

ABERDEENSHIRE COUNCIL

AUDIT COMMITTEE

WOODHILL HOUSE, ABERDEEN, 1 NOVEMBER, 2018

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

Apologies: Councillors A Bews and A Buchan.

Officers: Director of Business Services; Head of Finance; Chief Internal Auditor; Legal Services Manager; Partnership Manager (Social Work), Aberdeenshire Health & Social Care Partnership; Business Support & Development Manager, Education & Children's Services; Resourcing and Development Manager, HROD; Team Leader HROD, (M Brewis); Quality and Resources Manager, Roads, Landscape Services and Waste; Principal Engineer (S McCann), Roads, Landscape Services and Waste; and Principal Committee Officer.

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

3. MINUTE OF MEETING OF THE AUDIT COMMITTEE OF 20 SEPTEMBER 2018

The Committee had before them and **approved** as a correct record the Minute of Meeting of 20 September, 2018.

4. PROGRESS WITH ACTIONS FROM PREVIOUS AUDIT COMMITTEE MEETINGS

A report dated 9 October 2018 by the Director of Business Services had been circulated which outlined progress made with actions agreed at previous meetings of the Committee.

The Director of Business Services introduced the report and confirmed that a bulletin report had been issued that day to members providing a further update on actions listed at Item 4 - Audited Annual Accounts 2017/18 for Aberdeenshire Council and Its Charitable Trusts.

The Committee **agreed** to note the update on actions agreed at previous meetings of the Committee.

5. INTERNAL AUDIT REPORTS (PUBLIC)

There had been circulated a report dated 16 October, 2018, by the Chief Internal Auditor, which advised the Committee of (1) completed audits relating to Quarries (1839), Roads Tendering (1842), Estate Rationalisation (1844), Cleaning Payroll (1907), Year End Procedures (1908), Agency Staff (1917) and School Catering Income (1921), and (2) progress made by Services with implementing agreed Internal Audit recommendations.

The Chief Internal Auditor introduced each of the completed audits, and Members heard from officers from the relevant services and discussed the issues raised.

Thereafter, the Committee **agreed**:-

- (1) to note the issues raised within the report and the attached appendices;
- (2) Estate Rationalisation (1844) – that officers provide an update to local members on Dover Lodge, Fraserburgh;
- (3) Agency Staff Contract (1917) – that a briefing paper be presented to the next meeting of the Committee to provide further information and assurance regarding off-contract spend for social care staff to include cost implications and any barriers to recruitment;
- (4) Mobile Phones Contract (1832) – that officers confirm to members if the reported meeting with the service provider to agree the use of the remedial fund had taken place and if agreement had been reached in that regard; and
- (5) Health and Safety (SSERC) (1816) – central list of risk assessments – that officers address this as a matter of urgency and confirm to the Chair and Vice Chair of the Committee as soon as the work was complete.

6. AUDITED ANNUAL ACCOUNTS 2017/18 - ACTION PLAN

With reference to the Minute of Meeting of the Committee of 20 September 2018 (Item 5), there had been circulated a report dated 10 October 2018 by the Director of Business Services detailing the management response to each of the four actions contained within Appendix 1 of the Auditor's Report together with proposed timescales for completion.

Having been advised that a meeting had been held with the External Auditors to fully clarify expectations in terms of addressing the actions identified and having heard from both the Head of Finance and the External Auditor, the Committee **agreed**:-

- (1) to approve the detailed action plan contained within the Independent Auditor's Report; and

- (2) that a report on progress towards achieving the actions be presented to Audit Committee on 20 March 2019.

7. EXTERNAL AUDIT – AUDIT PLANNING CONSIDERATIONS - 2018/19 AUDIT

There had been circulated a report dated 9 October 2018 by the Director of Business Services providing background information on the scope of the annual external audit process in advance of the external auditor's audit plan for 2018/19, as outlined in Appendix 1 of the report.

The External Auditor introduced the report and reminded members that the external audit year ran from 1 November to 31 October, that the planning process for the audit in 2018/19 had just commenced and that it was intended to report the annual plan to the Audit Committee in February/March 2019.

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

- (1) to note the content of the report; and
- (2) that a briefing note be provided to members on progress in identifying and reporting on lease arrangements, as required by International Financial Reporting Standard (IFRS) 16 from January 2019.

8. JOINT EQUIPMENT STORE, INVERURIE (AUDIT 1845, MAY, 2018) – STAGE ONE SCRUTINY REPORT

With reference to the Minute of Meeting of the Committee of 5 July 2018 (Item 6) when it had been agreed to seek a Stage 1 scrutiny report under the committee review process in respect of the joint equipment store at Inverurie (Audit 1845) to be preceded by a committee site visit, there was circulated a report dated 12 October 2018 by the Chief Officer of the Health and Social Care Partnership on issues identified and actions undertaken in respect of the Audit recommendations.

Having heard from the Partnership Manager (M Ogg), the Committee **agreed:-**

- (1) to note that all 14 recommendations within the Internal Audit Report No. 1845 on the Joint Equipment Service Report, dated May 2018 were complete or on target for completion as per agreed dates;
- (2) to note that of the two recommendations with a December 2018 completion date, one lay with Commercial and Procurement and the second, following legal advice was no longer a requirement and had been discussed with internal audit;
- (3) to note that the electronic system being used in the Joint Equipment Service was a bespoke store management system used across many local authorities in Scotland and the upgrade to the system was going live on 5 November 2018 after a full month's successful parallel testing, with Aberdeenshire being the first service to go live with the new system in Scotland;
- (4) to note that a number of Committee members visited the Joint Equipment Service on 5th and 10th October which enabled questions to be answered on the role and scope of the Service; and
- (5) that the report provided sufficient reassurance to the Committee on the matter identified for review and concluded the committee review process.

9. INTERNAL AUDIT REPORTS (EXEMPT)

There had been circulated a report dated 16 October 2018, by the Chief Internal Auditor, which advised the Committee of progress with implementing agreed recommendations resulting from internal audits as detailed in Appendices A and B to the report. Appendix C provided an explanation of the gradings used and Appendix D contained the register of breaches of financial regulations.. The

The Committee **agreed** to note the issues raised within the report and attached appendix.

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