

REPORT TO ABERDEENSHIRE COUNCIL – 26 JANUARY 2017

THE WORK OF THE NEW AUDIT COMMITTEE AND TRANSITIONAL ARRANGEMENTS

1 Recommendations

The Council is recommended to:

- 1.1 Note that the Scrutiny and Audit Committee's agreed programme of scrutiny work for 2016 will not be fully completed by the date of implementation of the new Scheme of Governance on 27th January 2017;
- 1.2 Agree that reports on the outstanding scrutiny topics as detailed in paragraph 2.7 of this report will be received by the Audit Committee at its meeting on 15th February 2017;
- 1.3 Agree that update reports on the investigations detailed in paragraph 2.9 of this report, previously approved by Aberdeenshire Council, be received by the Audit Committee;
- 1.4 Agree to delegate the following powers to the Audit Committee:
 - i) To consider reports on the scrutiny topics set out in paragraph 2.7 of this report at its meeting on 15th February 2017 and either dismiss the topic from future work or recommend to the appropriate Area or Policy Committee that it consider the findings of the Scrutiny and Audit Committee/Audit Committee as part of its own scrutiny activity;
 - ii) To monitor the implementation of the recommendations for the investigations set out in paragraph 2.9 of this report, to make follow-up recommendations if required, and to agree dismissal of those investigations.

2 Background

- 2.1 Full Council approved the new Scheme of Governance at the meeting held on 24 November 2016. The new Scheme will take effect from 27 January 2017. At this time, the responsibility for scrutiny activity will transfer to the new Policy Committees and Area Committees. The Audit Committee will have the following matters delegated to it:
 1. a. Aberdeenshire Integration Joint Board Scrutiny
 - b. External Audit
 - c. Financial Management
 - d. Internal Audit

2. Following consultation with appropriate Chief Officers, to review the adequacy of:
 - 2.1 internal control systems;
 - 2.2 policies and practices employed to ensure compliance with relevant statutes, directions, guidance and policies;
 - 2.3 financial information presented to the Council; and
 - 2.4 risk assessment arrangements and procedures.
3. Following consultation with Council managers, to review financial statements, management letters or reports and compliance with relevant codes of practice.
4. To manage the relationship with the Chief Internal Auditor ensuring that the Council's Internal Audit function is properly resourced and has appropriate standing within the Council and to review the activities of the Internal Audit function, including its annual work programme.
5. To manage all aspects of the Council's relationship with its external auditors.
6. To receive and provide feedback on reports from the Integration Joint Board Audit Committee.

SCRUTINY

7. Review the effectiveness of the Council's delivery of adult social work services on behalf of and under directions from the Aberdeenshire Integration Joint Board.
8. Refer a matter of service delivery identified for improvement from audit reports to the appropriate Policy Committee and request that the policy committee conduct the Committee Review Process and report to the Audit Committee within a specified timescale provided that if
 - a. the timescale has not been achieved or
 - b. the Policy Committee's report does not provide sufficient reassurance

Then the Audit Committee may conduct the Committee Review Process in respect of the original matter and report its recommendations to the Policy Committee.
9. Following a request from the Chief Executive or Full Council to investigate any matter in which the Council has an interest and to call upon any officer of the Council or Chair/Vice-Chair of the Council's Committees to give evidence or provide written reports, as appropriate, all in accordance with the Committee Review Process and to report the matter(s) to the relevant Policy Committee or to Full Council as specified in the request.

- 2.5 Previous reports to the Scrutiny and Audit Committee have indicated that the topics set out in the scrutiny programme, approved by the Scrutiny and Audit Committee at its meeting on 1 July 2016, should have been concluded by 31 December 2016.
- 2.6 At a meeting on 15th December 2016, the Scrutiny and Audit Committee considered proposals for transitional arrangements in relation to completion of outstanding scrutiny topics. It was agreed, subject to the agreement of Full Council, that where scrutiny work had commenced, but not yet been fully reported, that these matters be concluded by the Audit Committee at its meeting on 15th February 2017. This would ensure continuity of involvement for members who have already been involved in work connected with these topics.
- 2.7 The following are the scrutiny topics where work has commenced but not yet been completed:
1. Exploratory Workshop - Using Complaints to Improve our Services and Customer Feedback Process – report on the outcome of the Workshop.
 2. Exploratory Workshop - Effectiveness of the Town Centre Health Check Exercise – report on the outcome of the Workshop.
 3. Exploratory Workshop – Performance Reporting.
 4. Report – IT System for Council Tax Collection and Collection of Income and Debts.
 5. Report – Council's Strategy for Disposing of Surplus Equipment.
- 2.8 The transitional arrangements proposed would enable the Audit Committee to consider reports on the items listed in paragraph 2.5 above, and agree whether to dismiss the items from further work, or whether to make recommendations to the appropriate Area or Policy Committee to consider its findings and for that Committee to then continue any further scrutiny work as part of its own scrutiny arrangements.
- 2.9 There are currently two investigations, previously approved by Aberdeenshire Council, which are considered 'open' - Report 24 Cross Service Learning and Development Budget Commissioning and Delivery; and Report 28 Contracts Register. There is a further investigation being considered by Full Council today as a separate agenda item on Freedom of Information. These investigations have been undertaken by the Scrutiny and Audit Committee, the members of which have a detailed knowledge and understanding of the work involved and outcomes of the investigations. It is considered appropriate that the Audit Committee is best placed to continue to monitor implementation of the findings of these investigations. If agreed, the update report on Cross Service Learning and Development Budget Commissioning and Delivery would be brought to the Audit Committee meeting on 15th February 2017. The initial update report on Report 28 Contracts Register is anticipated to be brought before end June 2017.
- 2.10 The transitional arrangements set out in this report were considered and recommended by the Scrutiny and Audit Committee on 15th December 2016.

- 2.11 To give effect to these arrangements, Full Council would require to delegate additional powers to the Audit Committee. Since such delegations are limited to specific items of work, no changes to the Scheme of Governance are required.
- 2.12 The Head of Finance and Monitoring Officer within Business Services have been consulted in the preparation of this report and comments received have been incorporated.

3 Equalities, Staffing and Financial Implications

- 3.1 An Equalities Impact Assessment is not required as there is no differential impact upon persons with protected characteristics arising from the recommendations in this report.
- 3.2 There are no financial or staffing implications. The recommendations support the Council's policy to have an effective scrutiny and audit function and will help transition the scrutiny function from the Scrutiny and Audit Committee to the Area and Policy Committees.

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13 December 2016