) and 19 May, 2016 (Item 3, Page 1831), the report also contained

an update on the Register of Breaches of Financial Regulations, including details of which sub-service was responsible for the identified breaches.

During discussion, members asked questions about timesheets and allowances, failure to raise purchase orders, the workload of Internal Audit now that it was also providing a service to Aberdeen City Council, failure to use contract suppliers, school crossing patrollers, failure to agree terms of grant awards, transactions arranged without authority from the Head of Finance, failure to go to tender for contracts over £60,000, failure to use corporate contracts, charges waived without appropriate approval, and failure to bank income timeously. Officers provided responses and reassurances to members about the points raised.

Thereafter, the Committee **agreed**:-

- (1) to note the issues raised within the report and attached appendices,
- (2) that an update on progress on time sheets and allowances to be placed on Ward Pages in the Consultation section,
- (3) that a note be placed on Ward Pages to advise that issues relating to councillors claiming expenses were being investigated and that the ten councillors affected would be advised,
- (4) that an update be placed on Ward Pages about what Education and Children's Services was doing in relation to failures of primary schools to use contract suppliers when one was in place.

4. INTERNAL AUDIT REPORTS (PUBLIC)

There had been circulated a report dated 18 October, 2016, by the Chief Internal Auditor on recent internal audit reports outlining audits into Roads Year End Stocks, Aberdeenshire European Fisheries Fund and Pre-School Commissioned Places, together with an appendix setting out the progress made by services in implementing recommendations made in previous internal audit reports which should have been implemented by 30 September, 2016.

During discussion, members asked questions about the amount of roads stock held, payments recovered from Marine Scotland, the amount being paid for pre-school commissioned places, procurement performance, purchase cards and teachers payroll. Officers provided responses and reassurances to members about the points raised.

Thereafter, the Committee **agreed**:-

- (1) to note the issues raised within the report and attached appendices,
- (2) that a note be placed on Ward Pages by Education and Children's Services confirming that they do have information about pupils receiving pre-school education from pre-school partnership providers and can break down the information,
- (3) that an update be provided to the next meeting of the Committee on issues arising from the new iTrent system.

5. 2015/16 END YEAR FLEXIBILITY REQUESTS -UPDATE AS AT 30 SEPTEMBER, 2016

With reference to the Minute of the Meeting of Aberdeenshire Council of 30 June, 2016, (Item 8, Page 10), when approval had been given for carry forwards from the 2015/16 revenue budget totalling £100,000 under the scheme of end year flexibility, there had been circulated

a report dated 19 October, 2016, by the Director of Business Services stating that, of the £100,000 carried forward, £56,000 had been spent to the end of September 2016, leaving a forecast of £44,000 to be returned to reserves.

The Committee **agreed**:-

- (1) to note the update position as at 30 September, 2016, regarding the 2015/16 end year flexibility requests contained in the report and in Appendices 1 to 3 of the report, and
- (2) that all spend be regarded as complete by 30 September, 2016, unless on an exceptional basis a project can demonstrate the need for continuing funding beyond this date.

6. OUTTURN REVIEW OF THE PERFORMANCE OF THE TREASURY MANAGEMENT FUNCTION FOR THE PERIOD 1 APRIL, 2015, TO 31 MARCH, 2016

With reference to the Minute of Meeting of the Policy and Resources Committee of 21 April, 2016 (Item 6, Page 1677), there had been circulated a report dated 8 August, 2016, by the Director of Business Services detailing performance and compliance in relation to the Treasury Management function for the period from 1 April, 2015, to 31 March, 2016. The report also contained appendices detailing long term borrowing and debt rescheduling in 2015/16, compliance and performance, prudential indicators and performance of investments. The report advised that there were no instances of non-compliance during the reporting period.

The Committee **agreed** to note the report detailing performance and compliance in relation to the Treasury Management function for the period from 1 April, 2015, to 31 March, 2016.

7. SCRUTINY AND AUDIT COMMITTEE INVESTIGATION UPDATE

There had been circulated a report dated 18 October, 2016, by the Director of Business Services providing an update on the programme of investigatory work which the Committee had agreed to undertake between August 2016 and the implementation of the revised governance structure (provisionally 27 January 2017). The report stated that the Committee would undertake one investigation during the period, have three workshops and review three reports, and that a lead service and officer had been identified for each element of the work programme. The Director of Business Services advised that dates for the workshops had now been confirmed for later in November.

The Committee **agreed**:-

- (1) to note the approach for supporting Scrutiny and Audit Committee investigatory work between October 2016 - January 2017,
- (2) to note the Lead Service/Lead Officer programme of work attached as Appendix 1 of the report, and
- (3) that either an update or a separate report be provided to the next meeting of the Committee on how the Committee's work would change if the new Scheme of Governance was approved, including a mechanism for the existing Committee to be able to finish everything which it had started.

8. NOTES ON SCRUTINY AND AUDIT COMMITTEE TIMESHEET CALL-IN (TRAVEL AND SUBSISTENCE, AGENCY STAFF AND FIXED TERM WORKERS WORKSHOP)

There had been circulated the notes of the workshop held on 1 July, 2016, which had looked at Timesheets Call-In, Travel and Subsistence and Agency Staff and Fixed Term Workers.

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

- (1) to continue to monitor the issue of timesheets,
- (2) that they were content with the progress made on travel and subsistence, and
- (3) to monitor agency staff and fixed term workers and agency challenges, improvement and background as part of the general update on the iTrent system.

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

There had been circulated a report dated 21 October, 2016, by the Director of Business Services, together with an appendix which updated members on progress made with actions agreed at the previous meeting of the Scrutiny and Audit Committee, held on 22 September, 2016. The report stated that two actions were ongoing, one from the meeting on 19 May, 2016, and one from the meeting on 1 July, 2016.

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

- (1) to note the contents of the report and the appendix,
- (2) that the Director of Business Services would provide an explanation for why updates which were to be on Ward Pages by 3 November, 2016, were not on Ward Pages,
- (3) that a note be placed on Ward Pages in the Consultation section to ensure that councillors were aware that employee benefits also applied to councillors, and
- (4) that progress on Review of Work of the Committee would be provided by way of a report to the Committee rather than on Ward Pages and would be a full year report.