

ABERDEENSHIRE COUNCIL**AUDIT COMMITTEE****WOODHILL HOUSE, ABERDEEN, 24 MAY, 2019**

Present: Councillors A McKelvie (Chair), N Baillie, A Bews, M Buchan, S Calder, M Ewenson, A Forsyth (as substitute for Councillor R Cassie), W Howatson, A Kloppert, D Lonchay (as substitute for Councillor S Leslie), H Smith, I Sutherland and I Taylor.

Apologies: Councillors A Buchan, R Cassie and S Leslie.

Officers: Director of Business Services; Chief Officer, Aberdeenshire Health and Social Care Partnership, Head of Finance; Chief Internal Auditor; Risk Manager, HR and OD; Senior Solicitor (F Stewart) and Senior Committee Officer (N David).

In attendance: A MacDonald, Audit Scotland.

CHAIR

In the absence of Councillor Cassie, Councillor McKelvie chaired the meeting. The Committee expressed best wishes to Councillor Cassie for a speedy recovery.

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

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 13 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 20 MARCH, 2019

The Minute of Meeting of the Committee of 20 March, 2019 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 26 April, 2019, 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 24 March, 2019.

After consideration, the Committee **agreed** to note the position with regard to progressing actions from previous meetings.

5. INTERNAL AUDIT REPORTS (PUBLIC)

There was circulated a report dated 8 May, 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; and
- (2) that the Director of Business Services provide an update to a future meeting on Internal Audit Report 1712 in respect of volunteers.

6. INTERNAL AUDIT ANNUAL REPORT 2018/19

There was circulated a report dated 8 May, 2019, by the Chief Internal Auditor, on the Internal Audit Annual Report 2018/2019.

The report highlighted that one of the functions of the Committee was to review the activities of the Internal Audit function, including its annual work programme. The Internal Audit plan for 2018/2019 had been agreed by the Audit Committee at the meeting on 21 March, 2018. Appendices to the report detailed the position with those audits that were carried forward from 2017/2018, along with details of the position relating to audits contained in the original 2018/2019 plan.

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

- (1) the Internal Audit Annual Report 2018/19;
- (2) that the Chief Internal Auditor had confirmed the organisational independence of Internal Audit;
- (3) that there had been no limitation to the scope of Internal Audit work during 2018/19; and
- (4) that the agreed recommendations contained in the External Quality Assessment report considered by the Audit Committee in September 2018 had been completed.

7. LOCAL GOVERNMENT IN SCOTLAND CHALLENGES AND PERFORMANCE 2019

There was circulated a report dated 17 April, 2019, by the Director of Business Services on the Audit Scotland: Local Government in Scotland – Challenges and Performance 2019 Report.

The report explained that Audit Scotland prepared an annual Local Government overview report to support councillors and senior council officers identify and manage current and future challenges. The report drew on findings from Local Government in Scotland: Financial Overview 2016/2017, local government audit work in 2018 and published performance data. A copy of the report was included as an appendix.

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

- (1) to note the key messages and recommendations within Audit Scotland's report;
- (2) to consider using the scrutiny tool supplied by Audit Scotland to enhance understanding of the Council's position in response to the challenges highlighted by the report; and
- (3) that the Director of Business Services provide a briefing note to the Committee on complaints, including numbers received and how the information is used.

8. FORWARD PLANNING TIMETABLE 2019/20

With reference to the minute of meeting of the Committee of 13 December, 2018 (Item 8), there was circulated a report dated 12 April, 2019, by the Director of Business Services on Forward Planning – Updated Reporting Timetable 2019/2020.

The report explained that the Audit Committee had a range of delegations relating to External Audit financial management and Internal Audit matters, along with the remit to review the adequacy of, for example, policies and practice that ensure compliance with statute, directions and guidance, risk management and financial information presented to the Council. The updated timetable was included as an appendix to the report.

Following discussion, the Committee **agreed** to note the updated reporting timetable for 2019/2020.

9. AUDIT SCOTLAND HEALTH AND SOCIAL CARE INTEGRATION – UPDATE OF PROGRESS

There was circulated a report dated 23 April, 2019, by the Director of Business Services on the Audit Scotland: Health and Social Care Integration – Update on Progress Report.

The report explained that Audit Scotland report was the second of three national performance audits of health and social care integration following the introduction of the Public Bodies (Joint Working) (Scotland) Act. A copy of the report was included as an appendix. The Chief Officer, Aberdeenshire Health and Social Care Partnership was present and provided detailed information, including the Aberdeenshire perspective.

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

- (1) acknowledge the Audit Scotland report on “Health and Social Care Integration – Update on Progress”; and
- (2) note the recommendations identified for Councils and how these may apply now or in future for Aberdeenshire Council.

10. CODE OF CORPORATE GOVERNANCE SELF-ASSESSMENT 2018/19

There was circulated a report dated 3 May, 2019, by the Director of Business Services on the “How Good is Our Governance in Practice? Self Evaluation”.

The report reminded members that, following the implementation of the Code of Corporate Governance, a full How Good is Our Governance (HGIOG) self-assessment was conducted over a series of ten focused workshops with senior managers and councillors participating to objectively evaluate the Council's performance in relation to the Code of Governance. A copy of the report was included as an appendix.

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

- (1) note the findings from the How Good is our Governance? (HGIOG) self-assessment to evaluate the Council's perform in relation to the Code of Corporate Governance; and
- (2) note that improvement actions would be reviewed by Directorate Management Teams to assess feasibility and resource capacity of implementing actions prior to submission as an action plan to the Committee on 4 July 2019.

11. EXTERNAL AUDIT PROGRESS REPORT AS AT 30 APRIL 2019 REPORT

There was circulated a report dated 12 May, 2019, by the Director of Business Services on the External Audit Progress Report as at 30 April 2019.

The report provided an update on progress against the 2018/2019 audit plan and explained the revised form of the independent auditor's report which would apply in 2018/2019. The progress report was included as an appendix to the report.

Following discussion, the Committee **agreed** to acknowledge the report.

12. OUTSTANDING RECOMMENDATIONS

There was circulated a report dated 26 April, 2019, by the Director of Business Services on the External Audit Outstanding Recommendations.

The report provided information on the progress made by the Council in implementing recommendations agreed as part of the 2017/2018 audit. The recommendations were collated within an appendix to the report and would continue to be reported until all actions had been addressed.

Following discussion, the Committee **agreed** to acknowledge the report.

13. INTERNAL AUDIT REPORTS (EXEMPT)

There was circulated a report dated 8 May, 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** to acknowledge the detail within the report and appendices and that a further update on progress with implementing the remaining recommendations be provided to Committee on 6 February 2020.