

ABERDEENSHIRE COUNCIL

AUDIT COMMITTEE

WOODHILL HOUSE, ABERDEEN, 31 JANUARY, 2019

Present: Councillors R Cassie (Chair), A Bews, I Davidson (as substitute for Councillor A McKelvie), M Ewenson, A Fakley, A Forsyth (as substitute for Councillor A Buchan), W Howatson, A Kloppert, S Leslie, G Petrie (as substitute for Councillor N Baillie), H Smith, I Sutherland, I Taylor, B Topping and L Wilson (as substitute for Councillor A Bews).

Apologies: Councillors N Baillie, A Bews, A Buchan and A McKelvie.

Officers: Director of Business Services; Head of Finance; Chief Internal Auditor; Head of Property and Facilities; Legal Services Manager; Head of HR and OD; Head of HR and OD; Head of Procurement Services; Policy Manager, Transportation; Hard FM Manager; 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. 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, 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. RESOLUTION

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 Items 9, 10 and 11 so as to avoid disclosure of exempt information of the classes described in paragraphs 1, 8, 12 and 14 of Part 1 of Schedule 7A of the Act.

3. MINUTE OF MEETING OF THE AUDIT COMMITTEE OF 13 DECEMBER, 2018

The Minute of Meeting of the Committee of 13 December, 2018 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 18 January, 2019, by the Director of Business Services, which updated members on the progress made, against outstanding actions agreed, at previous meetings of the Communities Committee, held on 21 March, 2018, 31 May, 20 September, 2018, 1 November, 2018 and 13 December, 2018.

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

- (1) to note the position with regard to progressing actions from previous meetings; and
- (2) that No.2 1816 Health and Safety SSERC and No.6(5) 1816 Radioactive Leak Testing were now completed and should be removed from the list.

5. INTERNAL AUDIT REPORTS

There was circulated a report dated 15 January, 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**:-

- (1) to acknowledge the content of the report and its appendices;
- (2) that in respect of Value Added Tax (1915), that a development session be arranged by the Director of Business Services for the Committee, perhaps as part of the Corporate Fraud session;
- (3) that in respect Active Travel (1919), that a briefing note be provided to the Committee on the amount of travel by foot or bicycle taking place and reducing the amount of travel by car;
- (4) that in respect of Primary Schools (1929), to acknowledge improvements made, and agree not to proceed to Stage 2 of the Committee Review Process for 1808 Primary School Visits or 1833 Secondary Schools;
- (5) that in respect of Attendance Management (1547), that the Director of Business Services provide an update to the next meeting of the Committee on the "online" implementation that has had a positive impact on overdue recommendations; and
- (6) that in respect of Health and Safety (1816) to acknowledge that the Service had taken the eight overdue recommendations as far as possible, and that the recommendations be removed from the follow-up of recommendations section of the Chief Internal Auditor's next routine report to Committee and that the Internal Audit Plan, being presented to the Audit Committee for approval on 20 March 2019, includes a follow-up review of SSERC.

6. AUDIT SCOTLAND – MAINTAINING SCOTLAND'S ROADS: A FOLLOW-UP REPORT – IMPACT REPORT

There was circulated a report by the Director of Business Services on the Audit Scotland: Maintaining Scotland's Roads: A Follow-Up Report.

The report explained that the Auditor General, the Accounts Commission and Audit Scotland worked together to deliver public audit in Scotland and in June 2018 Audit Scotland published the maintaining Scotland's Roads: A Follow-Up Report – Impact Report. A copy of the report was included as an appendix.

The External Auditor outlined the survey data, strategic arrangements and operational progress. The report also highlighted the establishment of the Northern Roads Collaboration Joint Committee.

The Committee **agreed** to acknowledge the findings of Audit Scotland's report on Maintaining Scotland's Roads: A Follow-Up – Impact Report and how these were being addressed at a local level.

7. AUDIT SCOTLAND – HOUSING BENEFIT PERFORMANCE AUDIT ANNUAL UPDATE 2018

There was circulated a report dated 8 January, 2019, by the Director of Business Services on the Audit Scotland: Housing Benefit Performance Audit Annual Update 2018.

The report explained that Audit Scotland undertook an annual programme of housing benefit performance audit activity to help councils improve their benefit service. Audit Scotland selected councils for a more in-depth risk assessment and report. The report highlighted that Aberdeenshire was last selected for an in-depth review in 2016. A copy of the Update was included as an appendix.

The External Auditor outlined the survey data, strategic arrangements and operational progress. The report also highlighted the establishment of the Northern Roads Collaboration Joint Committee.

The Committee **agreed** to acknowledge the Audit Scotland Housing Benefit Performance Audit Annual Update 2018.

8. AUDIT SCOTLAND – CORRESPONDENCE AND WHISTLEBLOWING ANNUAL REPORT 2017/18

There was circulated a report dated 8 January, 2019, by the Director of Business Services, on the Audit Scotland Correspondence and Whistleblowing Annual report 2017/18.

The report explained that people or organisations write to Audit Scotland because they have concerns about an issue within a public body that falls under the remit of the Auditor General for Scotland or the Accounts Commission. Under the Whistleblowing Act, people can raise concerns about an organisation with "prescribed persons", ie independent regulators. Audit Scotland's Annual Report for 2017/18 covering correspondence received about issues of concern and whistleblowing was included as an appendix.

The Legal Services Manager advised that the Council had recently introduced a whistleblowing register.

Following discussion, the Committee **agreed** to acknowledge the Audit Scotland Correspondence and Whistleblowing Annual Report 2017/18 and that the Director of Business Services report to the meeting of the Committee on 20 September on the Council's Whistleblowing Register, reflecting on the number of cases, themes, lessons learned and improvement actions.

9. INTERNAL AUDIT REPORTS

There was circulated a report dated 15 January, 2019, by the Chief Internal Auditor which provided members with an update on progress in implementing agreed recommendations resulting from internal audit reports. Appendices A and B to the report provided information on the progress made by Services in completing agreed Internal Audit recommendations, and Appendix C provided an explanation of the gradings used.

The Committee **agreed**:-

- (1) to acknowledge the detail within the report and appendices; and
- (2) that, with regard to Housing Repairs, the Director of Business Services liaise with the Director of Infrastructure Services to seek clarity on the process for staff consultation in advance of the introduction of new procedures; and thereafter to advise the Committee.

10. HARD FACILITIES MANAGEMENT (HARD FM)

With reference to the Minute of Meeting of the Committee of 13 December, 2018 (Item 5), there was circulated a report dated 9 January, 2019, by the Director of Business Services on the Hard Facilities Management (Hard FM) contract.

The report explained that the Audit Committee had requested a report on the information that had been provided to Communities Committee and the Business Services Committee to ascertain what scrutiny had already been applied to the Hard FM contract by those committees. This was to allow the Audit Committee to consider whether an appropriate level of scrutiny was already being applied to aspects highlighted in Internal Audit Report 1849 – October 2018 and to consider whether there was a need to request a Committee Review Process.

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

- (1) acknowledge the information previously provided to the Communities Committee and Business Services Committee regarding scrutiny of the Hard FM contract; and
- (2) refer to the Business Services Committee on 28 February a request that it conduct the Committee Review Process on Internal Audit Report 1849 and that the Business Services Committee report their decision to the Audit Committee on 20 March.

11. CORPORATE FRAUD

With reference to the Minute of Meeting of the Committee of 13 December, 2018 (Item 15), the Head of Finance provided an update on Corporate Fraud and advised that matters were in hand to arrange a workshop/development session for the Committee on this.

The Committee **agreed** to acknowledge the position and that consideration would be given to including "Risk" in the development session.