

ABERDEENSHIRE COUNCIL
SCRUTINY AND AUDIT COMMITTEE

WOODHILL HOUSE, ABERDEEN, 1 APRIL, 2015

Present: Councillors G Owen (Chair), R Thomson (Vice Chair), R Cassie, A Duncan, K Farquhar, A Ross and C Shand.

Apologies: Councillors N Cullinane and J Ingram.

In attendance: Ms K Watt, Deloitte.

Officers: Director of Business Services; Chief Internal Auditor; Corporate Finance Manager; Chief Accountant; Head of Service (Roads and Landscape); Performance Manager; Head of Service (Property and Facilities Management); Policy, Performance and Improvement Manager; Improvement Manager; Senior Solicitor (Martin Ingram); Support Officer (Scrutiny and Audit); Communications Team Manager; and Committee Officer (Fiona Tweedie).

1. DECLARATION OF MEMBERS' INTERESTS

There were no interests declared.

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 Item 3 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 17 March 2015 by the Chief Internal Auditor giving members an update on progress made with implementing agreed recommendations resulting from Internal Audits. Appendices A and B to the report gave information on progress made by Services in completing agreed Internal Audit recommendations and Appendix C gave an explanation of the gradings used.

Members discussed travel and subsistence, Year End payments, the Central Procurement Unit and internal transport tendering procedures.

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

- (1) to note the content of the report and its appendices,
- (2) to instruct officers to provide information on whether Internal Audits 1358 (Travel and Subsistence), 1502 (Year End Payment 2013/14) and 1446 (Internal Transport Tendering Procedures) were implemented by the agreed date of 31 March 2015, and
- (3) to keep under review Internal Audit 1340 (Central Procurement Unit) and request updates whenever these become available.

4. INTERNAL AUDIT REPORTS (PUBLIC)

There had been circulated a report dated 17 March 2015 by the Chief Internal Auditor which advised members of Internal Audit reports which had been presented to, and discussed by, the Policy and Resources, Infrastructure Services and Education Learning and Leisure Committees in the preceding cycle. Appendices to the report gave a summary of progress made by Services in completing agreed recommendations and an explanation of the gradings used.

The Director of Education and Children's Services was to provide an update report to the Education, Learning and Leisure Committee on Internal Audit Report 1527 (Secondary School Visits) and members requested that they be provided with a copy of this.

The Head of Service (Property and Facilities Management) and the Policy, Performance and Improvement Manager attended the meeting to answer questions on Internal Audit Report 1519 (Sale of Land and Property) and Internal Audit 1523 (Council Plan 2013-17) respectively. In terms of Internal Audit Report 1526 (Overtime), members requested a briefing note be produced and asked that this also address their concerns on the ERM system not being able to track overtime worked by employees. Members were assured that the written guidance on overtime, due to have been published in January 2015, had now been issued. Officers were also asked to provide an update on Internal Audits 1418 and 1404 (Pool Vehicles and Travel & Subsistence).

There was discussion on the various projects included under the heading of Business Transformation and officers updated members on the complexities of delivering these in an organisation the size of Aberdeenshire Council. Although not all of these projects had been delivered in full, elements of each had been progressed. The issue of a Programme Management Office had not been resolved but it was acknowledged that this was a key matter to get right. Involvement in improvement projects would not always necessarily result in monetary savings but would make the organisation more streamlined, efficient and effective.

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

- (1) to note the content of the report and its appendices,
- (2) to instruct officers to circulate the report expected from the Director of Education and Children's Services as an update to Internal Audit Report 1527 (Secondary School Visits) when available,
- (3) to instruct officers to provide assurance that information contained within the Register of Financial Breaches was being taken into account in the review of Financial Regulations,

- (4) to instruct officers to provide a briefing note on Internal Audit 1526 (Overtime). This should include information on the ERM system, addressing members' concerns that this will not be able to track overtime, and updates on Internal Audits 1418 and 1404 (Pool Vehicles and Travel & Subsistence respectively), and
- (5) to instruct officers to establish if the recommendation on Payroll Reconciliations (Internal Audit 1430) had been implemented.

5. INTERNAL AUDIT CHARTER

There had been circulated a report dated 17 March 2015 by the Chief Internal Auditor which asked for members' approval of the Internal Audit Charter.

The new Public Sector Internal Audit Standards (PSIAS) had been introduced in April 2013. These standards were mandatory and required that Internal Audit sections had a Charter which included specific requirements contained within the Standards. The Scrutiny and Audit Committee had approved an Internal Audit Charter for Aberdeenshire Council in November 2013 and whilst it was accepted that this Charter was still appropriate, it was acknowledged that as Aberdeenshire and Aberdeen City Councils were to be sharing the Internal Audit function, a new Charter should be drawn up to ensure that Internal Audit followed the same approach in both Councils.

Following discussion, members **agreed** to approve the Internal Audit Charter.

6. INTERNAL AUDIT PLAN 2015 – 2016

There had been circulated a report dated 17 March 2015 by the Chief Internal Auditor which explained various aspects of the Internal Audit Plan 2015-2016. Attached at Appendix A was information on Strategy and Risk Assessment and the draft Internal Audit Plan for 2015-16 was attached as Appendix B.

Officers reported that Internal Audit generally had a three year plan but due to the fact that there was to be a shared service between Aberdeenshire and Aberdeen City Councils commencing on 1 April 2015, it was thought more prudent to produce a one year plan initially. The Integration of Health and Social Care was another matter which could potentially impact on the Internal Audit function and this had also been taken into consideration in opting for a one year plan meantime. This would allow time to assess how both services operated and to share best practice. Members discussed the number of audit days to be allocated across both Councils and asked for a briefing note to be circulated on this.

Thereafter, the Committee **agreed**:-

- (1) to note the content of the report and its appendices, and
- (2) to instruct officers to provide a briefing note on the shared Internal Audit Service between Aberdeenshire and Aberdeen City Councils and the level of coverage expected under the new system.

7. EXTERNAL AUDITOR'S AUDIT REPORT 2013/14 – PROGRESS ON ACTION PLAN

There was circulated a report dated 13 March 2015 by the Head of Finance which informed members on progress made towards dealing with issues highlighted in the External Auditor's Audit Report 2013/14. The appendix to the report addressed concerns raised. Under each observation was included the recommendation, planned management action, the officer responsible for progressing this, the target date for completion and a short description of the

progress realised to date. Each recommendation was graded as red (significant improvement required), amber (requires improvement) or yellow (satisfactory – minor observations only). The status of the action on each recommendation was allocated a colour from a 'traffic light' system, noting that green indicated that the action was progressing well and targets had been met or were nearly completed, amber indicating that that the action was progressing and had been partially completed or was not yet due to be completed, and red indicating that the action had not started or had stalled.

Members discussed the Title Deeds section of the appendix and the cost involved in securing these. It was noted that in many cases, the cost of this outweighed the benefit. Officers advised that if title deeds could not be produced, copies could be requested from the Registers of Scotland or the Land Register of Scotland.

Officers advised that progress on the Fixed Asset Register had been delayed due to supplier issues but it was expected that information would be reconciled between the two systems very soon. A report was expected to go to the Policy and Resources Committee in June.

Thereafter, the Committee **agreed** to note the progress made towards addressing the issues raised in the External Auditor's Audit Report 2013/14.

8. UPDATE REPORT ON UNADOPTED ROADS

The Head of Service (Roads and Landscape) attended the meeting to provide members with a verbal update on progress relating to outcomes from the Committee's investigation into Unadopted Roads.

In April 2014, five recommendations had been produced as a result of the investigation by the Committee. Four had been partially agreed by Council on 24 April, 2014, subject to budget considerations. No budget had become available for these and, as a result, these could not be progressed. One recommendation remained; that a letter be sent to the Scottish Government to request the use of rural development funds for the upkeep and maintenance of private roads. It was expected that this letter would be sent by the end of April 2015. Officers advised that the investigation report would be included with this letter so that Ministers were made fully aware of concerns on this matter.

Members **agreed** to note the update provided and dismiss from future consideration the four budget dependent recommendations.

9. CONTINUOUS IMPROVEMENT – SIX MONTHLY UPDATE

There was circulated a report dated 4 March 2015 by the Director of Business Services which provided an update on improvement activity over the past six months. Appendix 1 noted the benefits and impact of a sample of eleven improvement projects from across all services of the Council at various stages of the project lifecycle. Appendix 2 highlighted progress made in areas noted as requiring improvement resulting from the 'How Good Is Our Council?' self-assessment and evaluation process carried out in 2014.

Officers advised that a start date of 1 October 2014 should have been noted, as this gave more meaning to the percentages noted in Appendix 2. This was fully tracked through Covalent and as a result, completion dates could be revised as projects progressed. Using Covalent enabled officers to refresh the report and completion dates.

Thereafter, the Committee **agreed**:-

- (1) to note the content of the report and appendices,

- (2) that officers should organise a workshop for members, with the purpose of reviewing the approach to improvement and how to evidence the impact improvement would have on Services, and
- (3) to receive an update on improvement activity in six months' time.

10. WORK PLAN UPDATE

There was circulated a report dated 5 March 2015 by the Director of Business Services, which provided an update on investigation work undertaken by the Committee. Attached as an appendix was a note of the meeting held on 19 February 2015 on the Carefirst System and future joint Health and Social Care systems.

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

- (1) to note the content of the report and its appendix,
- (2) to note the outcomes of the workshop held on 19 February on Computer Systems in Communities and those to be shared with Health in joint social and health care provision, and to bring forward this subject to the next topic scoring session,
- (3) to note that a session on the Six Key Areas for Development with the Area Managers for Buchan and Banff and Buchan was scheduled for 23 April and would be reported to Committee on 21 May 2015. It was noted that questions should be forwarded to the Area Managers in advance of this meeting to allow them time to consult with officers and that the Support Officer would co-ordinate this, and
- (4) to note that the outcomes of the workshop on Local Government Benchmarking Framework, held on 26 March, would be reported to Committee on 21 May 2015.

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

There was circulated a report dated 2 March 2015 by the Director of Business Services which updated members on progress made with actions agreed at previous meetings of the Scrutiny and Audit Committee on 12 February, 24 September, 30 October and 11 December 2014 and 19 February 2015.

The Committee **agreed** to note the content of the report and appendix.