

ABERDEENSHIRE COUNCIL

AUDIT COMMITTEE

WOODHILL HOUSE, ABERDEEN, 21 JUNE, 2017

Present: Councillors R Cassie (Chair), A McKelvie (Vice Chair), N Baillie, A Bews, M Ewenson, A Fakley, B Howatson, S Leslie, G Petrie (substitute for B Topping), H Smith, I Sutherland and I Taylor.

Apologies: Councillors A Buchan, A Kloppert and B Topping

Officers: Director of Business Services, Chief Internal Auditor, Chief Accountant, Corporate Finance Manager, Business Support and Development Manager, Education and Children's Services, H R Manager (HR & OD) (Mr P Matthews), Housing Manager (Asset Management and Repairs), Health and Safety Manager (HR & OD), School Administrator (Mrs C Davidson), Legal Services Manager (Governance) and Committee Officer (Mrs S Rawlins).

Also in attendance: Anne MacDonald, Audit Scotland and Principal Solicitor (Mrs R O'Hare).

OPENING REMARKS FROM THE CHAIR

The Chair welcomed everyone to the first session, of this Council, of the Audit Committee.

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.

The Chair then adjourned the meeting to allow training to be carried out.

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 Items 3, 4 and 5 so as to avoid disclosure of exempt information of the classes described in paragraphs 1, 6, 12 and 14 of Part 1 of Schedule 7A of the Act.

3. MINUTES FROM THE AUDIT COMMITTEE MEETING 29 MARCH, 2017

The Committee had before them, and **approved** as a correct record the Minute of the Meeting of the Committee of 29 March, 2017.

4. INTERNAL AUDIT REPORTS (EXEMPT)

There had been circulated a report dated 06 June, 2017, by the Chief Internal Auditor which provided members with an update and progress made with implementing agreed recommendations resulting from Internal Audit investigations. Appendices A and B to the report provided information on progress made by Services in completing agreed Internal Audit recommendations, and Appendix C gave an explanation of the gradings used. Appendix D to the report provided information on Housing Repairs Subcontractors. Appendix E to the report provided information on the Register of Breaches of Financial Regulations.

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

- (1) to acknowledge the detail within the report and appendices;

5. INTERNAL CONTROL COMPLIANCE AND GOOD GOVERNANCE (EXEMPT)

There had been circulated a report dated 27 April, 2017, by the Director of Business Services which asked the committee to acknowledge the progress made in implementing the Budget Review Task Force Action Plan. Appendix 1 to the report provided information on the action plan and the progress made.

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

- (1) to acknowledge the detail within the report and appendix;

6. PAYROLL AND i-TRENT – UPDATE ON IMPLEMENTATION (EXEMPT)

With reference to the Minute of Meeting of 29 March, 2017 (Item 6, Page 2), there had been circulated a report dated 6 June, 2017, by the Director of Business Services which asked the committee to discuss and note the contents of the report.

Members discussed iTrent and.

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

- (1) to acknowledge the detail within the report and appendix, and
- (2) to request that as the project progresses, further updates are brought to this committee.

7. INTERNAL AUDIT REPORTS (PUBLIC)

There had been circulated a report dated 06 June, 2017, by the Chief Internal Auditor, which advised members of Internal Audit Reports which had been presented to and discussed by the Policy Committees in the preceding cycle and 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.

Members discussed Treasury Management, School and Supported Local Bus Service Tendering, Health and Safety, Debtors System, Recruitment Procedures, Creditors System,

Data Protection, Cleaning Payroll, Day Care Establishment Visits, Home Care System and Service and Care First.

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

- (1) to acknowledge the content of the report and its appendices;
- (2) that in respect of Councilors' scheduled training on Health and Safety, that if possible, an earlier suitable date is identified, and
- (3) that in respect of Data Protection, further guidance is issued regarding what is required of Elected Members registration

8. INTERNAL AUDIT CHARTER

There had been circulated a report dated 06 June, 2017, by the Chief Internal Auditor, which explained various aspects of the Internal Audit Charter. Appendix 1 to the report gave full details of the Internal Audit Charter. The committee was requested to approve Internal Audit Charter.

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

- (1) to note the content of the report and approve the Internal Audit Charter.

9. INTERNAL AUDIT ANNUAL REPORT AND INTERNAL FINANCIAL CONTROL STATEMENT 2016/17

There had been circulated a report dated 06 June, 2017 by the Director of Business Services, which asked the committee to (1) note the internal financial control statement for 2016/17; (2) Approve the addition of two audit ((i) Roads procurement and Tendering and (ii) Roads Project Management and Job Control) to the 2017/18 Internal Audit plan approved by Committee on 29 march, 2017 and note that these will replace two audits on the 2016/17 plan ((i) Civil Engineering Project management and (ii) Roads Tendering & Job Control); (3) note that the Chief Internal Auditor has confirmed the organisational independence of Internal Audit; (4) note that there has been no limitation to the scope of Internal Audit work during 2016/17 and (5) note that no self-assessment has been undertaken as required by the Public Sector Internal Audit Standards as an external peer review is being completed by Dundee City Council's Internal Audit Section. Appendix A to the report provided information on 2015/16 Audit Work carried forward into 2016/17. Appendix B to the report provided information on 2016/17 Audit Work. Appendix C to the report provided information on the Internal Audit statement relating to Aberdeenshire Council's internal control system for the year ended 31 March 2017. Appendix D to the report provided information on Internal Audit performance measures.

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

- (1) to note the content of the report;
- (2) to approve the addition of two audit ((i) Roads procurement and Tendering and (ii) Roads Project Management and Job Control) to the 2017/18 Internal Audit plan approved by Committee on 29 march, 2017 and note that these will replace two audits on the 2016/17 plan ((i) Civil Engineering Project management and (ii) Roads Tendering & Job Control);
- (3) to note that the Chief Internal Auditor has confirmed the organisational independence of Internal Audit;

- (4) to note that there has been no limitation to the scope of Internal Audit work during 2016/17, and
- (5) to note that no self-assessment has been undertaken as required by the Public Sector Internal Audit Standards as an external peer review is being completed by Dundee City Council's Internal Audit Section.

10. UNAUDITED ANNUAL ACCOUNTS 2016/2017 FOR ABERDEENSHIRE COUNCIL AND ITS CHARITABLE TRUSTS

There had been circulated a report dated 07 June, 2017 by the Director of Business Services, which asked the committee (1) consider the unaudited Annual Accounts for 2016/17 for Aberdeenshire Council and its Charitable Trusts and (2) approve the Annual Governance Statement.

The Committee **agreed:-**

- (1) to note the content of the report, and
- (2) to approve the Annual Governance Statement.

11. LOCAL SCRUTINY PLAN

There had been circulated a report dated 09 June, 2017 by the Director of Business Services, which asked the committee to discuss and note the content of the report. Appendix 1 to the report provided information on the Local Scrutiny plan for Aberdeenshire Council 2017/18.

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

- (1) to note the content of the report.

12. INTERIM REPORT ON THE 2016/2017 AUDIT

There had been circulated a report dated 09 June, 2017 by the Director of Business Services, which asked the committee to discuss and note the content of the report. Appendix 1 to the report provided information on the Aberdeenshire Council Draft Interim Audit Report 2016/17.

Members discussed .

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

- (1) to note the content of the report and its appendix;
- (2) to request that the completed action plan is circulated to all members of the Committee, and
- (3) to request that the annual fraud report is circulated to all members of the Committee.

13. EXTERNAL AUDIT PROGRESS REPORT

There had been circulated a report dated 26 May, 2017 by the Director of Business Services, which asked the committee to discuss and note the content of the report. Appendix 1 to the report provided information on the Aberdeenshire Council Progress Report 2016/17.

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

- (1) to note the content of the report and its appendix, and
- (2) to request that the Audit Plan be circulated to all members of the Committee.

14. PROGRESS WITH ACTIONS FROM PREVIOUS AUDIT COMMITTEE MEETINGS

There was circulated a report dated 05 June, 2017, 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 29 March, 2017.

After consideration the Committee **agreed:-**

- (1) to note the content of the report and appendix, and
- (2) To request that ECS Committee consider undertaking Stage 1 of the Committee Review Process in relation to whether GLOW is a suitable solution and the timescales for this to be introduced. (not sure if this should be here or not)