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To: Councillor Malik, Convener; Councillor Houghton, Vice-Convener; and Councillors Allard, Alphonse, Bonsell, Massey, McRae, van Sweeden and Yuill.

Town House,
ABERDEEN 19 November 2025

AUDIT, RISK AND SCRUTINY COMMITTEE

The Members of the **AUDIT, RISK AND SCRUTINY COMMITTEE** are requested to meet in **Committee Room 2 - Town House on THURSDAY, 27 NOVEMBER 2025 at 2.00 pm.**

JENNI LAWSON
CHIEF OFFICER - GOVERNANCE

B U S I N E S S

NOTIFICATION OF URGENT BUSINESS

- 1.1 There are no items of urgent business at this time

DETERMINATION OF EXEMPT BUSINESS

- 2.1 Members are requested to determine that any exempt business be considered with the Press and Public excluded

DECLARATIONS OF INTEREST

- 3.1 Members are requested to intimate any declarations of interest

DEPUTATIONS

- 4.1 There are no requests at this time

MINUTE OF PREVIOUS MEETING

- 5.1 Minute of Previous Meeting of 11 September 2025 (Pages 5 - 16)

COMMITTEE PLANNER

6.1 Committee Business Planner (Pages 17 - 22)

NOTICES OF MOTION

7.1 There are none at this time

REFERRALS FROM COUNCIL, COMMITTEES AND SUB COMMITTEES

8.1 There are no referrals at this time

COMMITTEE BUSINESS

Risk Management

9.1 ALEO Assurance Hub Update Report - CORS/25/268 (Pages 23 - 50)

Legal Obligations

9.2 Counter Fraud Policy - CORS/25/269 (Pages 51 - 86)

Annual Reports and Accounts

9.3 Annual Accounts 2025/26- Action Plan & Key Dates - CORS/25/267 (Pages 87 - 94)

Internal Audit

9.4 Internal Audit Progress Report - IA/25/013 (Pages 95 - 114)

9.5 Complaints Handling - AC2603 (Pages 115 - 136)

9.6 Carbon Budgeting - AC2602 (Pages 137 - 156)

EXEMPT/CONFIDENTIAL BUSINESS

10.1 Exempt Business

Integrated Impact Assessments related to reports on this agenda can be viewed [here](#)

To access the Service Updates for this Committee please click [here](#)

Website Address: aberdeencity.gov.uk

Should you require any further information about this agenda, please contact Karen Finch, tel 01224 053945 or email kfinch@aberdeencity.gov.uk

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AUDIT, RISK AND SCRUTINY COMMITTEE

ABERDEEN, 11 September 2025. Minute of Meeting of the AUDIT, RISK AND SCRUTINY COMMITTEE. Present:- Councillor Malik, Convener; Councillor Houghton, Vice-Convener; and Councillors Allard, Alphonse, Bonsell, Greig (as substitute for Councillor Yuill), Massey, McRae and van Sweeden.

The agenda and reports associated with this minute can be found [here](#).

Please note that if any changes are made to this minute at the point of approval, these will be outlined in the subsequent minute and this document will not be retrospectively altered.

MINUTE OF PREVIOUS MEETING OF 28 JULY 2025

1. The Committee had before it the minute of its meeting of 28 July 2025.

The Committee resolved:-

to approve the minute as a correct record.

COMMITTEE BUSINESS PLANNER

2. The Committee had before it the Committee Business Planner prepared by the Chief Officer - Governance.

The Committee resolved:-

to note the content of the business planner.

BUSINESS CONTINUITY ANNUAL REPORT - CORS/25/206

3. The Committee had before it a report by the Executive Director of Corporate Services which provided the annual assurance on the Council's Business Continuity arrangements that are required to comply with the requirements of a Category 1 responder under the Civil Contingencies Act 2004.

The report recommended:

that the Committee notes the activities undertaken in 2024 and planned in 2025 to review, exercise and improve the Council's Business Continuity arrangements.

In response to a question relating to the link between the Business Continuity Group and frontline groups, the Assurance Manager advised that the Business Continuity Group had members from across the organisation and that Mr McKean co-ordinated their efforts to update and maintain their Business Continuity Plans. She further advised that assurance was sought via the Risk Board and the directorate management teams.

In response to a question relating to the reasons for the increase of disruptive events over the last few years, the Assurance Manager advised that there had been an increase in weather related events which had seen an increase in the activation of Business

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Continuity Plans. She advised that occasionally there were issues with IT Systems and that those plans were well tested and more routine in a day to day basis rather than a full scale activation.

In response to a question relating to the Business Continuity intranet pages, the Assurance Manager advised that these were updated on a regular basis to ensure services had the most up to date information.

In response to a question relating to how the Council managed the risks associated with storms, the Assurance Manager advised that the Council had learned over the last few years and that warnings were issued providing the potential impact and strength of the storm to enable preparations for such events. She further advised that a preparatory Incident Management Team would be convened to monitor any storm warnings.

The Committee resolved:-

to approve the recommendation contained in the report.

INFORMATION GOVERNANCE MANAGEMENT ANNUAL REPORT 2024-25 - CORS/25/203

4. The Committee had before it a report by the Executive Director of Corporate Services which presented the annual Information Governance Performance, including information about the changes implemented through the Council's Information assurance improvement plan.

The report recommended:

that the Committee note the information provided about the Council's information governance performance at sections 3.1 to 3.5 and in the Information Governance Report at Appendix 1.

In response to a question relating to the drop in performance for responding to Freedom of Information (FOI) requests, the Customer Services Manager advised that the response rate varied from service to service and that each year there were specific topics that generated an increase in requests. She further advised that the increase in requests was a combination of higher profile issues and more awareness of what people can ask for.

In response to a question relating to whether Directors were holding their teams accountable for performance in this area, the Executive Director of Corporate Services advised that teams were held accountable for performance and that the service was looking at different ways to respond to make the process easier.

In response to a question relating to the increase in data breaches, the Data Protection Manager advised that there was an increased awareness for staff around their responsibilities to report any breaches. She further advised that all breaches were assessed to see if there was a risk to the rights and freedoms of the individual and where

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there was not assurance, these were reported to the Information Commissioner's Office (ICO) and that where there was assurance that there was not a risk to the person, the incident files were closed.

In response to a question relating to the obligations of the ICO and reporting arrangements, the Data Protection Manager advised that the ICO would report back on how the Council handled the investigation. She provided assurance that of the four that had been reported to the ICO, there was no further action required.

In response to a question relating to the risks associated with the increase in external cyber incidents, the Chief Officer – Digital and Technology advised that the number of incidents had increased however the complexity of the incidents remained the same and that the cyber security framework was robust.

In response to a question relating to the overall performance in relation to Subject Access Requests (SAR) and Freedom of Information Requests, the Customer Services Manager advised that SARs were challenging especially with Care Experienced related requests and that the team were focusing on FOIs to identify improvements. She further advised that there was an increased awareness in both of these areas which had impacted the number of requests.

In response to a question relating to whether there had been an increase in the number of Care Experienced requests, the Customer Services Manager advised that when these requests are made, it was the volume of information involved and the resource required to complete the task not necessarily an increase in number.

In response to a question relating to the reason why there was an increase in third party requests, the Customer Services Manager advised that there had been a change in how these requests were reported, with them now being managed centrally.

In response to a question relating to whether staff were aware of the implications for the Council if they lost their ID badge, the Information and Data Manager advised that staff were made aware of the process to report their ID badge missing.

In response to a question seeking assurance on where the Council were with processing some FOI requests, the Customer Services Manager advised that she was aware of some outstanding requests which were complex and that an internal review was underway.

The Committee resolved:-

- (i) in relation to a question regarding the way in which the lessons learnt information was presented, to note that the Information and Data Manager would look at alternative ways to present this data for future reports; and
- (ii) to otherwise approve the recommendation contained in the report.

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USE OF INVESTIGATORY POWERS QUARTER 3 REPORT - CORS/25/211

5. With reference to article 7 of the minute of its meeting of 8 May 2025, the Committee had before it a report by the Executive Director of Corporate Services which was provided to ensure that Elected Members reviewed the Council's use of investigatory powers on a quarterly basis and had oversight that those powers were being used consistently in accordance with the Use of Investigatory Powers Policy.

The report recommended:

that the Committee -

- (a) note the Council's use of covert surveillance activity during Q3; and
- (b) note there had been no applications to acquire communications data during Q3.

The Committee resolved:-

- (i) in relation to a question regarding the cancellation of the directed surveillance and whether this meant that it was activated, then cancelled or the whole procedure was cancelled, to note that the surveillance was cancelled after a successful investigation and that officers would ensure the terminology was amended for future reports;
- (ii) to otherwise approve the recommendations contained in the report.

INVESTIGATION REPORT INTO INCORRECT POLITICAL LISTING - CORS/25/218

6. The Committee had before it a report by the Executive Director of Corporate Services which provided the security incident report relating to the incorrect listing of a member's political party on 15 August 2025.

The report recommended:

that the Committee -

- (a) note the findings of the report;
- (b) note the additional controls being implemented; and
- (c) note the timeline for system upgrade as being end of 2025.

In response to a question relating to whether the bug had been replicated, the Chief Officer – Digital and Technology advised that the vendor had replicated the bug and implemented a solution.

In response to a question relating to whether Councillor McLellan had received an apology, the Chief Officer – Digital and Technology advised that the Executive Director of Corporate Services had provided an apology.

In response to a question relating to how a similar incident in the future would be prevented, the Chief Officer – Digital and Technology advised that whilst the current version of the software was still being used, there would be potential for a similar incident

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to occur. He further advised that interim measures had been put in place until such time as the planned upgrade had taken place.

In response to a question relating to whether the Council were aware of the bug, the Chief Officer – Digital and Technology advised that the description of the bug within the release notes, was not sufficient enough to indicate the implication it may have on the system.

In response to a question relating to figures being in 'euros' and whether this was accurate, the Chief Officer – Digital and Technology advised that he would ensure the template was amended to reflect the correct currency.

In response to a question relating to whether this incident would be reported as a data breach, the Chief Officer – Digital and Technology advised that there was an assessment undertaken at the time which showed that this was not a data breach, given that it was incorrect information published.

In response to a question relating to whether there was human error with the incident, the Executive Director of Corporate Services advised that there were robust vendor logs to show the user and the activity that was being undertaken and that the user would not have known that this incident had occurred.

The Committee resolved:-

- (i) to note that the bug was contained in the release notes provided to the Council, however the description of the bug was insufficient to identify the implication it would have on the system; and
- (ii) to otherwise approve the recommendations contained in the report.

SPSO DECISIONS, INSPECTOR OF CREMATORIA COMPLAINT DECISIONS - CORS/25/196

7. With reference to article 6 of the minute of its previous meeting, the Committee had before it a report by the Executive Director of Corporate Services which provided information on all Scottish Public Services Ombudsman (SPSO) and Inspector of Burial, Cremation and Funeral Directors decisions made in relation to Aberdeen City Council since the last reporting cycle, to provide assurance to Committee that complaints and Scottish Welfare Fund applications were being handled appropriately.

The report recommended:

that the Committee note the report.

The Committee resolved:-

to approve the recommendation contained in the report.

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UPDATE ON ACCOUNTS COMMISSION S.102 REPORT ON COUNCIL TAX FRAUD - CORS/25/217

8. With reference to article 4 of the minute of meeting of Council of 17 February 2025, the Committee had before it a report by the Executive Director of Corporate Services which provided an update on the implementation of the Accounts Commission recommendations, following consideration of the s102 report by the Council in February 2025.

The report recommended:

that the Committee -

- (a) note the content of the report;
- (b) note that the Accounts Commission Findings had been progressed to conclusion; and
- (c) note that the Council Tax system and process priority actions were complete.

In response to a question relating to the means in which the funding was recovered, the Chief Officer – Finance advised that there was pension sacrifice following conviction, an insurance payment and additional funding was awarded via proceeds of crime.

In response to a question relating to whether additional support was given to victims, the Chief Officer – Finance advised that the Council was the victim of the crime and that there had been a number of people affected by this which officers were identifying and reimbursing them.

In response to a question relating to whether it was possible to cross reference employee bank accounts with the systems the Council had, the Chief Officer – Finance advised that to date, this had been a manual process; that the Council did have the capability to do this and that officers were working on an automated process.

In response to a question relating to whether the cloud-based bank validation tool and the NXG Forensics software were expensive and whether the Council were considering these, the Chief Officer - Finance advised that the systems were expensive and that the Council were looking at current suppliers to see how they were building this into their processes.

In response to a question relating to whether more could have been done, the Chief Officer - Finance advised that there had been various actions identified which had been implemented to improve the control processes.

In response to a question relating to Whistleblowing and whether this situation would be used to encourage staff, the Legal Manager advised that the policy had recently been reviewed and that staff had been advised. The Chief Officer – Finance advised that the employee who reported the incident did not seek protection under the Whistleblowing policy and that they had reported an anomaly to management for investigation.

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In response to a question relating to how progress with implementing the action plan would be reported, the Chief Officer – Finance advised that the Chief Internal Auditor would review the control processes as part of the Internal Audit Plan and report via that process.

In response to a question relating to the arrangements in place for reimbursing those affected by this incident, the Chief Finance Officer advised that there was a standard process being used for reimbursing those affected and that staff were working through the accounts.

In response to a question relating to whether similar circumstances had presented previously where employees were not confident to report, the Chief Officer – Finance advised that the employee who reported it was presented with a set of circumstances that they reported. He further advised that the person who committed the offence did it in such a way as to not trigger any concerns.

The Committee resolved:

to approve the recommendation as contained in the report.

INTERNAL AUDIT CHARTER - IA/25/012

9. With reference to article 7 of the minute of its meeting of 20 February 2025, the Committee had before it a report by the Chief Internal Auditor which sought agreement for the Internal Audit Charter.

The report recommended:

that the Committee approve the attached Internal Audit Charter. Significant changes had been made to the Charter approved in February 2025 by the Committee to ensure compliance with the Global Internal Audit Standards (GIAS), which replaced the previously used Public Sector Internal Audit Standards (PSIAS).

In response to a question relating to why the differences between the Charter approved in February and this version were not highlighted, the Chief Internal Auditor advised that the standards had completely changed and it was not possible to provide a comparison.

The Committee resolved:-

to approve the recommendation contained in the report.

INTERNAL AUDIT UPDATE REPORT - IA/25/011

10. The Committee had before it a report by the Chief Internal Auditor which provided an update on the work of Internal Audit since the last update to Members. The report contained details of progress against the approved Internal Audit plans, audit

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recommendations follow ups, and other relevant matters for the attention of the Committee.

The report recommended:

that the Committee –

- (a) note the progress of the Internal Audit Plan; and
- (b) note the progress that management had made with implementing recommendations agreed in Internal Audit reports.

In response to a question relating to the Review of Internal Audit methodology and the timescale for the briefing session for members, the Assurance Manager advised that it would be held before the end of the year.

In response to a question relating to audit AC2313 and the underlying cause in delays to completing the transformation for fleet and roads, the Chief Officer – Strategic Place Planning advised on the allocation of resources and that there was some complexity in that three clusters were involved to complete the recommendation.

In response to a question relating to audit AC2417 and the reason why the dates for completion had been amended, the Chief Officer – Digital Technology advised that changes across the infrastructure would not be implemented whilst new firewalls were being installed and that staff had been working with services through the issues they had been experiencing.

In response to a question relating to audit AC2313 and the different types of vehicles and whether there was a specific risk with new technologies, the Chief Officer – Strategic Place Planning advised that progress had been made with purchasing of new vehicles. He further advised that the experience staff had on using the vehicles helped to identify vehicles which were assessed and evaluated.

In response to a question relating to the supply of hydrogen and whether it was a liability having vehicles on the balance sheet not being used, the Chief Officer – Strategic Place Planning advised that commercial vehicles were dual fuel, therefore they would still operate regardless of the hydrogen supplies; also hydrogen cars which were European funded were part of the co-wheels and now the Enterprise fleet would be handed back, if they reached a date that they were no longer operable.

In response to a question relating to audit AC2514 and whether the cluster risk registers action was on target, the Assurance Manager advised that these were now complete with updates provided to Internal Audit.

In response to a question relating to audit AC2313 and whether the due date of May 2026 was realistic, the Chief Officer – Strategic Place Planning advised that this was the goal that the service were working towards to complete the action.

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The Committee resolved:-

- (i) to note that the Chief Officer – Strategic Place Planning would provide an update by email relating to the status of hydrogen cars; and
- (ii) to otherwise approve the recommendations contained in the report.

PURCHASE CARDS - AC2601

11. The Committee had before it a report by the Chief Internal Auditor which presented the planned Internal Audit report on Purchase Cards.

The report recommended:

that the Committee review, discuss and comment on the issues raised within this report and the attached appendix.

In response to a question relating to whether consideration had been given to modernising the system by going digital, the Chief Officer – Finance advised that the system that supported the use of cards was digital in nature and that the provision of cards had assisted with purchasing certain items rather than using purchase orders. He further advised that in terms of providing receipts, this was required for HMRC and for VAT receipts, with a more flexible way to submit the receipts available for staff.

In response to a question relating to whether discussions with colleagues in other Local Authorities had taken place, the Chief Officer – Finance advised that discussions around next steps would be introduced.

In response to a question relating to the risks associated with expanding the use of cards and the controls in place to manage this, the Chief Officer – Finance advised that the action plan in place would address the risks outlined in the report.

The Committee resolved:-

to note the report and the attached internal audit report.

BOND GOVERNANCE - AC2606

12. The Committee had before it a report by the Chief Internal Auditor which presented the planned Internal Audit report on Bond Governance.

The report recommended:

that the Committee review, discuss and comment on the issues raised within this report and the attached appendix.

In response to a question relating to the Credit Rating risks and how these would be dealt with, the Chief Officer – Finance advised that the Credit Rating Agency looked over the accounts, balance sheet and the debt indicators to form an opinion as well as looking at

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the affordability test and the national picture. He further advised that the Council had agreed the level of debt as being 12% of net spend with the Prudential Indicators showing that this fluctuates throughout the year.

In response to a question relating to the Economic Policy Panel, specifically how they were identified and appointed and how the report was used, the Chief Officer – Finance advised that the panel had been in place since 2017, with members going through an assessment and interview process. He further advised that he used the report during the meeting with Moody's as it showed the local perspective and provided an independent view of the situation and the future of the local economy.

In response to a question relating to the reason for the change in the credit rating, the Chief Officer – Finance advised that the report was in two parts, one being an assessment of the Council on its own which then added the legal structure layer on top of that to provide a more positive credit risk for anyone looking to invest. He further advised that there was also an annual assessment of other local authorities in the UK, whereby all local authorities were grouped together which on this occasion, resulted in the rating being downgraded by one point.

In response to a question relating to the phasing out of EU Regulations within reports and whether this was being addressed, the Chief Officer – Finance advised that policies and procedures were being amended in this regard.

The Committee resolved:-

to note the report and the attached Internal Audit report.

EARLY LEARNING AND CHILDCARE SETTING VISITS - AC2605

13. The Committee had before it a report by the Chief Internal Auditor which presented the planned Internal Audit report on Early Learning and Childcare Setting Visits.

The report recommended:

that the Committee review, discuss and comment on the issues raised within this report and the attached appendix.

In response to a question relating to the how head teachers were expected to follow the complex financial processes in relation to managing school funds, the Quality Improvement Manager advised that working with finance colleagues, guidance documents for all of the financial processes were added to a shared drive that all Head Teachers had access to. She further advised that as part of the Head Teacher induction programme, finance colleagues provided information in relation to those guidance documents. She explained that as part of the improvements, all Head Teachers had been asked to indicate their level of confidence and the admin teams around financial processes so that additional training could be offered if required.

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In response to a question relating to Ref 1.2 – Purchase Cards and specifically whether more details could be provided in relation to the in person Head Teacher meeting, the Quality Improvement Manager advised that attendance at these meetings would be all Head Teachers or a suitable representative and that information relating to the purchase card guidance would be shared at that meeting. She further advised that each Purchase Card holder was aware of the processes to be followed and that there were a small number of card holders in each school who had to complete mandatory training before a card was issued.

In response to a question relating to Ref 1.4 – School Fund and whether there was a model school fund constitution available, the Quality Improvement Manager advised that there was an exemplar school fund constitution in the finance folder.

In response to a question relating to whether the dates provided for completing the recommendations were on target, the Quality Improvement Manager advised that work was ongoing and that the service was on track to meet the deadlines.

The Committee resolved:-

to note the report and the attached Internal Audit report.

- **COUNCILLOR M.T. MALIK, Convener**

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	A	B	C	D	E	F	G	H	I
1	AUDIT, RISK AND SCRUTINY COMMITTEE BUSINESS PLANNER The Business Planner details the reports which have been instructed by the Committee as well as reports which the Functions expect to be submitting for the calendar year.								
2	Report Title	Minute Reference/Committee Decision or Purpose of Report	Update	Report Author	Chief Officer	Directorate	Terms of Reference	Delayed or Recommended for removal or transfer, enter either D, R, or T	Explanation if delayed, removed or transferred
3	27 November 2025								
4	Use of Investigatory Powers Quarter 4 report	to present the use of investigatory powers quarterly report.		Jessica Anderson	Governance	Corporate Services	5.2	R	There have been no new authorisations for covert surveillance this quarter (2nd September to 7 November 2025). Any applications authorised after this period will be reported to the Committee in February 2026 as part of the Annual Report
	SPSO Decisions, Inspector of Crematoria Complaint Decisions	In order to provide assurance to Committee that complaints and Scottish Welfare Fund applications are being handled appropriately, this report provides information on all Scottish Public Services Ombudsman (SPSO) and Inspector of Crematoria decisions made in relation to Aberdeen City Council since the last reporting cycle.		Lucy McKenzie	People and Citizens	Corporate Services	6.4	R	There have been no SPSO decisions since the last report to Committee.
	ALEO Assurance Hub Update Report CORS/25/268	To provide an update of risk and financial management and governance arrangements in accordance with Hub TOR and annual workplan.		Vikki Cuthbert	Governance	Corporate Services	1.3		
7	Internal Audit Update Report IA/25/013	To provide an update on progress of the Internal Audit Plan, Audit Recommendations Follow Up and other relevant information for the Committee.		Jamie Dale	Internal Audit	Corporate Services	2.2		
8	Complaints Handling AC2603	The objective of this audit is to ensure that the complaints procedures are being complied with for all matters and that data generated is used by Management to monitor and improve performance.		Jamie Dale	Internal Audit	Corporate Services	2.2		
9	Carbon Budgeting AC2602	The objective of this audit is to ensure that appropriate arrangements are in place regarding carbon budget setting, monitoring and reporting.		Jamie Dale	Internal Audit	Corporate Services	2.2		
10	Corporate Landlord Responsibilities F&C/25/270	ARSC - 27/07/25 (ii) to note that the Chief Officer – Corporate Landlord would provide a report to Committee in two cycles detailing the progress on the audit recommendations, including detail on which matters were related to available budget and which were in relation to the updating and reviewing of procedures		Stephn Booth	Corporate Landlord	Families and Communities	2.3	D	The report has been delayed whilst work has been ongoing to change the structure around the process. A report will be provided to the February 2026 meeting.

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11	Annual Accounts 2025/26- Action Plan & Key Dates CORS/25/267	to present the information relating to annual accounts key dates for 2025-26 audit.		Lesley Fullerton	Finance	Corporate Services	4.1		
12	Counter Fraud Policy CORS/25/269	To present the updated Counter Fraud Policy for review.		Matthew Dickson	Finance	Corporate Services	5.2		
13	19 February 2026								
14	Use of Investigatory Powers Annual report	to present the use of investigatory powers annual report		Jessica Anderson	Governance	Corporate Services	5.2		
15	SPSO Decisions, Inspector of Crematoria Complaint Decisions	In order to provide assurance to Committee that complaints and Scottish Welfare Fund applications are being handled appropriately, this report provides information on all Scottish Public Services Ombudsman (SPSO) and Inspector of Crematoria decisions made in relation to Aberdeen City Council since the last reporting cycle.		Lucy McKenzie	People and Citizens	Corporate Services	6.4		
16	Internal Audit Update Report	To provide an update on progress of the Internal Audit Plan, Audit Recommendations Follow Up and other relevant information for the Committee.		Jamie Dale	Internal Audit	Corporate Services	2.2		
17	Internal Audit Reports	Reports that have been finalised will be submitted to Committee		Jamie Dale	Internal Audit	Corporate Services	2.2		
18	Internal Audit Charter	to present the Internal Audit Charter for 2026-2027		Jamie Dale	Internal Audit	Corporate Services	2.1		
19	Internal Audit Plan 2026-2029	to present the Internal Audit Plan for 2026-2029		Jamie Dale	Internal Audit	Corporate Services	2.1		
20	ALEO Assurance Hub Workplan and ToR -	To present the ALEO Assurance Hub Workplan for 2026 including dates for reporting		Vikki Cuthbert	Governance	Corporate Services	1.3		
21	14 May 2026								
22	Use of Investigatory Powers - Quarter 1	to present the use of investigatory powers quarterly report.		Jessica Anderson	Governance	Corporate Services	5.2		
23	SPSO Decisions, Inspector of Crematoria Complaint Decisions	In order to provide assurance to Committee that complaints and Scottish Welfare Fund applications are being handled appropriately, this report provides information on all Scottish Public Services Ombudsman (SPSO) and Inspector of Crematoria decisions made in relation to Aberdeen City Council since the last reporting cycle.		Lucy McKenzie	People and Citizens	Corporate Services	6.4		
24	Unaudited Annual Accounts 2025-26	to present the unaudited annual accounts and registered charities accounts for 2025-26		Lesley Fullerton	Finance	Corporate Services	4.1		

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1	AUDIT, RISK AND SCRUTINY COMMITTEE BUSINESS PLANNER The Business Planner details the reports which have been instructed by the Committee as well as reports which the Functions expect to be submitting for the calendar year.								
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25	External Audit Plan	to present the External Audit Plan for the 2025-26 audit of the accounts		Anne MacDonald	External Audit	Corporate Services	3.1		
26	Internal Audit Update Report	To provide an update on progress of the Internal Audit Plan, Audit Recommendations Follow Up and other relevant information for the Committee.		Jamie Dale	Internal Audit	Corporate Services	2.2		
27	Internal Audit Reports	Reports that have been finalised will be submitted to Committee		Jamie Dale	Internal Audit	Corporate Services	2.2		
28	25 June 2026								
29	Use of Investigatory Powers - Quarter 2	to present the use of investigatory powers quarterly report.		Jessica Anderson	Governance	Corporate Services	5.2		
30	SPSO Decisions, Inspector of Crematoria Complaint Decisions	In order to provide assurance to Committee that complaints and Scottish Welfare Fund applications are being handled appropriately, this report provides information on all Scottish Public Services Ombudsman (SPSO) and Inspector of Crematoria decisions made in relation to Aberdeen City Council since the last reporting cycle.		Lucy McKenzie	People and Citizens	Corporate Services	6.4		
31	Corporate Risk Register, Cluster Assurance Maps and Inspections Planner	to present the Corporate Risk Register, Cluster Assurance Maps and Inspections Planner		Ronnie McKean	Governance	Corporate Services	1.1		
32	Risk Appetite Annual Review	to present the Council's updated Risk Appetite Statement		Ronnie McKean	Governance	Corporate Services	1.1		
33	ALEO Assurance Hub Update Report	To provide an update of risk and financial management and governance arrangements in accordance with Hub TOR and annual workplan.		Vikki Cuthbert	Governance	Corporate Services	1.3		
34	External Audit Annual Report 2025-26	to present the the Extwernal Audit annual report		Anne MacDonald	Exteranal Audit	Corporate Services	3.1		
35	Audited Annual Accounts for 2025-26	to pre4sent the audited annual accounts for 2025-26 and the registered charities accounts for 2025-26		Lesley Fullerton	Finance	Corporate Services	4.1		
36	Internal Audit Annual Report 2025-26	to present the Internal Audit Annual Report for 2025-26		Jamie Dale	Internal Audit	Corporate Services	2.1		
37	Internal Audit Update Report	To provide an update on progress of the Internal Audit Plan, Audit Recommendations Follow Up and other relevant information for the Committee.		Jamie Dale	Internal Audit	Corporate Services	2.2		
38	Internal Audit Reports	Reports that have been finalised will be submitted to Committee		Jamie Dale	Internal Audit	Corporate Services	2.2		
39	24 September 2026								
40	Use of Investigatory Powers - Quarter 3	to present the use of investigatory powers quarterly report.		Jessica Anderson	Governance	Corporate Services	5.2		

	A	B	C	D	E	F	G	H	I
1	AUDIT, RISK AND SCRUTINY COMMITTEE BUSINESS PLANNER The Business Planner details the reports which have been instructed by the Committee as well as reports which the Functions expect to be submitting for the calendar year.								
2	Report Title	Minute Reference/Committee Decision or Purpose of Report	Update	Report Author	Chief Officer	Directorate	Terms of Reference	Delayed or Recommended for removal or transfer, enter either D, R, or T	Explanation if delayed, removed or transferred
41	SPSO Decisions, Inspector of Crematoria Complaint Decisions	In order to provide assurance to Committee that complaints and Scottish Welfare Fund applications are being handled appropriately, this report provides information on all Scottish Public Services Ombudsman (SPSO) and Inspector of Crematoria decisions made in relation to Aberdeen City Council since the last reporting cycle.		Lucy McKenzie	People and Citizens	Corporate Services	6.4		
42	Business Continuity Annual Report	to provide the annual assurance report on the Council's Business Continuity arrangements		Ronnie McKean	Governance	Corporate Services	1.2		
43	Information Governance Management Report 2025-26	to present the annual report for the Council's Information Governance		Caroline Anderson	Data Insights	Corporate Services	1.4		
44	Internal Audit Update Report	To provide an update on progress of the Internal Audit Plan, Audit Recommendations Follow Up and other relevant information for the Committee.		Jamie Dale	Internal Audit	Corporate Services	2.2		
45	Internal Audit Reports	Reports that have been finalised will be submitted to Committee		Jamie Dale	Internal Audit	Corporate Services	2.2		
46	26 November 2026								
47	Use of Investigatory Powers - Quarter 4	to present the use of investigatory powers quarterly report.		Jessica Anderson	Governance	Corporate Services	5.2		
48	SPSO Decisions, Inspector of Crematoria Complaint Decisions	In order to provide assurance to Committee that complaints and Scottish Welfare Fund applications are being handled appropriately, this report provides information on all Scottish Public Services Ombudsman (SPSO) and Inspector of Crematoria decisions made in relation to Aberdeen City Council since the last reporting cycle.		Lucy McKenzie	People and Citizens	Corporate Services	6.4		
49	ALEO Assurance Hub Update Report	To provide an update of risk and financial management and governance arrangements in accordance with Hub TOR and annual workplan.		Vikki Cuthbert	Governance	Corporate Services	1.3		
50	Annual Accounts 2025/26- Action Plan & Key Dates	to present the information relating to annual accounts key dates for 2025-26 audit.		Lesley Fullerton	Finance	Corporate Services			
51	Internal Audit Update Report	To provide an update on progress of the Internal Audit Plan, Audit Recommendations Follow Up and other relevant information for the Committee.		Jamie Dale	Internal Audit	Corporate Services	2.2		
52	Internal Audit Reports	Reports that have been finalised will be submitted to Committee		Jamie Dale	Internal Audit	Corporate Services	2.2		

	A	B	C	D	E	F	G	H	I
1	AUDIT, RISK AND SCRUTINY COMMITTEE BUSINESS PLANNER The Business Planner details the reports which have been instructed by the Committee as well as reports which the Functions expect to be submitting for the calendar year.								
2	Report Title	Minute Reference/Committee Decision or Purpose of Report	Update	Report Author	Chief Officer	Directorate	Terms of Reference	Delayed or Recommended for removal or transfer, enter either D, R, or T	Explanation if delayed, removed or transferred
53	TBC								
54	ETRO2 Lessons Learnt CRE/25/091	Delayed from May 2025 The purpose of this report is to detail the lessons learnt regarding advice given by officers on the Motion to Council on 11th October 2024 relating to Report CR&E/24/287 – City Centre Transport Measures.		Mark Reilly	Operations	City Regeneration & Environment	6.1		

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ABERDEEN CITY COUNCIL

COMMITTEE	Audit, Risk and Scrutiny Committee
DATE	27 th November 2025
EXEMPT	No
CONFIDENTIAL	No
REPORT TITLE	ALEO Assurance Hub
REPORT NUMBER	CORS/25/268
DIRECTOR	Andy Macdonald
CHIEF OFFICER	Jenni Lawson, Chief Officer – Governance
REPORT AUTHOR	Vikki Cuthbert, Assurance Manager
TERMS OF REFERENCE	Remit 1.3

1. PURPOSE OF REPORT

- 1.1 To provide assurance on the governance arrangements, risk management, and financial management of Arm's Length External Organisations (ALEOs) as detailed within the ALEO Assurance Hub's terms of reference.

2. RECOMMENDATION(S)

That the Committee:-

- 2.1 notes the level of assurance provided by each ALEO on governance arrangements, risk management and financial management respectively and the risk ratings applied by the ALEO Assurance Hub, as detailed in appendices B-H;
- 2.2 notes that the ALEO Assurance Hub will discuss any outstanding issues specified in the appendices with ALEO representatives, with a view to maintaining low/very low risk ratings and improving any medium risk ratings to low/very low; and

3. CURRENT SITUATION

- 3.1 The report provides an overview of the ALEO Assurance Hub's most recent cycle of scrutiny following the Committee's endorsement of an oversight approach which balances the Council's need for assurance with an ALEO's right to govern itself as an independent entity.
- 3.2 The Hub continues to adopt a proportionate and risk-based approach and receives assurance from ALEOs through exception reporting which allows it to assess the level of ALEO risk to the Council. The reporting is based on the degree of assurance provided on each ALEO's governance arrangements, risk management and financial management. The ALEO Assurance Hub provide high level, strategic oversight of ALEOs but does not undertake quality checks on the operation of ALEOs. The ALEO Assurance Hub has recorded

additional notes on its discussions, in response to an internal audit recommendation on our Group Assurance arrangements (on this agenda).

- 3.3 The Hub met in October and identified the following key assurance areas, in accordance with the workplan previously reported to the Committee and in response to some actions agreed as part of the same internal audit referenced at paragraph 3.2 above. Specific follow-ups were sought from each ALEO in furtherance of gaps in assurance from the previous cycle, and these are referenced specifically in the appendices.

Governance Arrangements

1. An overview of any changes and recent updates to Board Structure and training of Board Members.
2. A copy of each Board's Standing Orders/Constitution document (or equivalent) and a written overview on any updates to governance arrangements and supporting documentation.

Risk & Resilience Management

1. Details of any changes to contacts responsible for Cyber Security and any recent updates to technical controls used to deliver cyber security and best practice.
2. Assurance that risks are being regularly reviewed in accordance with the ALEO's agreed risk management policy through provision of a short written summary of your current risk environment, including any risks added to your register, escalated, de-escalated or closed, since the last update to the Hub.
3. Assurance on internal audit plans for the year 2025/26, an update on any overdue recommendations and advise whether, in the year 2024/25 there were any internal control failures recorded. Assurance that there have been no internal control failures or that any failures have been addressed and/or notified if they are of significance to the Council. **For AH&P and ASV only, based on follow ups required from previous cycle.**
4. Assurance that Counter Terrorism Security Assessments are underway for plans for implementation of the Terrorism (Protection of Premises) Act 2025. **For APA, SA and ASV only.**
5. Evidence of BCP activations since the last reporting cycle and have you updated your BCPs this year. Advise on escalation processes for notifying the council in the event of an BCP activation or incident, whether for situational awareness or support from the Council.

Financial Management

1. Through provision of quarterly trading accounts, assurance that accounts are being managed within budget, that the level of financial risk to the Council is low and that there is compliance with the Following the Public Pound Code of Practice.
2. Assurance that ALEOs undertake medium-term financial planning or have incorporated medium term planning into a Business Plan to provide assurance that ALEOs are prepared for core funding pressures. Again this ensures compliance with the Following the Public Pound Code of Practice.
3. Through provision of audited annual accounts, assurance that accounts are being managed within budget, are in line with statutory requirements and Following the Public Pound Code of Practice, and that the level of financial risk to the Council is low.

- 3.4 The Assurance Standards and Risk Ratings are set out at Appendix A. The Hub's overall assessment of each ALEO, based on the information returned, has been attached within the summary report at Appendix B. Appendices C-H provide a summary of requests to and responses from, each ALEO, along with a breakdown of risk ratings. These have been agreed with the ALEOs.
- 3.5 As agreed at the last round of Hub meetings and reported to this Committee in June, officers from the Counter-Fraud team and Legal Services provided briefings on the new Economic Crime and Corporate Transparency Act 2023 and on the impacts of the Supreme Court judgment on *For Women Scotland Ltd v The Scottish Ministers [2025] UKSC 16* for ALEOs as employers. These briefings were attended by representatives of all the organisations within the scope of the Hub.
- 3.6 The Committee will note under 'Governance' in Appendix H that the risk rating in relation to the Board of Sport Aberdeen has increased to Medium. Assurance will be sought by the Hub that changes to Board membership have been managed in accordance with the governance requirements of the company and that the necessary training and induction has been carried out.

4. FINANCIAL IMPLICATIONS

- 4.1 There are no direct financial implications arising from the recommendations in this report.
- 4.2 The role of the Hub is to ensure that ALEOs provide assurance that risks, including financial ones, are identified and managed. One of the Hub's primary functions is to ensure that the Council is able to follow the public pound as outlined in Accounts Commission guidance.

5. LEGAL IMPLICATIONS

- 5.1 Legal officers within Commercial and Procurement Services continue to review ALEO Service Level Agreements which aim, amongst other things, to facilitate the ALEO Assurance Framework. These have been modified to recognise the requirements of the Assurance Hub to receive assurance regarding systems of governance, company outcomes and risk management and mitigation.
- 5.2 The ALEO Assurance Hub will help identify any projects and/or initiatives that could influence investment decisions of Bond holders or the Council's credit rating and ensure that the appropriate governance is put in place. This adds a further layer of assurance to the Council's existing Bond governance arrangements.

6. ENVIRONMENTAL IMPLICATIONS

- 6.1 There are no direct environmental implications arising from the recommendations of this report.

7. RISK

7.1 The assessment of risk contained within the table below is considered to be consistent with the Council's Risk Appetite Statement.

Category	Risks	Primary Controls/Control Actions to achieve Target Risk Level	*Target Risk Level (L, M or H) *taking into account controls/control actions	*Does Target Risk Level Match Appetite Set?
Strategic Risk	Ability of ALEOs to support the Council in meeting its strategic outcomes.	<p>The Assurance Hub process mitigates against this risk by monitoring ALEO contribution to ACC strategic outcomes. This includes review of ALEO risk registers.</p> <p>Council's remit includes oversight of ALEO business plans and performance, which would support achievement of the target risk score in this category.</p>	M	Yes
Compliance	<p>ALEO service level agreements are not up to date and ALEOs are not delivering on Council outcomes.</p> <p>Non-compliance against GDPR, Health and Safety and other statutory responsibilities.</p>	<p>Commercial and Procurement Services has reviewed ALEO service level agreements to ensure they remain robust and fit for purpose.</p> <p>The Council has oversight of how ALEOs are achieving Council outcomes and complying with the terms of their service level agreements.</p> <p>The Hub will continue its oversight of ALEOs' approach to embedding strong governance, including audits, policies, procedures and</p>	L	Yes

Category	Risks	Primary Controls/Control Actions to achieve Target Risk Level	*Target Risk Level (L, M or H) *taking into account controls/control actions	*Does Target Risk Level Match Appetite Set?
		systems to ensure that these are being reviewed and staff training is being delivered to mitigate the risk of governance failure.		
Operational	Failure of ALEOs to deliver services according to agreed Service Level Agreements	Monitored by Council which has oversight of ALEO strategic business plans. These were recently considered by the Finance & Resources Committee.	L	Yes
Financial	Financial failure of ALEOs impacting on the Council and its credit rating.	<p>ALEOs report financial performance and governance to their boards and present their annual accounts for scrutiny by an external auditor.</p> <p>One of the Hub's key functions is to provide assurance to Committee on the financial management of Council ALEOs.</p> <p>Finance & Resources Committee monitors financial performance and viability, including business planning.</p> <p>Partners continue to operate within a challenging financial environment and this is reflected in their risk ratings, however it</p>	L	Yes

Category	Risks	Primary Controls/Control Actions to achieve Target Risk Level	*Target Risk Level (L, M or H) *taking into account controls/control actions	*Does Target Risk Level Match Appetite Set?
		<p>should be noted that the Hub reviews financial stewardship in the previous cycle rather than forward planning which is the role of Council.</p> <p>The Assurance Hub is aware that a report will be presented to Council regarding Bon Accord Care and the long term operating model to ensure financial resilience and sustainability.</p>		
Reputational	Impact of performance or financial risk on reputation of ACC.	Regular reporting to this Committee from the Hub provides adequate control.	L	Yes
Environment / Climate	Service delivery or operations impacting negatively on City net zero targets.	Regular reporting to this Committee from the Hub provides adequate control.	L	Yes

8. OUTCOMES

- 8.1 The recommendations within this report have no direct impact on the Council Delivery Plan.

9. IMPACT ASSESSMENTS

Assessment	Outcome
Integrated Impact Assessment	No assessment required. I confirm this has been discussed and agreed with Jenni Lawson, Chief Officer - Governance on 18 th November 2025.

Data Protection Impact Assessment	Not required.
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10. BACKGROUND PAPERS

None.

11. APPENDICES

- 11.1 **Appendix A** – Assurance Standards and Risk Ratings
Appendix B – Summary of ALEO Risk Ratings
Appendix C – Aberdeen Heat and Power
Appendix D – Aberdeen Performing Arts
Appendix E – Aberdeen Sports Village
Appendix F – Bon Accord Care
Appendix G – bp Aberdeen Hydrogen Energy Limited
Appendix H – Sport Aberdeen

12. REPORT AUTHOR CONTACT DETAILS

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Appendix A

Assurance Standard	Risk Rating
Unambiguous responses demonstrating clear understanding and comprehensive ability to fulfil ACC requirements, giving full detail as how these are achieved.	Very Low
Responses provide evidence of good understanding and compliance although limited detail provided for some areas.	Low
Responses provide some indication of understanding and compliance	Medium
Minimal or poor responses providing little evidence of understanding or compliance.	High
Nil or inadequate responses with little or no understanding of requirement or evidence of compliance.	Very High

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Appendix B

	Overall Risk Rating									
	June-23		Nov-23		June-24		Nov-24		June-25	
Aberdeen Heat and Power	Low/	Medium	Low		Low/	Medium	Low		Low/	Medium
Aberdeen Performing Arts	Low/	Medium	Low/	Medium	Low/	Medium	Low		Low/	Medium
Aberdeen Sport Village	Low/	Medium	Very Low/	Low	Low/	Medium	Low/	Medium	Low/	Medium
Bon Accord Care	Low		Medium/	High	Low/	Medium	Low/	Medium	Low/	Medium
Sport Aberdeen	Low/	Medium	Low/	Medium	Low/	Medium	Low/	Medium	Low/	Medium
bp Aberdeen Hydrogen Energy	Low/	Medium	Low/	Medium	Low		Low/	Medium	Low/	Medium

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APPENDIX C - Aberdeen Heat and Power

Area of Assurance	Purpose	Hub Assessment	Risk Rating
Governance	Assurance on the on-going training and development of Board members including any changes to Board structure, rationale for any structure changes, training plans for Board members.	The Hub noted that AH&P were in the process of completing annual reviews for all Board members and this would be completed by the end of November, with any training or development needs to be highlighted. The Hub noted the Template of Directors Procedure and the Board Skills Audit which had been provided, which provided assurance.	Low
	Assurance of on-going review of all governance documentation and policies. The assurance will be provided through a short written summary of planned and completed activities in this area and should include reference to information governance, health and safety governance, public liability and employer's liability insurance and cyber governance.	1. The Hub noted that the AH&P Board Standing Orders did not appear to have been updated for 5 years but were currently under review with the External Auditor, and the audit recommendations were due to be provided by the end of October. The Hub noted the current Standing Orders in the meantime and agreed to request a copy of the updated Standing Orders following completion of the review. 2&3. Provision of Cyber Essentials Certificate received. TIAA Cybersecurity audit findings do not raise any urgent issues, and those actions identified have been accepted by AH&P with implementation dates agreed. Follow-up that these have been completed would be appreciated.	Low
Risk Management	Assurance that risks are being regularly reviewed in accordance with the organisation's agreed risk management policy, are kept under regular review with control actions monitored to completion, and are linked to the achievement of outcomes for the ALEO and the Council. This assurance will be provided through provision of risk registers and relevant supporting minutes/documentation.	The Hub reviewed the risk register provided which was last reviewed by the Risk Register Working Group in June. The Hub noted the newly identified risks which have been added to the risk register since the previous review as well as the corresponding updates which are recorded against each risk recorded on the risk register. AH&P has confirmed that the Risk Register Working Group will undertake the next review of the register in November or December 2025. The Hub continues to receive assurance that AH&P maintains an effective risk management system.	Low
	Assurance that ALEOs have risk-based internal and external audit plans in place and a process to address and close out audit recommendations to completion. Assurance that there have been no internal control failures or that any failures have been addressed and/or notified if they are of significance to the Council.	AH&P confirmed that the Corporate Governance Audit Report is due from their External Auditor. This report will be reviewed by the Hub in the next reporting cycle alongside the reports from the Business Continuity and Procurement audits which are scheduled.	Low

	<p>Assurance that emergency plans/major incident plans and processes and appropriate business continuity arrangements are in place.</p> <p>Assurance that testing and exercising arrangements or schedules are in place which recognise the evolving risk environment for the Place; in particular that provision is made within plans and exercising to ensure resilience around critical service delivery; that each organisation has an awareness of the Council's responsibilities as a Cat 1 responder under the Civil Contingencies Act and has agreed mechanisms in place to support these; and that each organisation is fully conversant with the implications for their operations of the CONTEST Strategy (UK Govt strategy for counter-terrorism), in particular in respect of the Prevent and Protect duties.</p>	<p>AH&P confirmed there has not been an activation this year to date, and the Business Continuity Plan undergoes a formal annual review in February with any adjustments and updates required to the plan made at this time.</p> <p>AH&P confirmed that as the Chief Executive is a member on the ACC Energy Board, any activation of AH&P Business Continuity Plan would be reported to the Board.</p> <p>A review of the existing Business Continuity Plan was recently conducted as part of the Beach Leisure Centre demolition work. The review confirmed that the BCP accurately reflects the necessary processes.</p>	Low
Finance	<p>Assurance that accounts are being managed within budget, that the level of financial risk to the Council is low and that there is compliance with the Following the Public Pound Code of Practice.</p>	<p>The Hub confirmed that an extensive set of Management Accounts is regularly reviewed by the Board.</p> <p>The economy is being affected by a series of significant events, including high interest rates and ongoing global conflict. These increased costs present a challenging financial situation for the company.</p>	Medium
	<p>Assurance that ALEOs undertake medium-term financial planning or have incorporated medium term planning into a Business Plan to provide assurance that ALEOs are prepared for core funding pressures. Again this ensures compliance with the Following the Public Pound Code of Practice.</p>	<p>AH&P has developed a five-year Business Plan covering the financial years from 2024 to 2029. The underlying assumptions in the Business Plan appear to be reasonable.</p> <p>Every year, the company prepares a two-year budget for presentation to the board and to monitor actual network returns against expected outcomes.</p> <p>The company aims to maintain cash reserves equivalent to three months' worth of gas costs, calculated based on the previous year's results.</p>	Medium
	<p>Assurance that accounts are being managed within budget, are in line with statutory requirements and Following the Public Pound Code of Practice, and that the level of financial risk to the Council is low.</p>	<p>The Hub confirmed that the annual accounts for 2024-25 were submitted to Companies House by the required deadline and in compliance with the Companies Act. The auditors' report found no issues of concern and concluded that the organisation's use of the Going Concern basis of accounting was appropriate.</p>	Low

APPENDIX D - Aberdeen Performing Arts

Area of Assurance	Purpose	Hub Assessment	Risk Rating
Governance	Assurance on the on-going training and development of Board members including any changes to Board structure, rationale for any structure changes, training plans for Board members.	The Hub noted that the only recent change to the Board Structure was the appointment of an Employee Director following an internal election process. The Hub was advised that a Board Development Day had been held in January 2025 with a focus on effective governance and financial stewardship, delivered externally by Culture and Business Scotland and that a further session had been arranged for January 2026. The Hub further noted that the Board Chair continued to hold regular one to one meetings with Board members to ensure that any specific training requirements or needs were captured and addressed. The Hub agreed that this provided a good level of assurance.	Very Low
	Assurance of on-going review of all governance documentation and policies. The assurance will be provided through a short written summary of planned and completed activities in this area and should include reference to information governance, health and safety governance, public liability and employer's liability insurance and cyber governance.	<p>1. The Hub noted the latest version of the APA Articles of Association which had been reviewed and formally adopted by the Board in September 2025. The Hub was advised that the latest update expanded upon APA's charitable objectives and strengthened the organisational governance by amending the Board size and tenure. The Hub agreed that the provided a good level of assurance.</p> <p>2. APA have demonstrated admirable prioritisation of cybersecurity in the replacement and development of their digital infrastructure, and its inclusion on their risk register demonstrates it is being overseen at board level, as is best practice. ACC look forward to receiving a copy of their CE Certification when it is achieved.</p>	Low
Risk Management	Assurance that risks are being regularly reviewed in accordance with the organisation's agreed risk management policy, are kept under regular review with control actions monitored to completion, and are linked to the achievement of outcomes for the ALEO and the Council. This assurance will be provided through provision of risk registers and relevant supporting minutes/documentation.	<p>APA confirmed that the Chief Executive maintains leadership responsibility and oversight of the risk register. The risk register is reviewed on a regular basis by the Leadership Team and is presented to the Board on a biannual basis.</p> <p>The risk register provided to the Hub received its last formal review in June 2025 and was presented to the APA Board in August 2025. The risk register will be reviewed by the Board again in November 2025.</p> <p>APA confirmed no significant changes to the risk register in terms of profile or rating and that no new risks have been added or removed. The Hub reviewed an additional risk register has been created to record and provide oversight of the potential risks associated with the IT infrastructure investment project works being undertaken. This risk register identified the potential risks and associated mitigations and is reviewed on a quarterly basis by the APA Finance, Audit and Property Subcommittee.</p>	Low

	<p>Assurance that emergency plans/major incident plans and processes and appropriate business continuity arrangements are in place.</p> <p>Assurance that testing and exercising arrangements or schedules are in place which recognise the evolving risk environment for the Place; in particular that provision is made within plans and exercising to ensure resilience around critical service delivery; that each organisation has an awareness of the Council's responsibilities as a Cat 1 responder under the Civil Contingencies Act and has agreed mechanisms in place to support these; and that each organisation is fully conversant with the implications for their operations of the CONTEST Strategy (UK Govt strategy for counter-terrorism), in particular in respect of the Prevent and Protect duties.</p>	<p>APA confirmed there have been no activations of their Business Continuity Plan since the previous reporting cycle. APA's Business Continuity Plan includes a provision for escalation to ACC in the event of an activation or critical incident.</p> <p>APA provided a detailed update on the actions they are taking in preparation for the Protect legislation including a Counter Terror Security Assessment. This provided the required assurance that APA are putting in place the mitigations required.</p>	Low
Finance	<p>Assurance that accounts are being managed within budget, that the level of financial risk to the Council is low and that there is compliance with the Following the Public Pound Code of Practice.</p>	<p>The Hub noted that budget monitoring and updated cashflow reports continue as agenda items at each Board Meeting. The organisation continues to review customer behaviour and spending patterns to support cash flow and budget monitoring.</p> <p>Current year monitoring information and Board papers confirm that APA continue to operate within a challenging financial environment and continues to analyse its operations to identify opportunities for growth or cost mitigation.</p>	Low
	<p>Assurance that ALEOs undertake medium-term financial planning or have incorporated medium term planning into a Business Plan to provide assurance that ALEOs are prepared for core funding pressures. Again this ensures compliance with the Following the Public Pound Code of Practice.</p>	<p>A detailed Business Plan covering 2024/25 to 2027/28 was presented at the February 2024 Board meeting for Board input/comment. This was reviewed by the ALEO Hub. The Business Plan provides clear links to both the recent financial performance of the organisation as well as the assumptions upon which the Business Plan is based and what actions are being carried out to support the achievement of the Business Plan. Reference has been made within the Plan to funding changes and potential reductions.</p>	Low
	<p>Assurance that accounts are being managed within budget, are in line with statutory requirements and Following the Public Pound Code of Practice, and that the level of financial risk to the Council is low.</p>	<p>The Hub confirmed that the 2023-24 annual accounts were submitted to Companies House and OSCR by the required deadline and in accordance with the appropriate regulations. The auditors' report identified no matters of concern and concluded that the organisations use of the Going Concern basis of accounting was appropriate.</p> <p>2024-25 annual accounts - external audit work has been completed and the accounts are due to be presented to the Board on 25 November 2025.</p>	Very Low

APPENDIX E - Aberdeen Sports Village

Area of Assurance	Purpose	Hub Assessment	Risk Rating
Governance	Assurance on the on-going training and development of Board members including any changes to Board stucture, rationale for any structure changes, training plans for Board members.	<p>The Hub noted that in September 2025, Board governance training had been delivered to Non Executive Directors and Trustees by Brodies LLP, ASV's legal partner. The session focused on strengthening the Board's understanding of governance responsibilities, compliance frameworks, and best practice principles in line with current regulatory expectations.</p> <p>The Hub further noted that ASV were due to underake a comprehensive governance review in partnership with Brodies, with commencement planned for November 2025. The review was due to include an evaluation of ASV's governance structures, decision making processes, and alignment with charity and company law obligations. The Hub noted that the review was anticipated to be completed by February 2026, with findings to be presented to the Board for consideration and implementation. The Hub agreed to request an update on the governance review and implementation as part of the next report to committee in June 2026.</p>	Low
	Assurance of on-going review of all governance documentation and policies. The assurance will be provided through a short written summary of planned and completed activities in this area and should include reference to information governance, health and safety governance, public liability and employer's liability insurance and cyber governance.	Continuing good cybersecurity proactive as ASV and through their support from UoA. Last cycle ACC highlighted that a high-level plan for user training and awareness would be beneficial; this has not been provided this cycle. A more varied awareness programme to complement the good practice emails highlighted should be adopted.	Low
Risk Management	Assurance that risks are being regularly reviewed in accordance with the organisation's agreed risk management policy, are kept under regular review with control actions monitored to completion, and are linked to the achievement of outcomes for the ALEO and the Council. This assurance will be provided through provision of risk registers and relevant supporting minutes/documentation.	<p>ASV provided a copy of the risk register in addition to the Risk Report which was included within the September 2025 Board pack.</p> <p>The risk register format remains consistent with previous reviews with clear risk categorisation which provides an overview of ASV's current risk environment. The register also includes risk scoring and summary of controls/response in place or underway to mitigate the risk.</p> <p>The Risk Report included an overview of the "top business risks" these risks relate to ASV's financial operating environment and considers the external factors that may create financial risk to the organisation.</p>	Low

	<p>Assurance that ALEOs have risk-based internal and external audit plans in place and a process to address and close out audit recommendations to completion.</p> <p>Assurance that there have been no internal control failures or that any failures have been addressed and/or notified if they are of significance to the Council.</p>	<p>ASV has established and maintains risk-based internal and external audit arrangements to support governance, accountability, and continuous improvement. ASV's internal audit activities are carried out in accordance with its annual risk register and governance framework.</p> <p>Findings and recommendations from internal audits are reviewed by senior management, who develop action plans to address identified areas for improvement. Progress on these actions is tracked until completion.</p> <p>External audits are conducted annually by independent auditors (currently AAB in October 2025) as part of statutory financial reporting. Audit findings are presented to the board and addressed promptly with management actions. No significant internal control failures were identified, and minor issues have been resolved without need for escalation.</p>	Very Low
	<p>Assurance that emergency plans/major incident plans and processes and appropriate business continuity arrangements are in place.</p> <p>Assurance that testing and exercising arrangements or schedules are in place which recognise the evolving risk environment for the Place; in particular that provision is made within plans and exercising to ensure resilience around critical service delivery; that each organisation has an awareness of the Council's responsibilities as a Cat 1 responder under the Civil Contingencies Act and has agreed mechanisms in place to support these; and that each organisation is fully conversant with the implications for their operations of the CONTEST Strategy (UK Govt strategy for counter-terrorism), in particular in respect of the Prevent and Protect duties.</p>	<p>Aberdeen Sports Village (ASV) has robust emergency response and business continuity arrangements in place to ensure resilience during any major incident or service disruption. Plans are regularly reviewed, tested, and aligned with the principles of the Civil Contingencies Act 2004 and the Grampian Local Resilience Partnership (GLRP) framework. ASV completes the NaCTSO Emergency and Business Continuity Planning Checklist annually and has begun participating in Police Scotland's monthly Counter Terrorism 'Bridge Call' to maintain awareness of evolving risks. The Critical Incident Policy has been reviewed and strengthened to reflect these commitments. Although ASV is not a statutory responder, it recognises its duty to cooperate and coordinate effectively with Category 1 and 2 responders. Front-line staff complete ACT (Action Counters Terrorism) online training, supporting our compliance with the CONTEST Strategy (Prevent and Protect duties).</p> <p>No major incidents or control issues have been reported during the period, however ASV was used as a rest centre for local residents due to a garage fire during June 2025.</p>	Low
Finance	<p>Assurance that accounts are being managed within budget, that the level of financial risk to the Council is low and that there is compliance with the Following the Public Pound Code of Practice.</p>	<p>The Hub noted that the ASV Board continue to be provided with detailed budget monitoring and forecasts, as well as updates on specific actions in relation to cost mitigation and Income Generation. Board minutes confirm members take the opportunity to raise questions and make suggestions in relation to Finance related matters.</p>	Low

Assurance that ALEOs undertake medium-term financial planning or have incorporated medium term planning into a Business Plan to provide assurance that ALEOs are prepared for core funding pressures. Again this ensures compliance with the Following the Public Pound Code of Practice.	The Hub reviewed financial forecast 2025-2028 which made reference to changes in funding and scrutinised cost drivers. ASV continue to operate within a challenging financial environment but provide regular monitoring reports to the Board alongside specific reports on various financial aspects, updates on progress with cost mitigation as well as benchmarking in relation to prices, attendance and income generation.	Medium
Assurance that accounts are being managed within budget, are in line with statutory requirements and Following the Public Pound Code of Practice, and that the level of financial risk to the Council is low.	The Hub confirmed that the 2023-24 annual accounts were submitted to Companies House and OSCR by the required deadline and in accordance with the appropriate regulations. The auditors' report identified no matters of concern and concluded that the organisations use of the Going Concern basis of accounting was appropriate. ASV's financial year is to 31 July and the 2024/25 accounts will be reviewed by the Hub when the audit of these is complete.	Very Low

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APPENDIX F - Bon Accord Care

Area of Assurance	Purpose	Hub Assessment	Risk Rating
Governance	Assurance on the on-going training and development of Board members including any changes to Board stucture, rationale for any structure changes, training plans for Board members.	<p>The Hub noted that there had been no recent changes to the BAC Board structure, however discussions were currently ongoing with the Council as single-shareholder regarding the long term sustainability of BAC in the current operating environment.</p> <p>The Hub was advised that annual appraisals were ongoing for 2025/26. The Hub noted that training and development for Board members was two-fold - (1) development sessions took place quarterly, via internal Board development days, with the focus in these sessions on development of organisational strategy objectives; and (2) development for individual Board members was managed through the annual review process and tailored to the specific needs of Board members.</p> <p>The Hub agreed that this provided a reasonable level of assurance, however this was predicated on the discussions with the Council regarding the long term sustainability of BAC in the current operating environment.</p>	Low
	Assurance of on-going review of all governance documentation and policies. The assurance will be provided through a short written summary of planned and completed activities in this area and should include reference to information governance, health and safety governance, public liability and employer's liability insurance and cyber governance.	<p>The Hub was advised that there had been no changes to Board governance documentation and policies.</p> <p>ACC provide many of the technical controls which secure the BAC infrastrucutre, and work closely with our BAC counterparts to share good governance and awareness. The expanded information systems team gives confidence that BAC are prioritising the management and governance of their own systems, and the expansion of user training is also positive. It would be helpful to receive assurance that business continuity and disaster recovery plans are in place, should access to digital tools be lost, and that supply chain cybersecurity is being managed effectively.</p>	Low

Risk Management	<p>Assurance that risks are being regularly reviewed in accordance with the organisation's agreed risk management policy, are kept under regular review with control actions monitored to completion, and are linked to the achievement of outcomes for the ALEO and the Council. This assurance will be provided through provision of risk registers and relevant supporting minutes/documentation.</p>	<p>BAC provided copies of the Clinical Risk Register, People and Performance Risk Register, Financial Risk Register, and Corporate Risk Register for review. The format of these risk registers has not changed since the Hub's previous review. Documentation confirming recent reviews was submitted for each register. Additionally, all risk registers are reviewed by the respective BAC committees, with each register included as a scheduled agenda item. Copies of committee agendas were supplied to the Hub as further evidence of these reviews.</p> <p>BAC provided an updated copy of the Risk Management Policy, revised in August to include audit recommendations from Henderson and Logie. The policy clearly outlines roles, accountabilities, supporting processes, and documentation.</p> <p>A copy of the Organisational Risk Identification and Control Process was also provided. This procedural document complements the Risk Management Policy by offering staff comprehensive guidance on hazard identification and risk assessment.</p>	<p>Very Low</p>
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	<p>Assurance that emergency plans/major incident plans and processes and appropriate business continuity arrangements are in place.</p> <p>Assurance that testing and exercising arrangements or schedules are in place which recognise the evolving risk environment for the Place; in particular that provision is made within plans and exercising to ensure resilience around critical service delivery; that each organisation has an awareness of the Council's responsibilities as a Cat 1 responder under the Civil Contingencies Act and has agreed mechanisms in place to support these; and that each organisation is fully conversant with the implications for their operations of the CONTEST Strategy (UK Govt strategy for counter-terrorism), in particular in respect of the Prevent and Protect duties.</p>	<p>Bon Accord Care confirmed that no Business Continuity Plan (BCP) activations were reported or recorded within the Bon Accord Care system during the 2024/2025 operational period.</p> <p>Regular reviews of Business Continuity Plans are conducted to confirm that they are prepared and remain aligned with potential risks that may impact operations.</p> <p>The Hub noted that Bon Accord Care confirmed that a flooding incident took place at its Hub. Although this did not necessitate formal activation of the Business Continuity Plan (BCP), retrospective documentation may be prepared to ensure the event is recorded for future reference and organisational learning. The Hub recommends conducting a retrospective review and will assess any subsequent actions or required activities during the next reporting cycle.</p> <p>In the event of a BCP activation, an establish escalation process for notifying Aberdeen City Council ensures that:</p> <ul style="list-style-type: none"> - Timely communication for situational awareness. - Coordination of support where required. - Documentation and reporting of the incident and response actions. <p>BAC also provided a copy of their Terrorism Threat Risk Assessment and evidence of the integration of the Protect duty into their Emergency Response Plan.</p>	Low
Finance	Assurance that accounts are being managed within budget, that the level of financial risk to the Council is low and that there is compliance with the Following the Public Pound Code of Practice.	The detailed budget monitoring reports and balance sheet reports are being regularly submitted to the BAC Board for their review and feedback.	Low
	Assurance that ALEOs undertake medium-term financial planning or have incorporated medium term planning into a Business Plan to provide assurance that ALEOs are prepared for core funding pressures. Again this ensures compliance with the Following the Public Pound Code of Practice.	The Hub noted that BAC currently has no formal business plan or medium term financial plan in place. Work has commenced on a medium term financial plan covering 2025-26 to 2027-28 and this is scheduled to be finalised by 31 October 2025.	Medium

	<p>Assurance that accounts are being managed within budget, are in line with statutory requirements and Following the Public Pound Code of Practice, and that the level of financial risk to the Council is low.</p>	<p>The Hub confirmed that the 2024-25 annual accounts were submitted to Companies House by the required deadline and in accordance with the appropriate regulations. The auditors' report identified no matters of concern and concluded that the organisations use of the going concern basis of accounting was appropriate.</p>	<p>Very Low</p>
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APPENDIX G - BPJV

Area of Assurance	Purpose	Hub Assessment	Risk Rating
Governance	Assurance on the on-going training and development of Board members including any changes to Board stucture, rationale for any structure changes, training plans for Board members-	<p>The Hub noted that there had been two changes to the membership of the Board since the last reporting cycle and that during September 2025, the Directors attended awareness training in Construction Design and Maintenance facilitated by Pinsent Masons.</p> <p>Proposed risk rating - low</p> <p>Follow up - have new Board members received induction and training?</p>	tbc
Risk Management	Assurance that risks are being regularly reviewed in accordance with the organisation's agreed risk management policy, are kept under regular review with control actions monitored to completion, and are linked to the achievement of outcomes for the ALEO and the Council. This assurance will be provided through provision of risk registers and relevant supporting minutes/documentation.	<p>The Hub reviewed the Company Wide risk register provided. This risk register is owned by the Chief Financial Officer and was last reviewed by the Board in June 2025. A further review by the Board will be undertaken in December 2025.</p> <p>The risk register is comprehensive and provides a detailed description of the risk identified, responsible owner, mitigation strategies, controls in place and risk ratings.</p> <p>The project manager maintains a comprehensive project risk register (not reviewed) to document all risks that may affect the achievement of the project's objectives.</p>	Low

	<p>Assurance that emergency plans/major incident plans and processes and appropriate business continuity arrangements are in place.</p> <p>Assurance that testing and exercising arrangements or schedules are in place which recognise the evolving risk environment for the Place; in particular that provision is made within plans and exercising to ensure resilience around critical service delivery; that each organisation has an awareness of the Council's responsibilities as a Cat 1 responder under the Civil Contingencies Act and has agreed mechanisms in place to support these; and that each organisation is fully conversant with the implications for their operations of the CONTEST Strategy (UK Govt strategy for counter-terrorism), in particular in respect of the Prevent and Protect duties.</p>	<p>No Business Continuity Plan activations have occurred since the previous reporting cycle. The Business Continuity Plan is scheduled for review and update ahead of the company's transition to its operational phase in 2026. As part of this process, measures will be implemented to ensure Shareholders are appropriately engaged and notified should any incident arise.</p> <p>Business Continuity Plans and Company Emergency Response Planning are to be worked in the upcoming months and the Hub will continue to monitor progress in this area.</p>	Medium
Finance	Assurance that accounts are being managed within budget, that the level of financial risk to the Council is low and that there is compliance with the Following the Public Pound Code of Practice.	The Hub noted that monthly Management Accounts packs are produced and form part of the regular Board Meetings agendas for discussion. Board papers confirm regular discussion on various aspects of the project.	Low
	Assurance that ALEOs undertake medium-term financial planning or have incorporated medium term planning into a Business Plan to provide assurance that ALEOs are prepared for core funding pressures. Again this ensures compliance with the Following the Public Pound Code of Practice.	Business Plan at FID (Phase 1 Business Case) covering 2024/25 to 2026/27 was provided and this has been reviewed by the ALEO Hub. The Business Plan provides details of expected cost, funding secured and funding required for Phase 1 of the project and this is kept under review by the Board.	Low
	Assurance that accounts are being managed within budget, are in line with statutory requirements and Following the Public Pound Code of Practice, and that the level of financial risk to the Council is low.	The Hub confirmed that audited copies of the 2024-25 annual accounts have been submitted to Companies House. The auditors' report identified no matters of concern and concluded that the organisation's use of the going concern basis of accounting was appropriate.	Low

APPENDIX H - Sport Aberdeen

Area of Assurance	Purpose	Hub Assessment	Risk Rating
Governance	Assurance on the on-going training and development of Board members including any changes to Board stucture, rationale for any structure changes, training plans for Board members-	The Hub noted that there had been some changes to the Board's membership, including the recruitment of six new members to the Board, and that their registration process was underway. Assurance will be sought in the next cycle of meetings that these changes have embedded and the necessary training of Board members has been completed.	Medium
	Assurance of on-going review of all governance documentation and policies. The assurance will be provided through a short written summary of planned and completed activities in this area and should include reference to information governance, health and safety governance, public liability and employer's liability insurance and cyber governance.	The Hub was advised by Sport Aberdeen that there had been no change to their constitution, nor to their contacts for cyber security. Sport Aberdeen outlined some updates to technical controls used to deliver cyber security and best practice which meet industry best practice. In respect of ICT disaster recovery planning, a workshop is planned in November to finalise new proposed processes. This will be followed up in the next cycle to seek assurance as to their adequacy and successful completion of exercises.	Low
Risk Management	Assurance that risks are being regularly reviewed in accordance with the organisation's agreed risk management policy, are kept under regular review with control actions monitored to completion, and are linked to the achievement of outcomes for the ALEO and the Council. This assurance will be provided through provision of risk registers and relevant supporting minutes/documentation.	Sport Aberdeen provided a copy of their Strategic Risk Register. This provided a high level overview of the risks facing the organisation. Some additions to the register have been made since this was last reviewed by the Hub which provides some assurance that the risk management arrangements required are in place. This will receive its formal review by the Corporate Governance Committee in November 2025. The Hub will seek assurance in the next cycle of meetings that this review took place.	Low

	<p>Assurance that emergency plans/major incident plans and processes and appropriate business continuity arrangements are in place.</p> <p>Assurance that testing and exercising arrangements or schedules are in place which recognise the evolving risk environment for the Place; in particular that provision is made within plans and exercising to ensure resilience around critical service delivery; that each organisation has an awareness of the Council's responsibilities as a Cat 1 responder under the Civil Contingencies Act 2004 and has agreed mechanisms in place to support these; and that each organisation is fully conversant with the implications for their operations of the CONTEST Strategy (UK Govt strategy for counter-terrorism), in particular in respect of the Prevent and Protect duties.</p>	<p>Sport Aberdeen advised the Hub in relation to further work done to update Emergency Action Plans. The Hub requires confirmation that Counter Terror Security Assessments have been completed and an action plan of any recommendations is in place. This assurance is required in order for the Hub to lower the risk rating. This will be followed up before the end of the calendar year.</p>	Medium
Finance	<p>Assurance that accounts are being managed within budget, that the level of financial risk to the Council is low and that there is compliance with the Following the Public Pound Code of Practice.</p>	<p>The Hub has received the agendas and minutes of SA Board Meetings and confirmed that Budget Monitoring and other finance related matters continue to be reported upon and discussed by the board.</p>	Low
	<p>Assurance that ALEOs undertake medium-term financial planning or have incorporated medium term planning into a Business Plan to provide assurance that ALEOs are prepared for core funding pressures. Again this ensures compliance with the Following the Public Pound Code of Practice.</p>	<p>The Hub noted that 2025-26 Business Plan was presented to the Board and accepted. The setting of a one-year Business Plan rather than 3-year rolling plan was agreed with ACC. 2025-26 Business Plan took into account reduced ACC funding for 2025-26 and forecast balanced budget for 2025-26.</p>	Medium
	<p>Assurance that accounts are being managed within budget, are in line with statutory requirements and Following the Public Pound Code of Practice, and that the level of financial risk to the Council is low.</p>	<p>The Hub confirmed that audited copies of the 2024-25 annual accounts have been submitted to Companies House. The auditors' report identified no matters of concern and concluded that the organisation's use of the going concern basis of accounting was appropriate.</p>	Very Low

ABERDEEN CITY COUNCIL

COMMITTEE	Audit, Risk and Scrutiny Committee
DATE	27 November 2025
EXEMPT	No
CONFIDENTIAL	No
REPORT TITLE	Counter Fraud Policy
REPORT NUMBER	CORS/25/269
EXECUTIVE DIRECTOR	Andy MacDonald
CHIEF OFFICER	Jonathan Belford
REPORT AUTHOR	Matthew Dickson
TERMS OF REFERENCE	5.2

1. PURPOSE OF REPORT

- 1.1 To present the updated Counter Fraud Policy for review.

2. RECOMMENDATION

- 2.1 It is recommended that the Committee approves the Counter Fraud Policy attached at Appendix A, and notes the associated Counter Fraud Policy Guidance attached at Appendix B.

3. CURRENT SITUATION

- 3.1 The Counter Fraud Policy attached at Appendix A has been updated to incorporate the requirements of the policy template and the guidance produced for policy review. It supersedes the Counter Fraud Policy approved in 2021 and now reflects requirements imposed by both legislation and recommendations from Internal Audit. The policy will be reviewed in two years, and the associated supporting guidance will be kept under more regular review by the Chief Officer – Finance.
- 3.2 The policy has been reviewed in accordance with the policy consultation process, including Policy Group.
- 3.3 The main areas of change from the previous policy are:
- The introduction of a fraud risk management framework, including a Fraud Risk Register.
 - The general requirement upon staff to evidence the consideration of fraud risks within their business areas, in contractual relationships and when considering spend.
 - Immediate oversight of fraud risk management by an Integrity Group, which reports to Risk Board.

- The policy reflects both a greater alignment to the Scottish Government's Counter Fraud Strategy, as well as continuing the transition of the Council's counter fraud efforts towards a more proactive, risk-based methodology.

4. FINANCIAL IMPLICATIONS

- 4.1 There are no direct financial implications arising from the recommendation of this report.
- 4.2 The application of the Counter Fraud policy supports the effective financial management of the Council's resources.

5. LEGAL IMPLICATIONS

- 5.1 Part 5 of the Economic Crime and Corporate Transparency Act 2023 came into force in September 2025. This created a corporate offence of failure to prevent fraud. Should somebody acting on behalf of the Council, or an associated body, commit a relevant fraud offence which in any way benefits the Council, the Council could face additional criminal liability. The statutory defence to this charge is that the organisation had reasonable procedures in place to prevent the fraud. The official guidance from the UK Government specifically references:

- Top-level commitment
- Risk Assessment
- Proportionate risk-based procedures
- Due Diligence
- Communication, including training
- Monitoring and review

- 5.2 The attached Counter Fraud Policy and Guidance document outlines the ACC approach to meeting these obligations. This can be seen as a significant enhancement of existing processes which mitigate fraud, bribery and tax evasion.

6. ENVIRONMENTAL IMPLICATIONS

- 6.1 There are no direct environmental implications arising from the recommendation of this report.

7. RISK

Category	Risks	Primary Controls/Control Actions to achieve Target Risk Level	*Target Risk Level (L, M or H) *taking into account controls/control actions	*Does Target Risk Level Match Appetite Set?
Strategic Risk	There is a risk that a fraud event negatively affects the Council's credit rating, affecting the level of interest payable on borrowing.	Introduction of fraud risk management framework led by Integrity Group and overseen by Risk Board; Counter Fraud Policy and Guidance; Fraud Awareness Training to staff, and awareness session for ALEOs.; methods available to report fraud to ACC. This is additional to existing controls, assurance tools, policies and procedures.	L	Yes
Compliance	There is a risk that a person acting on behalf of ACC or a linked body commits a predicate fraud offence which in some way benefits ACC	As above.	L	Yes
Financial	A successful fraud could lead to the loss of public funds. A fraud event where the Council	As above.	L	Yes

	was found to be liable could result in a substantial fine.			
Reputational	A fraud event against the Council negatively affects its reputation and the level of trust it enjoys from its citizens.	As above.	L	Yes

8. OUTCOMES

The proposals in this report have no impact on the Council Delivery.

9. IMPACT ASSESSMENTS

Assessment	Outcome
Integrated Impact Assessment	A new Integrated Impact Assessment has been completed.
Data Protection Impact Assessment	Not required.
Other	Not applicable.

10. BACKGROUND PAPERS

- 10.1 RES/21/050 "Counter Fraud Policy" report to Audit, Risk and Scrutiny Committee, 24/02/2021.
- 10.2 Economic Crime and Corporate Transparency Act 2023.
- 10.3 "Economic Crime and Corporate Transparency Act 2023: Guidance to organisations on the offence of failure to prevent fraud," UK Government, 06/11/2024.

11. APPENDICES

11.1 This report links to the following appendices.

Appendix A: Counter Fraud Policy

Appendix B: Counter Fraud Policy Guidance

12. REPORT AUTHOR CONTACT DETAILS

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Title	Counter Fraud Officer
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Counter Fraud Policy

Approved by Audit Risk and Scrutiny Committee on
27 November 2025 with an implementation date of 1 December 2025

Document Control

Approval Date	27/11/2025
Implementation Date	01/12/2025
Policy Number	POL-R-0003
Policy Author/s and Owner	Author: Matthew Dickson Owner: Chief Officer - Finance
Approval Authority	Audit, Risk and Scrutiny Committee
Scheduled Review	Every two years.
Date and Changes: 16/07/2025 – Policy has been largely rewritten from the 2021 version to include obligations under specific legislation; to cover Arms Length External Organisations (ALEOs) and associated bodies; to assign specific responsibilities to Chief Officers; to require all future policies and procedures to evidence that fraud risks have been considered in their development; and to outline the way in which ACC manages fraud risk.	

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1. Why does the Council need this Policy?

- 1.1 As a public sector organisation, Aberdeen City Council must manage the risks of, and risks linked to, fraud, bribery and corruption. These risks are systematic and can affect every area of Council business and service delivery. The management of these risks is required not only to provide assurance to the public and any person or entity which has a relationship with the Council, but is necessary in terms of specific legislation, including:

- Local Government (Scotland) Act 1973;
- Bribery Act 2010;
- Criminal Finances Act 2017;
- Economic Crime and Corporate Transparency Act 2023.

There are numerous fraud-related offences which might affect the Council, but the 2010, 2017 and 2023 Acts impose specific duties on it to respectively prevent bribery, tax evasion and fraud. Failure to do so could lead to criminal sanction. This policy is therefore intended to support compliance with that legislation. In this policy, fraud is used as an umbrella term which encompasses the full range of illicit, deceptive and acquisitive actions which can be committed against the Council by internal or external actors, and which might be civil or criminal in nature. Under this umbrella, money laundering and tax evasion are included because they are frequently related to fraud, and there are similarities in the means used to prevent and detect both. This type of behaviour can materially affect the finances of the Council, as well as having potential compliance, regulatory, or reputational consequences.

- 1.2 This policy details the Council's response to fraud. It outlines how fraud is to be managed throughout the organisation, and in doing so, limit the Council's exposure and liability. It should be read in conjunction with the accompanying Guidance document.

2. Application and Scope Statement

- 2.1 The standards and expectations outlined in this policy will apply to every employee of Aberdeen City Council. For the avoidance of doubt, this includes the Chief Executive, Executive Directors, Chief Officers, Elected Members, teachers and those other employees under SNCT conditions, Council staff employed in Aberdeen Health and Social Care Partnership (AHSCP), contractors, agency staff and agents acting on behalf of the Council. They are further applicable to related parties, including, but not limited to, ALEOs and subsidiaries, with due regard to the fraud policies and financial regulations of those organisations.
- 2.2 The requirement to mitigate fraud risks will be an integral consideration in every relationship between the Council and any associated bodies or subsidiaries (e.g., ALEOs) or suppliers, and in the administration of the services provided to the citizens and businesses of Aberdeen.

- 2.3 Therefore this policy places an obligation upon all staff to consider fraud risk, and to evidence that consideration, throughout their business area.
- 2.4 ALEOs have considerable discretion in how they operate. However, their relationship to ACC could expose the Council to liability under the 2023 Act. Potential exposure will be monitored through the Council's ALEO Hub.

3. Responsibilities

General responsibilities

- 3.1 Senior Leadership (Executive Directors, Chief Officers and Elected Members) are responsible for creating an ethical culture. The behaviour and messaging of senior leadership should reflect a commitment to eliminating fraud in the Council by promoting initiatives which support prevention and early detection of fraud. These leaders are also responsible for ensuring that their staff implement and comply with this policy, including through assessing and mitigating fraud risks.
- 3.2 Managers should mirror this commitment to ethical behaviour and be alert to unethical behaviour within their teams. They should ensure staff know how to report fraud concerns, as well as ensuring their teams are specifically aware of the Whistleblowing procedure and how it can be invoked. Further, they should ensure that they properly apply existing policies, for example Managing Discipline, Managing Grievance, or Managing Performance so that workplace issues are addressed accordingly and timeously.
- 3.3 Employees have a responsibility to familiarise themselves with the contents of this policy. Staff have a general duty to always act to protect the interests of the Council as per the Employee Code of Conduct; this includes alerting the organisation to concerns about the unethical behaviour of colleagues and third parties who pose a fraud risk to the Council.

Specific responsibilities

Responsibility of Chief Officer – Finance

- 3.4 It is the responsibility of the Chief Officer – Finance, or designated officer, to ensure this policy is kept up-to-date and is monitored for effectiveness. The policy will be reviewed every two years.
- 3.5 The Chief Officer – Finance has the authority to lead the Council's counter fraud response. As such, they may make arrangements to:
- Designate officers responsible for operational counter fraud activity (hereafter referred to as Counter Fraud Officers);
 - Oversee National Fraud Initiative activity;
 - Design and implement fraud controls;
 - Integrate fraud prevention and detection into Council policies and processes;
 - Ensure sufficient levels of Counter Fraud Officer resource and training.

- 3.6 Should the Chief Officer – Finance, or their designated officer, be advised of any allegation of fraud activity concerning a member of staff (where occurring in, or facilitated by, their ACC employment, or out with if they consider the matter might adversely affect the Council), they will notify the Chief Internal Auditor at the earliest opportunity. Such reports of suspected fraud include those relating to any ACC staff assigned to the Integrated Joint Board, as well as to the Council's ALEOs.
- 3.7 Chief Officer – Finance is the designated Money Laundering Reporting Officer (MLRO) for any concern of money laundering which comes to the attention of a Council employee, or which is being perpetrated through processes administered by the Council.

Responsibility of Chief Officer – Governance

- 3.8 The Chief Officer – Governance, as Monitoring Officer, is responsible for considering complaints raised under the Whistleblowing Policy. At the earliest opportunity, the Monitoring Officer will forward to Chief Officer – Finance, for further investigation, any complaint and supporting material concerning fraud activity which they have evaluated as falling outside of that Policy.

Responsibility of Chief Officer - Commercial & Procurement

- 3.9 The Chief Officer Commercial and Procurement Services will ensure that the Council's standard Terms and Conditions include provisions which oblige a third party to cooperate with any required due diligence, review or investigation by the Council which relates to fraud within its supply chain. This includes financial records, subcontracts, and payroll.
- 3.10 This officer shall use reasonable endeavours to ensure that all connected bodies apply the policy in their organisations.
- 3.11 This officer will ensure that as part of the Council's due diligence efforts, any party with whom it intends to engage, has provided acceptable evidence that it has measures in place to prevent fraud, and specifically measures which deal with the 'Failure to Prevent Fraud' offence under Part 5 of the Economic Crime and Corporate Transparency Act 2023.

Responsibility of Chief Officer – People & Citizen Services

- 3.12 The Chief Officer – People & Citizen Services will make arrangements for regular triage of staff allegations received by People & Organisation Development (P&OD). This triage will involve a Counter Fraud Officer and a representative of P&OD, with the aim of identifying for investigation serious allegations received through P&OD pathways which might have a fraud component. Additional detail can be found in section 3.2 of the accompanying guidance document.

Responsibilities of Integrity Group and Risk Board

- 3.13 The Integrity Group is subordinate to the Risk Board and has its own Terms of Reference. It acts as a collegial forum in which fraud risks and allegations are explored, managed, and monitored; oversight of the Fraud Risk Register owned by Counter Fraud; sharing best practice; contributing to future iterations of the Counter Fraud Policy. Fraud risks which cannot be managed by the Integrity Group, for instance through a lack of engagement by the affected business unit, will be escalated to the relevant Chief Officer in the first instance, and thereafter to the Risk Board. The Integrity Group is intended to be the engine for organisational counter fraud improvement.

Audit, Risk and Scrutiny Committee

- 3.14 The Committee responsible for oversight of the Counter Fraud function is the Audit, Risk and Scrutiny Committee. The Committee will review and consider approval of the Counter Fraud Policy whenever it is updated or replaced.
- 3.15 The Committee will scrutinise reports from Chief Officer – Finance in relation to counter fraud activity.
- 3.16 The Committee will receive a report at the culmination of each National Fraud Initiative exercise detailing amounts identified through fraud and error, and a narrative of any points of interest.

Responsibilities of Counter Fraud Officers

- 3.17 In creating a comprehensive fraud risk management framework, Counter Fraud Officers will develop, consult on, and implement fraud management tools, as referenced in the policy guidance document.
- 3.18 These officers will create training material to enable colleagues to make best use of these tools. These will be internally hosted on the [Fraud intranet pages](#).
- 3.19 Subject to the direction of the Chief Officer – Finance or his appointed officer, the operational responsibility for receiving and evaluating fraud-related complaints and their subsequent investigation lies with Counter Fraud Officers. Through this policy, Counter Fraud Officers may make specific requirements of Council employees, as described in section 3.1 of the accompanying policy guidance document. These requirements may also be exercised by any internal or external auditor.

Responsibility of Chief Executives/Managing Directors/Trustees/Board Members of Connected Bodies

- 3.20 Persons holding such positions are expected to make arrangements to ensure that the policies and assurance mechanisms in their respective organisations align with the principles of this policy.

Individuals and Third Parties

- 3.21 The Council requires all individuals and organisations with whom it deals to behave toward the Council with integrity. Where legally permissible or required, the Council will liaise with external partners, e.g., Police, His Majesty's Revenue & Customs, or the Department of Work and Pensions, where it has concerns over the legality or compliance of individuals or third parties.
- 3.22 The Council will seek recovery of any funds or items which it believes has been misappropriated by an individual or third party at the Council's expense.
- 3.23 The Council will consider civil or criminal action against individuals or third parties which have disadvantaged it through fraud or theft acts.
- 3.24 These positions will be externally communicated within the text of Privacy Notices, in relevant sections of the Council's website(s), and in application forms for Council services (e.g., for funds, grants, benefits, etc.).

4. Supporting Procedures and Documentation

- 4.1 This policy is informed by the following:
- Statute and common law concerning fraud, bribery and corruption;
 - Legislation and regulation which relates to local authority financial controls;
 - Counter Fraud Policy Guidance (2025);
 - Integrity Group Terms of Reference;
 - Financial Regulations (2025);
 - Risk Management Policy (2019);
 - Risk Appetite Statement (2025);
 - Internal Counter Fraud practice, procedure, and planning documents;
 - Best practice from professional bodies, including the Chartered Institute of Public Finance and Accountancy (CIPFA), the Institute of Risk Management (IRM) and Association of Certified Fraud Examiners (ACFE);
 - Scottish Government Public Finance Manual (including Counter Fraud Strategy);
 - UK Government Counter Fraud standards;
 - Councillors' Code of Conduct;
 - Employee Code of Conduct;
 - Whistleblowing Policy and Guidance;
 - Bond Governance Protocol.

- 4.2 As documentation applicable to this policy may change over its lifecycle, the accompanying guidance document will be updated to reflect any such amendment without recourse to update the Policy.
- 4.3 This policy does not mandate the automation of any Council process, although officers should be mindful to consider fraud risks in plans which automate processes or decision making. Digital templates will be available to all staff, with an expectation that these will be utilised to capture and manage fraud risks. These will be hosted on the [Fraud intranet pages](#).

5. About this Policy

- 5.1 The Council is averse to fraud risks, as indicated in the Risk Management Policy and Risk Appetite Statement. The Counter Fraud Policy reflects that position.
- 5.2 The overall approach taken mirrors that found in the Scottish Government's Counter Fraud Strategy:

Awareness: We will prevent fraud by raising awareness of fraud and its safeguards amongst our staff and associated organisations.

Prevention: We will prevent fraud through improving our systems and controls to support our businesses.

Teamwork: We will prevent fraud by removing silos and working together across the organisation to share information and develop holistic approaches to countering fraud.

Investigation: We will handle fraud by being proactive in analysing data to identify areas at risk of fraud, by being effective and professional in our investigations of specific cases and by maintaining a robust whistleblowing procedure.

Enforcement: We will handle fraud by sanctioning fraudsters and recovering Council money or assets. We will ensure that our stakeholders know that we will uncover any fraudulent behaviour and will seek to punish those responsible.

These objectives relate to the following Council guiding principles:

Pride: We use evidence to drive improvement, and we safeguard Council resources.

Purpose: We step back and ask 'why' in order to find solutions which work, and we act with integrity.

Team: We are open, honest and transparent and we find ways to work together.

Trust: We learn from our mistakes, and we take ownership.

Value: We act in a way which is positive, motivating and encouraging.

6. Risk

6.1 This policy impacts, or helps mitigate, the following risks:

Strategic Risk: Incorporation of fraud risk management methodologies at each level of the Council will aid the early identification of fraud risks which could impact on the viability of the Council's longer-term plans. Additionally, early consideration will enable services to develop contingency plans in the event of these risks being realised, so facilitating greater resilience.

Compliance Risk: This policy and suite of measures provide the elements of a statutory defence against corporate liability in cases of bribery, tax evasion and fraud.

Operational Risk: The application of fraud risk management tools at all levels is expected to increase employee participation in, and hence awareness of, fraud risk planning. Consequently, as the model matures, this policy should result in fewer instances of fraudulent behaviour and less time elapsed before frauds become known.

Financial Risk: As financial consequences frequently follow realised fraud risks, this is limited through the early identification of weaknesses through proactive practices mandated by this policy.

Reputational Risk: Implementation of this policy supports the mitigation of reputational risk and, as a potential exemplar to other local authorities, may positively impact the Council's reputation.

Environmental/ Climate Risk: There is no direct impact on environmental/ climate risk, although teams responsible for energy, waste, recycling, etc., will be required to manage fraud risks which, in turn, may conceivably have environmental or climate implications.

- 6.2 Fraud risks will be monitored through the Integrity Group, but risks of the above categories, identified through the fraud risk management framework, will be shared with the Risk Board and relevant service for action under the Risk Management Policy.
- 6.3 This policy supports the PREVENT obligations under the CONTEST framework through early identification and mitigation of fraud risks, the realisation of which could be used for illicit purposes, including terrorist financing.

7. Environmental Considerations

- 7.1 There are no known environmental considerations arising from this policy.

8. Policy Performance

- 8.1 The efficacy of this policy will be measurable/ observable in:
- The Fraud Risk Register will detail all identified fraud risks and describe how they were mitigated;
 - Whether business units proactively declare fraud weaknesses and ask for assistance;
 - Whether there is an increase in fraud reports through the Whistleblowing procedure or other means;
 - Feedback from stakeholders.
- 8.2 These metrics will be reported via the Integrity Group to the Risk Board on an ongoing basis; and to the Audit, Risk and Scrutiny Committee in the annual report by the Chief Officer – Finance, per section 3.13.

9. Design and Delivery

- 9.1 The policy and accompanying documentation fully support the delivery of strategic outcomes contained in the LOIP as the Council's Counter Fraud response protects the Council from risks and losses that may compromise the delivery of those outcomes.
- 9.2 The Counter Fraud service is part of the Finance cluster, and the service design and service standards are subject to annual reviews by the Strategy Board.
- 9.3 Successful implementation of this policy contributes to the Council's ability to meet its statutory obligations under the legislation referenced at 1.1.

10. Housekeeping and Maintenance

- 10.1 This policy replaces the Counter Fraud policy approved by Committee in 2021. It will be reviewed every two years and updated when considered appropriate.
- 10.2 This policy requires that all new policies, processes and projects demonstrate due regard to fraud risk. The requirements of this are laid out in the accompanying procedural guide.
- 10.3 The documentation supporting this policy will be updated as and when required.
- 10.4 This policy is an associated document of the Financial Regulations under the Scheme of Governance. The policy will be updated to reflect any relevant changes in the Financial Regulations.
- 10.5 This policy has no direct impact on Council IT systems.

11. Communication and Distribution

- 11.1 This policy will be communicated through the Council intranet, and through the Extended Corporate Management Team.
- 11.2 A communications plan will be created to support the promotion of this policy within the organisation.
- 11.3 Compliance with the policy will be monitored by the Integrity Group and reported to Risk Board. Additional training will be provided to teams where such a need has been identified.

12. Information Management

- 12.1 Information generated in the application of this policy will be managed in accordance with the Council's Corporate Information Policy and Supporting Procedures.

13. Definitions and Understanding this Policy

- 13.1 Fraud is the deliberate act, or attempt, of obtaining something through deception or omission, to which there would not otherwise be an entitlement.
- 13.2 Bribery occurs when a person in a position of trust improperly performs their duty in return for some "advantage," which is frequently financial.
- 13.3 Corruption is when a person abuses their position for personal gain or other reason, rather than acting in the interests of the organisation.
- 13.4 Tax evasion is the deliberate attempt to avoid paying the tax due.
- 13.5 Money laundering is the process by which criminal property (the proceeds of crime) is converted into funds or assets which appear lawful. Money laundering offences include laundering money, failing to report that you suspect someone of money laundering, and alerting a person that they are being investigated for money laundering.
- 13.6 Theft is the felonious appropriation of property with the intent to permanently deprive the owner. Within an organisational context, the term "asset misappropriation" can be used when property is removed from organisational control to be used for non-business purposes, e.g. for private gain.

Counter Fraud Policy Guidance

Document Control

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Policy Author/s and Owner	Author: Matthew Dickson Owner: Chief Officer - Finance
Approval Authority	Audit, Risk and Scrutiny Committee
Scheduled Review	Biennial (2027)
Date and Changes: 12/09/2025 – Policy has been largely rewritten from the 2021 version to include obligations under specific legislation; to cover ALEOs and associated bodies; to assign specific responsibilities to Chief Officers; to require all future policies and procedures to evidence that fraud risks have been considered in their development; and to outline the way in which ACC manages fraud risk.	

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1 Introduction

The purpose of this document is to provide useful background and additional operational guidance to the Counter Fraud Policy (2025).

1.1 What is Fraud?

For the sake of simplicity, fraud in this document is used as an umbrella term which captures:

- [Fraud](#)
- [Bribery](#)
- [Corruption](#)
- [Tax evasion](#)
- [Money laundering](#)
- [Embezzlement](#)
- [Any other illicit, acquisitive act committed against the council by a third party](#)

This includes attempts at any of the above. These actions can be committed by both internal actors (e.g., employees, members and school staff) and external actors (e.g., members of the public, service users or suppliers).

1.2 Context

As a local authority, Aberdeen City Council has numerous legal obligations, including requirements to effectively manage budgets and spending whilst obtaining best value. Over the last thirty years, the UK public sector, including ACC, adopted the risk management tools used by the private sector. We now operate the Three Lines of Defence model (3LoD) across the Council and employ the standard suite of risk management tools (policy, risk appetite statement, multiple risk registers). This structure is reinforced with procedural controls and corporate policies, reviewed by Internal and External Audit, and overseen by relevant officers and Council committees. The overall stance of the Council is that it is averse to fraud risks.

As we saw with the incorporation of risk management into public sector planning, it is now recognised that there is a need for a systematic approach to fraud risk across local authorities. This is perhaps driven by the continual pressure on public spending and the increased prevalence of fraud, as measured by the UK Government, Police agencies and professional bodies. The recognised tools in managing fraud risk were also first developed by the private sector, particularly the regulated financial services. Further impetus has been provided by the introduction of Part 5 of the Economic Crime and Corporate Transparency Act

2023, which came into force in September 2025. Should any person employed by, or associated with, the Council commit a fraud offence which happens to benefit the Council in any way, the Council could be held liable for a separate offence of failing to prevent that fraud. An associated person under this legislation can be an agent, contractor, a subsidiary company, or an ALEO. The statutory defence against this charge is [comprehensive management of fraud risks](#) evidenced in top-level commitment, proportionate risk-based fraud prevention procedures, due diligence, communication, and monitoring & review. The Counter Fraud Policy places a duty on staff to demonstrate that they have assessed the risk of fraud within their business areas and processes. This includes when considering new projects or writing new policies.

2 Fraud Risk Management Framework

The Fraud Risk Management Framework exists within the above assurance and governance context and is comprised of a structure and processes. A new Integrity Group composed of officers from various Council services will monitor and review the administration of a Fraud Risk Register (FRR), which itself is informed by information from Council teams and Counter Fraud in the form of [Fraud Impact Assessments \(FRA\)](#), [Initial Fraud Impact Assessments \(IFIA\)](#), as well as data from other sources. Fraud risks are managed by the relevant risk owners, with support from Counter Fraud. The Integrity Group reports its activities to Risk Board, which also serves as the final escalation point when progress is blocked for any reason. [Figure 1](#) shows a simplified structure, including the flow of information depicted by the blue arrows.

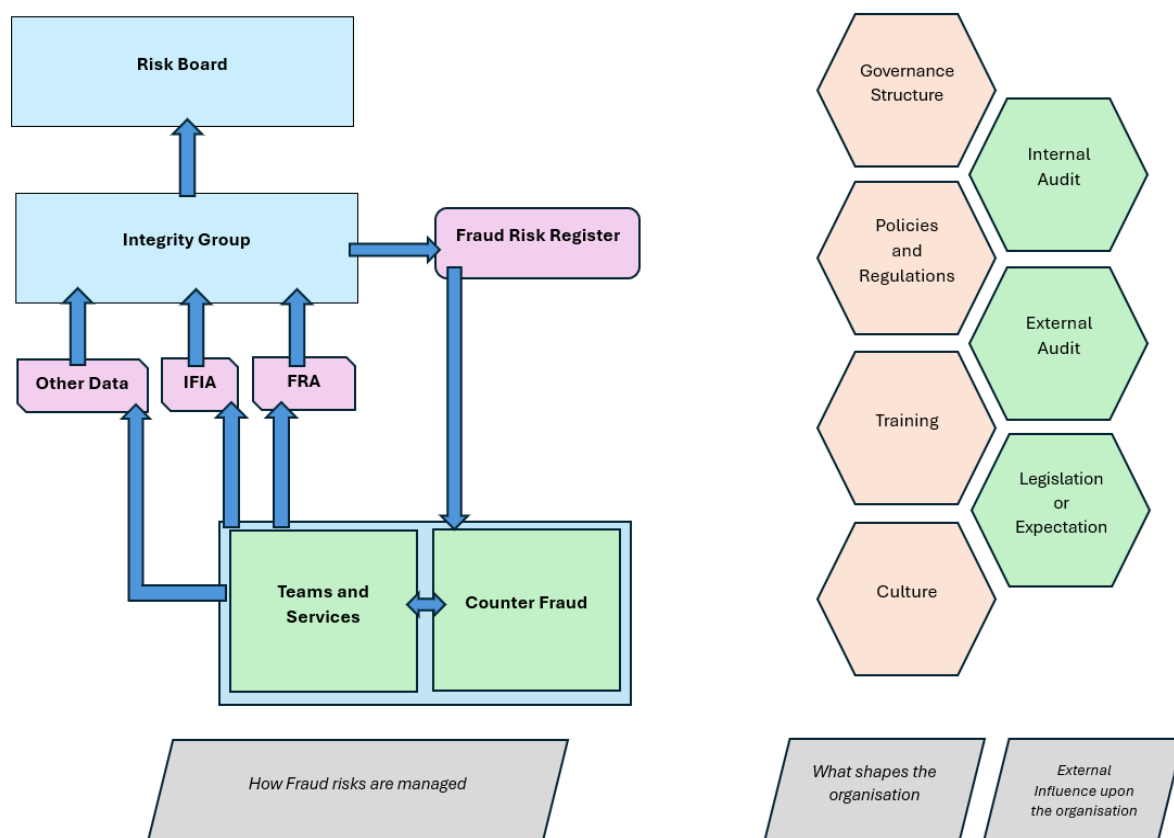


Figure 1, Risk Management Framework and context

2.1 Fraud Risk Management Documents

This policy creates two documents to be used throughout the Council. The first is the **Initial Fraud Impact Assessment (IFIA)**. Current best practice is exemplified in the guidance from the UK Government Public Sector Fraud Authority, and we draw from that guidance here. The IFIA is used at the scoping stage of a project, business case, or when considering spending as part of a scheme, in order to

capture fraud-related impacts at a high level. The Senior Responsible Officer (SRO) involved in the project is responsible for completion of the IFIA.

Using the IFIA to proactively identify fraud impacts enables discussion with stakeholders and counter fraud officers to prioritise spend areas or project stages which require the greatest attention in order to reduce fraud impact. An example is attached at [Appendix 1](#).

The second document is the **Fraud Risk Assessment (FRA)**. The data used to inform the FRA can come from the IFIA, horizon scanning, experience or knowledge. The purpose of the FRA is to capture specific risks, how they can occur and whom they can be perpetrated by; existing controls; controls which will be implemented; and the officer(s) responsible for ensuring this is done. The likelihood and impact of the risk occurring are represented using the Council's standard 4x6 Risk Matrix. The score is arrived at through qualitative assessment, although there may be isolated instances where a quantitative assessment is more appropriate. Ideal risk mitigations are those which are easily integrated and do not require substantial resourcing. It is recognised that there is a law of diminishing returns in what can practically be achieved when managing a risk, as opposed to terminating or transferring it.

FRAs are scalable, being an appropriate tool to use at any level of the organisation (e.g., from team to enterprise level) and for any scope (e.g., from a single process all the way up to a broad theme). An example is attached at [Appendix 2](#).

Over time, these documents are likely to evolve, so up-to-date templates will be available on the [Fraud SharePoint](#) site.

2.2 Process

When directed by the Integrity Group, the IFIA/ FRA process looks like this:

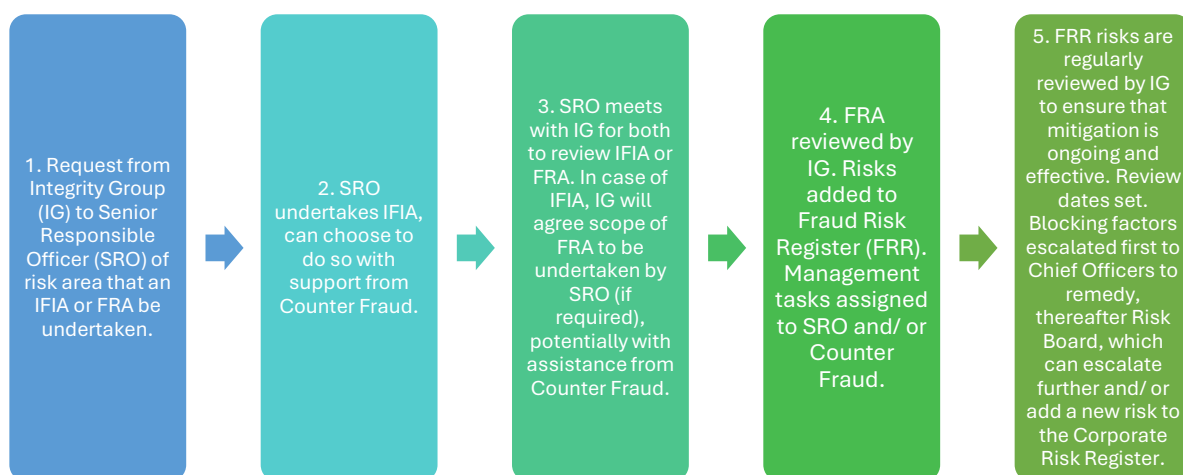


Figure 2, Directed Process

The SRO can self-initiate the process by starting at point 2.

The process for self-initiating an IFIA is:

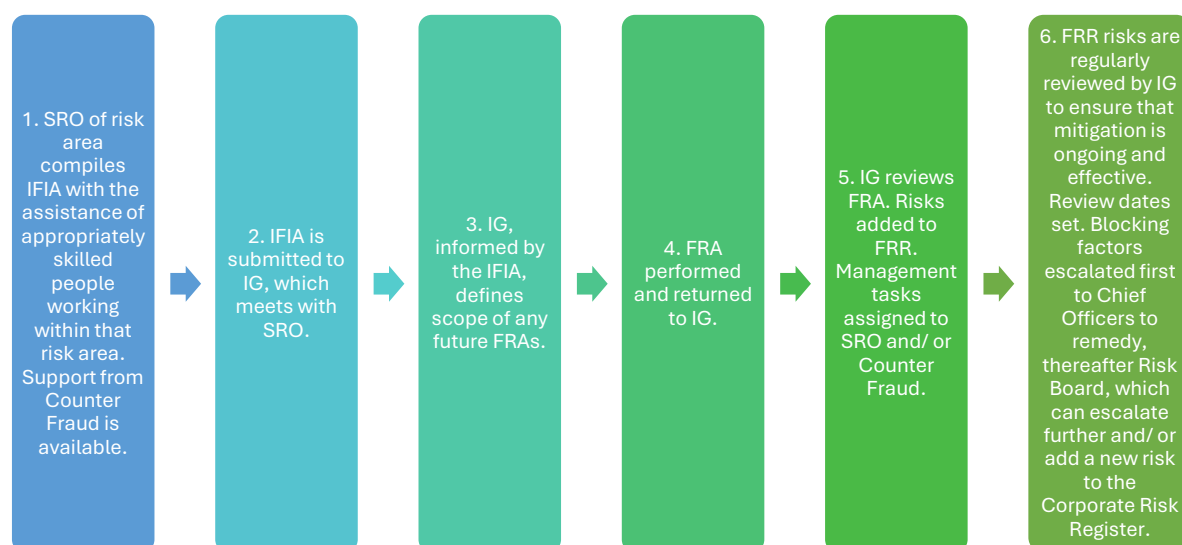


Figure 3, Self-Initiated IFIA Process

2.3 When the IFIA is required

Disbursement of a specific budget or grant: The IFIA should be compiled and submitted to IG when funding is secured/ approved. At least one FRA will be required over the lifespan of the subject, possibly more, depending on the scope and duration of the activity. The IG will provide further guidance on this.

Business case/ capital projects/ service redesign: IFIA should be submitted prior to, or at the same time as, the business case. The need for FRAs is dependent on the impact and value of the activity. The IG will provide further guidance.

2.4 Fraud considerations in new policies/ policy updates

Policy authors should consider possible fraud risk and impact. This will be an area of consideration by the finance representative who sits on both the Policy and Integrity groups.

3 Roles of Specific Officers under the Policy

3.1 Counter Fraud Officers (CFO)

With oversight from the Chief Officer – Finance and Risk Board, CFOs will act as Key Contacts and administer the National Fraud Initiative within ACC.

Subject to review and feedback, CFOs will develop the necessary counter fraud tools used by the Integrity Board and the wider Council. This includes templates and training materials, all of which will be hosted on the Fraud SharePoint site.

Any allegations of fraud committed against the Council should be referred to the CFOs, either directly or via the Chief Officer – Finance. This should be done before any other Council process is initiated, e.g., Managing Discipline. CFOs are responsible for conducting investigations under the Counter Fraud policy and the Financial Regulations. Investigations under other policies are considered on a case-by-case basis.

CFOs will liaise with external agencies in connection with the prevention and detection of fraud, as well as reporting to the Crown Office when authorised by the Chief Officer – Finance.

In undertaking fraud investigations, CFOs may make specific requirements of staff, as laid out in the Council's [Financial Regulations](#). Failure to comply with these requirements may result in disciplinary action.

- At any reasonable time, to access any premises, personnel, assets and documents considered necessary by the CFO.
- To provide any information or explanation considered by the CFO, and within a timescale specified by the CFO.

3.2 Chief Officer – People & Citizen Services

This officer will make arrangements for a representative of People & Organisation Development (P&OD) to engage with CFOs to triage employee allegations received at P&OD, in order to identify serious allegations which may have a fraud component prior to any action being pursued under another policy. This triage will take place regularly, with the frequency of meetings to be agreed on the basis of referral volume.

Should P&OD receive an allegation against a member of staff which is immediately considered to relate to internal fraud against the Council (as defined in the Policy), they will immediately refer the matter to the Chief Officer – Finance for review before taking any further action.

3.3 Chief Officers

Chief Officers are responsible for encouraging an anti-fraud culture through their actions, messaging and commitment to continuous improvement in the area of fraud risk management. The cooperation of Chief Officers is welcomed in ensuring that their leadership teams fully engage with the Integrity Group and CFOs; and that their staff are aware of this Policy, fully comply with it, and undertake the mandatory Fraud Awareness training.

4 Useful Concepts

Fraud: Fraud involves the use of deception in order to obtain something to which the fraudster would not otherwise be entitled. This deception can be through lie or omission. Fraud can be perpetrated by individuals, groups, or even corporate bodies. Aside from common law fraud, various statutory fraud offences exist, e.g., ones which relate to benefit fraud, intellectual property and use of a 'blue badge.' Fraud can be prosecuted as a crime, but redress can also be sought through civil procedure.

Bribery: This is the act of mis-performing one's job in exchange for personal gain. The 2010 Bribery Act creates offences of offering bribes, being bribed or soliciting bribes. The Act lays out [specific scenarios](#) which reflect these offences.

Corruption: This is when a person abuses their power within an organisation for personal gain. It often involves multiple people covering for each other's illicit activity. As there is often a *quid pro quo* involved, prosecutions are frequently under the Bribery Act.

Tax Evasion: This is the deliberate act of failing to pay the correct amount of tax due. There are specific criminal offences which deal with tax evasion.

Money Laundering: In relation to the proceeds of crime, it is illegal to conceal criminal property; disguise it; convert it (e.g. from cash to cryptocurrency); to transfer ownership; and to remove it from the UK. It is an offence to acquire, use or possess any criminal property. There are further offences of failing to report that you suspect someone of money laundering, and of letting someone know that they are being investigated for money laundering.

'Failure to Prevent' offences: These are offences where an organisation and/ or specific managers within an organisation, can be held criminally liable for dishonesty offences committed by the organisation or someone linked to it. Failure to prevent bribery is a corporate offence under the Bribery Act 2010; failure to prevent tax evasion is similarly covered by the Criminal Finances Act 2017; and the organisational failure to prevent fraud is dealt with by the Economic Crime and Corporate Transparency Act 2023.

Theft/ Asset Misappropriation: Theft is the felonious taking of property with intent to permanently deprive the owner. It can be premeditated, or the decision can be made at some point after legitimately taking possession of that property, e.g., when an employee chooses not to return their work laptop after leaving the organisation.

Embezzlement: This is when someone who is professionally entrusted with the goods or assets of another intentionally misappropriates them without consent. For instance, the treasurer of a charity is entrusted with the finances of that charity but instead takes those funds and uses them himself.

Collusion: In the context of this document, this is when separate people or entities secretly act together with a shared purpose, e.g., to override a segregation of duties.

4.1 Fraud Models

Fraud models: these are ways to explain the motivation of offenders to defraud. The better known include:

- **The Fraud Triangle.** The offender has a non-sharable pressure (usually financial, but it could be coercion, for example); has the opportunity to commit the crime; and can rationalise his actions as justified. Removing any side of the triangle will prevent the crime from occurring.
- **The Fraud Diamond.** The offender has an incentive; the opportunity; the capability to take advantage of this opportunity; and can rationalise his actions.
- **The Fraud Pentagon.** the offender has a non-sharable pressure; has the opportunity to commit the crime; has the competence to commit the crime; displays arrogance/ self-entitlement; and can rationalise his actions.

It has been theorised that these models can be best applied at different levels of the organisation. The triangle for an employee with little responsibility, the diamond for a middle manager, and the pentagon for a senior officer.

It is worth considering what motivates potential fraudsters because this allows the organisation to better manage the risks they pose. Organisational culture is one of the greatest moderating influences on offender motivation (e.g., where there is zero tolerance to fraud, colleagues are alert to fraud risks and behave ethically).

ABC: This relates to fraud committed within an organisation and is a consideration of the extent of fraud. Is the fraud limited to the actions of one bad **A**pple; a **B**ushel (i.e., a group colluding to commit fraud); or the whole **C**rop (i.e., the whole organisation is corrupt)? One bad apple is most likely, but lowest impact, whereas a bad crop is the least likely but has the greatest negative impact.

4.2 Potential Indicators of Occupational Fraud

The Association of Counter Fraud Examiners (ACFE) publishes an annual report on occupational (employee) fraud using data provided by its global membership. A focus of this report is the identifying common behavioural characteristics of internal fraudsters, and ACFE has developed the following list of potential “red flags.”

- Living beyond means
- Financial Difficulties
- Unusually Close Association with a Supplier/ Customer
- Control Issues, Unwillingness to Share Duties
- Irritability, Suspiciousness or Defensiveness
- “Wheeler-dealer” Attitude
- Bullying or Intimidation
- Divorce/ Family Problems
- Complained about Inadequate Pay
- Addiction Problems
- Excessive Pressure from Organisation to Meet Targets
- Refusal to Take Holidays
- Past Legal Problems
- Complained about Lack of Authority
- Other Employment-related Problems
- Excessive Family/ Peer Pressure for Success
- Excessive Lateness or Absenteeism
- Social Isolation
- Instability in Life Circumstances
- Excessive Internet Browsing

The existence of any of these red flags does not mean that someone *will* defraud the organisation, but it is an important data point in managing fraud risk. For instance, if you have a member of staff who routinely has access to Council payment systems and you happen to know they have a problem with debt (as opposed to just having debt), that employee may be more motivated to defraud the Council and extra checking may be warranted. This is the same principle that many organisations already employ in background checks for particular posts.

4.3 Tools/ Considerations

Tone at the top (TATP): this refers to the behaviour and messaging from an organisation's senior leadership. This feeds through the organisation to create an ethos which is representative of that tone. Ethical leadership promotes an ethical culture. Poor TATP can be viewed as a risk factor by auditors.

Culture: this is developed through TATP and reinforced by the collective behaviour of staff. This culture supports positive behaviour and discourages negative behaviours. Developing a sense of shared ownership of the team or the organisation can help shape this and enable you to better defend against fraud. For instance, following a fraud event, discussion of the audit findings with your team allows them to be vigilant to similar factors being allowed to materialise in the future.

Whistleblowing: When an employee cannot raise concerns via normal reporting methods and fears retribution, whistleblowing can legally protect that employee from retaliation. According to ACFE, most frauds are detected by this means, so employees should be aware of the policy and procedure and encouraged to raise concerns. Studies have shown that employees are more likely to 'blow the whistle' in organisations which are merit-based, and where the action of reporting is framed as preventing further harm, rather than producing a positive outcome.

Sanctions: Ultimately the organisation must be willing to take action when unethical behaviour has been uncovered. Some organisations are unwilling to do this, which risks repeat occurrences, financial loss and reputational damage. In order to dissuade perpetrators from "trying their luck," any sanction should leave the sanctioned party in a worse position than had the fraud not been attempted.

Target Hardening: This is the process of making it more difficult to successfully commit a crime, making it too risky for a rational offender to attempt, or reducing the likely reward for committing that crime. Simple examples might include limiting employee building or system access to a minimal level, etching of serial numbers onto high-risk items, CCTV coverage of high-risk areas, or frequent cash uplifts from a safe to prevent a large amount of cash at rest.

Routine Activity Theory (RAT): This is a commonly accepted theory within situational crime analysis. Once understood, you can use it to harden targets. It posits that a crime occurs when a motivated offender and a poorly defended target exist in the same place and time. This can be visualised as *The Crime Triangle* ([Figure 4](#)). Some factors can increase the likelihood of the crime occurring by influencing each of these elements, such as the offender having a grievance towards the target or its owner; a lack of witnesses in that place; or the target being unprotected. We can use RAT to visualise how to prevent fraud by ensuring that the offender has a "handler," which could mean that his activity is moderated by his manager or colleagues; by the target having a "guardian," which could be

solid internal controls; and the place (the organisation), being “managed,” e.g., by sound corporate governance, policies, procedures and training.

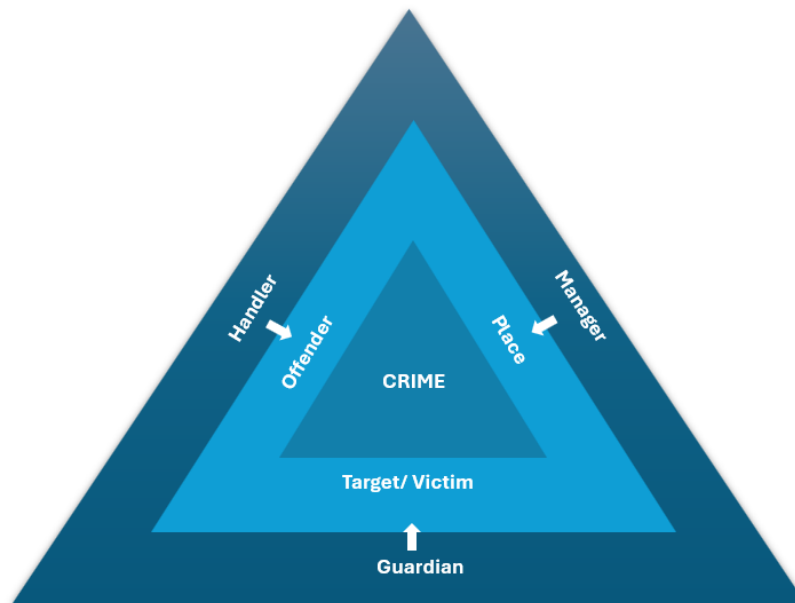


Figure 4, the Crime Triangle of Routine Activity Theory

You needn't necessarily use RAT; any tool which helps you understand how to prevent and detect fraud is worth using.

Appendix 1, Sample Initial Fraud Risk Assessment (IFIA)

Initial Fraud Impact Assessment (IFIA)																										
Name of Senior Responsible Officer for this activity:																										
Names of officers consulted in compiling IFIA:																										
Date of IFIA completion:																										
Activity to be assessed		Budget		Type of impact arising from FBC risk			Warning Signs																			
		Is spend per FY or each stage estimated or confirmed?		Financial			Delivery			Legal, regulatory or Compliance			Undermines ACC objectives			Environmental			Reputational			Is there any indication of FBC risk at this stage? (e.g. from experience, intelligence, intuition etc.)				
Summary of project, business case or funding activity		Process stages and individual line-items		Value of spend per FY or each stage		Financial			Delivery			Legal, regulatory or Compliance			Undermines ACC objectives			Environmental			Reputational			Is there any indication of FBC risk at this stage? (e.g. from experience, intelligence, intuition etc.)		

Fraud Risk Assessment Template

- What is the scope of this risk assessment? Are you looking at, e.g., a process, a policy, a business case or a project? Does this FRA relate to a Team, a Function, or the entire Organisation? Name of person(s) completing the FRA. Date of FRA completion. Has any advice been sought from Integrity Group, Counter Fraud or Corporate Risk?

(A) Type of Fraud Risk	(B) What is the opportunity to defraud	(C) Who is the Perpetrator	(D) How is the fraud being committed	(E) Examples of when this has happened before	(F) Amount of loss by this means in previous incidents	(G) What are you currently doing to mitigate this risk?	(H) Current Likelihood (1-6)	(I) Current Impact (H x I)	(J) Total (H x I)	(K) What will you do to further reduce the risk?	(L) Residual Likelihood (1-6)	(M) Residual Impact (1-4)	(N) Residual Total (L x M)	(O) Who is responsible for the target actioning this?	(P) What is the target date for this?
Example: Theft of cash	From shop till	Staff	Transaction not entered through till	2014: Employee did this over 5 months	£500	Cameras above till	4	1	4	Original review of takings versus post-incident review Prominent signage with our contact details to encourage reporting by public	3	1	3	M. Scott	31/01/2022
			2018: One shift		£18									M. Scott	19/01/2022

Impact	Score						
Very Serious	4	4	8	12	16	20	24
Serious	3	3	6	9	12	15	18
Material	2	2	4	6	8	10	12
Negligible	1	1	2	3	4	5	6
Score		1	2	3	4	5	6
Likelihood		Impossible	Almost Impossible	Very Low	Low	Significant	Very High

(A): These are potential fraud risks, no matter how unlikely. Please add as many as occur to you or your team.

(B): These are weak point where there is an opportunity for fraud, theft, etc.

(C): Who is able to defraud the Council (Member of public, staff, supplier, partner organisation, etc.)

(D): How the Council could be defrauded

(E): Examples of when this has happened before. This can be from your direct knowledge, or something experienced by another organisation

(F): How much was lost in each of the prior incidents?

(G): List measures which you currently have in place to combat the risk.

(H): Impact, based on your knowledge and judgement (1-4 scale as follows):

- 1 Negligible
2 Material
3 Serious
4 Very Serious

(I): Likelihood, based on your knowledge and judgement (1-6):

- 1 Almost impossible
2 Very low
3 Low
4 Significant
5 High
6 Very High

(J): Total current risk. This is impact multiplied by likelihood.

A description of the scale can be found in the Risk Management Guidance SharePoint. You should be aware that the Council has a Risk Appetite Statement and, although risk appetites can change, the appetite for financial or reputational risk is usually low, i.e., 1-6 is the target risk score.

(K): How can risk be further reduced? List what you intend to do, as well as any measures which you have considered and rejected, e.g. because they would have been operationally unviable.

(L): Taking into account every mitigation you intend to implement for this one risk, what do think the new likelihood score will be?

(M): Taking into account every mitigation you intend to implement for this one risk, what do think the new impact score will be?

(N): Total residual risk. This is residual likelihood multiplied by residual impact.

(O): Who is specifically accountable for ensuring these mitigations are implemented?

(P): By what date will each action be implemented?

This FRA is a tool for you to manage fraud risks within your project. When complete please return the completed document to fraudrisk@aberdeencity.gov.uk.

ABERDEEN CITY COUNCIL

COMMITTEE	Audit, Risk and Scrutiny
DATE	27 November 2025
EXEMPT	No
CONFIDENTIAL	No
REPORT TITLE	Annual Accounts 2025/26 – Action Plan and Key Dates
REPORT NUMBER	CORS/25/267
DIRECTOR	Andy MacDonald, Director of Corporate Services
CHIEF OFFICER	Jonathan Belford, Chief Officer – Finance
REPORT AUTHOR	Lesley Fullerton, Finance Operations Manager
TERMS OF REFERENCE	4.1

1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to provide Elected Members with high level information and key dates in relation to the 2025/26 Annual Accounts including linkages to the plans and timetables of the Council's External Auditors.

2. RECOMMENDATION(S)

- 2.1 It is recommended that committee notes the information in relation to the 2025/26 annual accounts process contained within the report.

3. CURRENT SITUATION

- 3.1 The Annual Accounts 2025/26 will summarise the Council's transactions for the period, 1 April 2025 to 31 March 2026 and its financial position at the year-end 31 March 2025. They will be prepared in accordance with the International Financial Reporting Standards (IFRS) based Code of Practice on Local Authority Accounting in the United Kingdom (the Code), and in accordance with The Local Authority Accounts (Scotland) Regulations 2014. There are no changes to these Codes in 2025/26 that will have any significant impact on the Annual Accounts.
- 3.2 As a result of the 2024/25 audit process a number of recommendations were made. One of these included ensuring the timely receipt of information of property valuations from the Asset Management team and service performance

data from Data and Insights service. Timelines for this information have been provided to the relevant services to ensure they meet the early year end closedown deadlines.

- 3.3 In order to comply with the regulations of being listed on the London Stock Exchange the Council is implementing the same earlier year end closedown as previous years. This means that the unaudited Annual Accounts will be ready for audit by 30 April 2026 and the signed audited Annual Accounts by 30 June 2026.

- 3.4 There are a number of key dates within this process, and these are summarised as follows:

Date(s)	Description
31 March 2026	End of the financial year 2025/26
Jan – June 2026	Information from Group Entities (including ALEO's)
23 April 2026	Public Notice for the Public Inspection Period to be issued
13 May 2026	Signing of unaudited Annual Accounts by the Proper Officer
14 May 2026	Sign off by Audit, Risk and Scrutiny Committee Formal submission of the Annual Accounts to Auditors
19 May 2026 – 8 June 2026	Public Inspection Period for the unaudited Annual Accounts
25 June 2026	Audit, Risk and Scrutiny Committee to consider and aim to approve the audited Annual Accounts for signature
25 June 2026	Signing of the audited Annual Accounts by the Proper Officer, Chief Executive and Council Co-Leaders.
30 June 2026	Statutory deadline for the Proper Officer to sign the unaudited Annual Accounts, submit to the Auditor and publish on the website, along with the accounts of all subsidiary bodies
14 July 2026 (tbc)	Deadline for submission of the unaudited Whole of Government Accounts (WGA) to the Scottish Government
31 July 2026	Deadline for publication of Annual Accounts on the London Stock Exchange (LSE)
30 September 2026	Deadline for submission of the signed audited Annual Accounts to the Auditor
30 September 2026 (tbc)	Deadline for submission of the audited WGA to the Scottish Government
31 October 2026	Statutory deadline for the publication on the website of the signed Annual Accounts & Audit Certificate, related Auditor report and accounts of all subsidiary bodies
31 December 2026	Deadline for submission of the audited Charitable Trust Annual Accounts to OSCR

3.4.1 31 March 2026

Transactions relating to goods and services received or provided by the Council by 31 March 2026 should be recorded in the 2025/26 financial year.

To facilitate an efficient year end closure, deadlines have been put in place in relation to ordering goods and services, posting/authorising payments, raising invoices and making accruals for material items. These key dates along with relevant guidance have been communicated throughout the Council by messages on the Council's intranet, and meetings between accounting staff and budget holders.

3.4.2 January 2026 – June 2026

The Council is required to consider its interests in all types of entity and prepare Group Accounts which incorporate the material transactions and balances of those entities identified as subsidiaries, associates and joint ventures. A number of the entities included are also referred to as ALEOs (Arms Length External Organisations). Throughout this period there are a number of deadlines for these entities to provide management accounts, draft financial statements with detailed working papers as necessary and audited Annual Accounts where available.

3.4.3 23 April 2026, 13 May 2026 – 2 June 2026

The Local Authority Accounts (Scotland) Regulations 2014 define the notice period, the inspection period, the deadline for submission of an objection to the accounts and the information which must be made available for inspection. The latest date by which the public inspection can start is 1 July and a public notice must be issued by 17 June, giving at least 14 days' notice before the start of the inspection period.

3.4.4 13 & 14 May 2026

The Local Authority Accounts (Scotland) Regulations 2014 require the unaudited Annual Accounts to be signed by the Proper Officer (Chief Officer - Finance) prior to submission to the Auditor.

The Audit, Risk and Scrutiny Committee will receive the unaudited Annual Accounts 2025/26, including the Annual Governance Statement and Remuneration Report for consideration prior to submission for audit. The Local Authority Accounts (Scotland) Regulations 2014 requires that a committee whose remit includes audit or governance meet to consider the unaudited accounts as submitted to the auditor no later than 31 August. As the body charged with governance it allows members of the committee the opportunity to take ownership of the accounts, to review them such as to be satisfied with their completeness hence effectively "sign off" the governance statement before they are submitted for audit.

3.4.5 19 May 2026

The Regulations also require publication of the unaudited Annual Accounts, as submitted to the Auditor, on the Council's website until the audited accounts can replace them.

3.4.6 25 June 2026

The Audit, Risk and Scrutiny Committee will receive the audited Annual Accounts for consideration. The Local Authority Accounts (Scotland) Regulations 2014 require that the committee aim to approve these accounts prior to their signature by the Proper Officer, Chief Executive and Council

Leader having regard to any report made on the accounts and any advice given by the Proper Officer or the Auditor.

The committee will also receive the external auditor's "Annual Report to Members and the Controller of Audit on the 2024/25 audit" for debate and consideration. This report provides observations arising from the audit that are significant and relevant to their responsibility to oversee the financial reporting process and sets out the auditor's responsibilities in relation to the financial audit as well as the auditor's findings and conclusions from all audit activity undertaken during the year. It highlights the significant issues arising from the audit of the financial statements and informs Elected Members of the proposed audit opinion in advance of the accounts being certified.

3.4.7 14 July (tbc) & 30 September 2026

The Whole of Government Accounts (WGA) Returns are prepared based on the draft and final annual accounts, and form part of the external audit.

3.4.8 31 July 2026

The Financial Conduct Authority (FCA) stipulates that an "issuer" must make public its annual financial report at the latest "four months after the end of each financial year" (Disclosure Transparency Rule 4.1.3).

3.4.9 31 October 2026

The Local Authority Accounts (Scotland) Regulations 2014 set out the requirements for publication of the audited Annual Accounts by 31 October, including the signed accounts and audit certificate and all auditor reports relating to those signed accounts. In addition, the Council must publish the accounts of its subsidiaries either on its website or through a link to the relevant page on the company's website. All published documents must be available for at least five years.

3.5.1 The Council's external auditors, Audit Scotland, commenced their contract with effect from 2022-23. This is the fourth year of Audit Scotland's 5-year contract. Audit Scotland have confirmed that they will work to the above deadlines for the 2025/26 audit process.

3.5.2 The dates provided above are based on our achieving an audited set of Accounts by the end of June. This is consistent with the Council's early close deadlines that have been in place for several years. Some of these dates, therefore, may be subject to change.

3.5.3 Audit Scotland have introduced a new approach to best value reporting, which Committee were informed of in March 2023. The intention was to embed best value auditing in the annual audit process, presenting a thematic report each year alongside the annual audit report, as well as a report every 5 years summarising the best value thematic reports over the period. Audit are currently concluding the work on the year 3 report relating to transformation and will shortly discuss their report with officers. The year 4 report (2025/26 audit) is planned for summer 2026 and will focus on asset management.

3.6 Local Authority Charities

- 3.6.1 There is a requirement for full compliance with the Charities Accounts (Scotland) Regulations 2006 which means that a full audit is required for all registered charities where the Council is the sole trustee irrespective of the size of the charity. The Accounts Commission has appointed the current auditor of the Council as the auditor of its relevant charities.
- 3.6.2 There are several statutory provisions in relation to record keeping and preparation of accounts for such charities as well as the duties of charity trustees in relation to accounting records. The Local Authority Accounts (Scotland) Regulations 2014 also make provision for such bodies in a number of areas.
- 3.6.3 Taken together this effectively means that separate accounts and audit opinions are required for charities, and this is subject to the same requirements and timetable as detailed above for the Council's accounts.

4. **FINANCIAL IMPLICATIONS**

- 4.1 There are no financial implications arising as a result of this report.

5. **LEGAL IMPLICATIONS**

- 5.1 There is a statutory requirement for the Council to produce both unaudited and audited Annual accounts within certain timescales and to a high standard.

6. **ENVIRONMENTAL IMPLICATIONS**

There are no direct environmental implications arising from the recommendations of this report.

7. **RISK**

Category	Risks	Primary Controls/Control Actions to achieve Target Risk Level	*Target Risk Level (L, M or H) *taking into account controls/control actions	*Does Target Risk Level Match Appetite Set?
Strategic Risk	No risks identified	n/a	n/a	n/a
Compliance	Non-compliance if ACC fail to produce accounts on time.	Comprehensive timetable for preparing the Annual Accounts, sets out the actions ACC will	L	Yes

		take to ensure compliance.		
Operational	No risks identified	n/a	n/a	n/a
Financial	Non-compliance if ACC fail to produce accounts on time.	Comprehensive timetable for preparing the Annual Accounts, sets out the actions ACC will take to ensure compliance.	L	Yes
Reputational	No risks identified	n/a	n/a	n/a
Environment / Climate	No risks identified	n/a	n/a	n/a

8. OUTCOMES

<u>COUNCIL DELIVERY PLAN</u>	
	Impact of Report
Aberdeen City Council Policy Statement	Annual Accounts is an enabler for the delivery of the outcomes and external audits ensure that the Council's stewardship and financial management are robust.
Aberdeen City Local Outcome Improvement Plan	
Prosperous Economy Stretch Outcomes	There are no direct implications on the economy arising from the recommendations of this report.
Prosperous People Stretch Outcomes	A robust year end process and timetable assists budget holders in their role which in turn should enhance the staff experience.
Prosperous Place Stretch Outcomes	There are no direct implications on the environment arising from the recommendations of this report.
Regional and City Strategies	There are no direct implications on the economy arising from the recommendations of this report.
UK and Scottish Legislative and Policy Programmes	The report sets out the key dates for the Annual Accounts 2024/25, which fulfils the requirements placed upon the Council by The Local Authority Accounts (Scotland) Regulations 2014.

9. IMPACT ASSESSMENTS

Assessment	Outcome
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Impact Assessment	It is confirmed by Chief Officer - Finance that no Integrated Impact Assessment is required.
Data Protection Impact Assessment	Not required

10. BACKGROUND PAPERS

10.1 None

11. REPORT AUTHOR CONTACT DETAILS

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ABERDEEN CITY COUNCIL

COMMITTEE	Audit, Risk and Scrutiny Committee
DATE	27 November 2025
EXEMPT	No
CONFIDENTIAL	No
REPORT TITLE	Internal Audit Update Report
REPORT NUMBER	IA/25/013
DIRECTOR	N/A
CHIEF OFFICER	Jamie Dale, Chief Internal Auditor
REPORT OFFICER	Jamie Dale, Chief Internal Auditor
TERMS OF REFERENCE	2.3

1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to provide the Committee with an update on Internal Audit's work since the last update. Details are provided of the progress against the approved Internal Audit plans, audit recommendations follow up, and other relevant matters for the Committee to be aware of.

2. RECOMMENDATIONS

It is recommended that the Committee:

- 2.1 Note the progress of the Internal Audit Plan;
- 2.2 Note the progress that management has made with implementing recommendations agreed in Internal Audit reports;

3. CURRENT SITUATION

- 3.1 Internal Audit's primary role is to provide independent and objective assurance on the Council's risk management, control and governance processes. This requires a continuous rolling review and appraisal of the internal controls of the Council involving the examination and evaluation of the adequacy of systems of risk management, control and governance, making recommendations for improvement where appropriate. Reports are produced relating to

each audit assignment and summaries of these are provided to the Audit Committee.

4. FINANCIAL IMPLICATIONS

4.1 There are no direct financial implications arising from the recommendations of this report.

5. LEGAL IMPLICATIONS

5.1 There are no direct legal implications arising from the recommendations of this report.

6. ENVIRONMENTAL IMPLICATIONS

6.1 There are no direct environmental implications arising from the recommendations of this report.

7. RISK

7.1 The assessment of risk contained within the table below is to be consistent with the Council's Risk Appetite Statement.

Category	Risks	Primary Controls/Control Actions to achieve Target Risk Level	*Target Risk Level (L, M or H) *taking into account controls/control actions	*Does Target Risk Level Match Appetite Set?
Strategic Risk	Ability of the Council to meet its strategic objectives	The Internal Audit process considers strategic risks involved in the areas subject to review. Any risk implications identified through the Internal Audit process are detailed in the resultant Internal Audit reports. Recommendations, consistent with the Council's Risk Appetite Statement, are made to address the identified risks and Internal Audit follows up progress with implementing those	M	Yes

		that are agreed with management. Those not implemented by their agreed due date are detailed in the attached appendices.		
Compliance	Council does not comply with relevant internal policies and procedures and external guidance.	The Internal Audit process considers compliance risks involved in the areas subject to review. Any risk implications identified through the Internal Audit process are detailed in the resultant Internal Audit reports. Recommendations, consistent with the Council's Risk Appetite Statement, are made to address the identified risks and Internal Audit follows up progress with implementing those that are agreed with management. Those not implemented by their agreed due date are detailed in the attached appendices.	L	Yes
Operational	Failure of the Council to deliver agreed services.	The Internal Audit process considers operational risks involved in the areas subject to review. Any risk implications identified through the Internal Audit process are detailed in the resultant Internal Audit reports. Recommendations, consistent with the Council's Risk Appetite Statement, are made to address the identified risks and Internal Audit follows	L	Yes

		up progress with implementing those that are agreed with management. Those not implemented by their agreed due date are detailed in the attached appendices.		
Financial	Financial failure of the Council, with risks also to credit rating.	The Internal Audit process considers financial risks involved in the areas subject to review. Any risk implications identified through the Internal Audit process are detailed in the resultant Internal Audit reports. Recommendations, consistent with the Council's Risk Appetite Statement, are made to address the identified risks and Internal Audit follows up progress with implementing those that are agreed with management. Those not implemented by their agreed due date are detailed in the attached appendices.	L	Yes
Reputational	Impact of performance or financial risk on reputation of ACC.	The Internal Audit process considers reputational risks involved in the areas subject to review. Any risk implications identified through the Internal Audit process are detailed in the resultant Internal Audit reports. Recommendations, consistent with the Council's Risk Appetite Statement, are made to address the	L	Yes

		identified risks and Internal Audit follows up progress with implementing those that are agreed with management. Those not implemented by their agreed due date are detailed in the attached appendices.		
Environment / Climate	Service delivery impacting negatively on City net zero targets.	The Internal Audit process considers environmental/climate risks involved in the areas subject to review. Any risk implications identified through the Internal Audit process are detailed in the resultant Internal Audit reports. Recommendations, consistent with the Council's Risk Appetite Statement, are made to address the identified risks and Internal Audit follows up progress with implementing those that are agreed with management. Those not implemented by their agreed due date are detailed in the attached appendices.	L	Yes

8. OUTCOMES

- 8.1 The proposals in this report have no impact on the Council Delivery Plan.
- 8.2 However, Internal Audit plays a key role in providing assurance over, and helping to improve, the Council's framework of governance, risk management and control. These arrangements, put in place by the Council, help ensure that the Council achieves its strategic objectives in a well-managed and controlled environment.

9. IMPACT ASSESSMENTS

Assessment	Outcome
Impact Assessment	An assessment is not required because the reason for this report is to report Internal Audit's progress to Committee. As a result, there will be no differential impact, as a result of the proposals in this report, on people with protected characteristics.
Data Protection Impact Assessment	Not required

10. BACKGROUND PAPERS

- 10.1 There are no relevant background papers related directly to this report.

11. APPENDICES

- 11.1 Appendix A – Internal Audit Update Report

12. REPORT AUTHOR CONTACT DETAILS

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Internal Audit

Audit, Risk and Scrutiny Committee Internal Audit Update Report November 2025

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1 Executive Summary

1.1 Introduction and background

Internal Audit's primary role is to provide independent and objective assurance on the Council's risk management, control, and governance processes. This requires a continuous rolling review and appraisal of the internal controls of the Council involving the examination and evaluation of the adequacy of systems of risk management, control, and governance, making recommendations for improvement where appropriate. Reports are produced relating to each audit assignment and these are provided to the Audit, Risk and Scrutiny (ARS) Committee. Along with other evidence, these reports are used in forming an annual opinion on the adequacy of risk management, control, and governance processes.

This report advises the ARS Committee of Internal Audit's work since the last update. Details are provided of the progress against the approved 2025/26 Internal Audit Plan, audit recommendations follow up, and other relevant matters for the Committee to be aware of.

1.2 Highlights

Full details are provided in the body of this report however Internal Audit would like to bring to the Committee's attention that since the last update:

- Three reviews have been completed.
- Management continue to work on implementation of agreed actions in response to recommendations.

1.3 Action requested of the ARS Committee

The Committee is requested to note the contents of this report and the work of Internal Audit since the last update.

2 Internal Audit Progress

2.1 2025/26 Audits

Service	Audit Area	Position
City Regeneration & Environment	Carbon Budgeting	Final Report Issued
City Regeneration & Environment	Trade Waste	Review in Progress
City Regeneration & Environment	Roads Winter Service Plan	Review in Progress
City Regeneration & Environment	City Region Deal	Review in Progress
City Regeneration & Environment	Strategic Place Planning Corporate Review	Review in Progress
Corporate Services	Agency Costs	Review in Progress
Corporate Services	Voluntary Severance	Review Scheduled
Corporate Services	Mandatory Training Compliance	Review in Progress
Corporate Services	Digital and Technology Demand	Review in Progress
Corporate Services	Complaints Handling	Final Report Issued
Families & Communities	RAAC Response	Review in Progress
Families & Communities	Out of Authority Placements	Review Scheduled
Families & Communities	PROTECT	Review Scheduled
Health & Social Care Partnership	Health and Social Care (staffing) Scotland Act 2019	Review in Progress
Integration Joint Board	IJB Financial Sustainability	Review Scheduled
North East Scotland Pension Fund	Key Administrative Processes	Review in Progress

2.2 Audit reports presented to this Committee

Report Title	Assurance Year	Net Risk Rating	Conclusion
AC2603 – Complaints Handling	2025/26	Moderate	<p>The level of net risk is assessed as MODERATE, with the control framework deemed to be providing REASONABLE assurance over Complaints Handling at a Corporate level. Where there is central oversight by the Customer Feedback Team, individual services are involved in handling complaints, and the risk sits with the Council overall.</p> <p>Policies and procedures are in place; services are aware of these and are generally experienced in dealing with complaints. As reported to the Audit Committee annually, few cases are being escalated to the SPSO and very few complaints are upheld at that stage – indicating the process meets national standards. Performance information is also available for management review.</p> <p>The audit however identified some areas where Management could strengthen the framework of control, specifically: Corporate Policy and</p>

Report Title	Assurance Year	Net Risk Rating	Conclusion
			<p>Procedures, Records and Data, Data Protection, Assignment and Progress, Responses and Conclusion, and Performance and Benchmarking</p> <p>Recommendations have been made to address the above risks, including: updating guidance and training, and consideration of mandatory refresher training; developing a process around third-party complaints processes; developing guidance on the production and management of supporting records for complaints, and a quality assurance process; ensuring awareness of and implementing controls over adherence to data protection requirements; enhancing and formalising the complaint assignment and extension processes; and developing processes for sharing and progressing lessons learned from complaints.</p> <p>It is recognised that the risks are largely driven by variation in practice between and within the various customer-facing services. However, recommendations have been targeted at the central team to better drive compliance and promote a consistent approach to customer service.</p>
AC2602 – Carbon Budgeting	2025/26	Major	<p>The level of net risk is assessed as MAJOR, with the control framework deemed to provide LIMITED assurance over the arrangements in place regarding carbon budget setting, monitoring and reporting.</p> <p>Although controls have been developed, the review identified areas of weakness in their implementation and application, and there is a requirement to strengthen the framework of control to provide assurance over delivery against the Council's priorities, specifically: Staff Guidance and Governance, Carbon Budget Setting, Carbon Budget Monitoring, Carbon Budget Programme Management, and Carbon Budget Reporting.</p> <p>Recommendations have been made to review and strengthen governance arrangements supporting delivery against the carbon budget; to ensure a balanced budget is being set with clarity over the extent and quantifiable impact of planned actions to meet the required savings; to review baselines where new requirements are added; to develop carbon budget monitoring so that it provides assurance and appropriate stimulus for action; to develop processes to ensure supporting data for project/programme management is maintained up to date; and to ensure reports are complete prior to publication.</p> <p>It is acknowledged this is a developing area of work, and the central climate change team has limited available resource and is reliant on Functions/Clusters for provision of data and progress updates. However, as a corporate risk, and</p>

Report Title	Assurance Year	Net Risk Rating	Conclusion
			considering the Council's declared commitment to address the climate and nature emergency, Internal Audit considers that the recommended actions are more appropriately driven from the centre.

2.3 Follow up of audit recommendations

Public Sector Internal Audit Standards require that Internal Audit report the results of its activities to the Committee and establishes a follow-up process to monitor and ensure that management actions have been effectively implemented.

As at 30 September 2025 (the baseline for our exercise), 37 audit recommendations were due and outstanding:

- One rated as Major
- 31 rated as Moderate
- Five rated as Minor

As part of the audit recommendations follow up exercise, 20 recommendations were closed:

- 18 rated as Moderate
- Two rated as Minor

Appendix 1 – Grading of Recommendations provides the definitions of each of the ratings used.

Appendix 2 – Audit Recommendations Follow Up – Outstanding Actions provides a detailed breakdown of the outstanding audit recommendations that will be taken forward and followed up as part of the next cycle.

3 Appendix 1 – Grading of Recommendations

Risk level	Definition
Corporate	This issue / risk level impacts the Council as a whole. Mitigating actions should be taken at the Senior Leadership level.
Function	This issue / risk level has implications at the functional level and the potential to impact across a range of services. They could be mitigated through the redeployment of resources or a change of policy within a given function.
Cluster	This issue / risk level impacts a particular Service or Cluster. Mitigating actions should be implemented by the responsible Chief Officer.
Programme and Project	This issue / risk level impacts the programme or project that has been reviewed. Mitigating actions should be taken at the level of the programme or project concerned.

Net risk rating	Description	Assurance assessment
Minor	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.	Substantial
Moderate	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified, which may put at risk the achievement of objectives in the area audited.	Reasonable
Major	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.	Limited
Severe	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.	Minimal

Individual issue / risk	Definitions
Minor	Although the element of internal control is satisfactory there is scope for improvement. Addressing this issue is considered desirable and should result in enhanced control or better value for money. Action should be taken within a 12 month period.
Moderate	An element of control is missing or only partial in nature. The existence of the weakness identified has an impact on the audited area's adequacy and effectiveness. Action should be taken within a six month period.
Major	The absence of, or failure to comply with, an appropriate internal control, such as those described in the Council's Scheme of Governance. This could result in, for example, a material financial loss, a breach of legislative requirements or reputational damage to the Council. Action should be taken within three months.
Severe	This is an issue / risk that is likely to significantly affect the achievement of one or many of the Council's objectives or could impact the effectiveness or efficiency of the Council's activities or processes. Examples include a material recurring breach of legislative requirements or actions that will likely result in a material financial loss or significant reputational damage to the Council. Action is considered imperative to ensure that the Council is not exposed to severe risks and should be taken immediately.

4 Appendix 2 – Audit Recommendations Follow Up – Outstanding Actions

Report	Grading	Ref	Recommendation	Original Due Date	Current Due Date	Committee Update	Status
AC2418 - Biodiversity and Natural Environment	Moderate	1.6	A comprehensive strategic system of budgetary oversight and control should be introduced for all biodiversity and natural environment budgets. This should ensure funds available are used effectively to achieve desired strategic outcomes.	Sep-25	Sep-26	Officers had been working to develop a system with an external partner but due to capacity constraints they were not able to provide support this year. In the absence of that support officers are progressing work independently and aim to have this prepared for Summer 26	In Progress
AC2502 - SEEMiS	Moderate	1.2b	Data Insights should work with Education to create a list of defined system profiles whose access rights are standardised and minimised based on job responsibilities and remove any non-standard profiles. If feasible an exception report should be developed flagging any users with access to sensitive system data which is not in line with the standard.	Aug-25	Dec-25	Work is ongoing to consolidate all other application profiles, with support and oversight provided through the Children and Young People Data Forum.	In Progress
AC2201 - IT Infrastructure Resilience	Minor	2.1.6	Digital and Technology should introduce mandatory online cyber security training.	Sep-25	Mar-26	National Cyber Security Centre training is in place. D&T are reviewing options to check completion or link course completion to access.	In Progress
AC2407 - Creditors System	Moderate	1.3b	Finance should carry out regular monitoring of supplier standing data amendments. As well as covering	Sep-25	Mar-26	Management are working with Internal Audit to provide an update and	In Progress

Report	Grading	Ref	Recommendation	Original Due Date	Current Due Date	Committee Update	Status
			superuser changes this should include a reconciliation of changes / new supplier standing data processed by the Virtual Worker as compared to related requests by Services.			evidence of completion. Delayed due to staff turnover.	
AC2601 - Purchase Cards	Moderate	1.5d	Services should ensure VAT is claimed where possible including for the highlighted exceptions.	Sep-25	Mar-26	This is progressing, however will be checked with our VAT point of contact to ensure compliance with HMRC reporting. It is vital to the successful VAT reporting compliance that all service lines provide all VAT related documentation.	In Progress
AC2601 - Purchase Cards	Moderate	1.5e	Where exceptions are identified above, the respective Cluster should notify staff of expectations in relation to purchase cards use to help avoid a repeat.	Sep-25	Mar-26	This is progressing, however will be checked with our VAT point of contact to ensure compliance with HMRC reporting. It is vital to the successful VAT reporting compliance that all service lines provide all VAT related documentation.	In Progress
AC2504 - Resettlement Governance	Moderate	1.3b	The Council should develop risk, cost, and capacity reporting to obtain a holistic view of the potential and ongoing impact of resettlement and integration activities, to factor into future business planning for both	Jul-25	Mar-26	Management discussed work in progress with Internal Audit and advised an extension was required to allow for implementation of final elements. Internal	In Progress

Report	Grading	Ref	Recommendation	Original Due Date	Current Due Date	Committee Update	Status
			integration and core services, ensuring risk management and monitoring mechanisms are appropriate.			Audit continue to support Management.	
AC2504 - Resettlement Governance	Moderate	1.3a	The Council should develop risk, cost, and capacity reporting to obtain a holistic view of the potential and ongoing impact of resettlement and integration activities, to factor into future business planning for both integration and core services. Trajectory to be shared with Services and Cost Model to be developed which supports development of MTFS and HRA 30-year Business Plan.	Jul-25	Mar-26	Management discussed work in progress with Internal Audit and advised an extension was required to allow for implementation of final elements. Internal Audit continue to support Management.	In Progress
AC2407 - Creditors System	Moderate	1.2a	Monitoring of users including system administrators should be reviewed and where possible established to evidence compliance with the ICT Access Control Policy. This should be undertaken by officers without administrative / superuser system access and should be done with a view to reduce the risk of fraud.	Sep-25	Mar-26	This work is underway in line with the Finance Controls Improvement Plan and should be completed by Dec.	In Progress
AC2404 - Stores Stock Control	Minor	1.1a(ii)	Written procedures should be revised for Buildings and Roads reflect the current systems, controls and practice which governs the stores functions. These should be reviewed annually to capture system developments and other change.	Sep-25	Mar-26	These were given a review at the time, and found to be largely correct, other than one or two typos. We are still waiting for the introduction of the NEC system to us for all things	In Progress

Report	Grading	Ref	Recommendation	Original Due Date	Current Due Date	Committee Update	Status
						Building Services and this will require large-scale re-writing of processes and procedures at that time - latest date we have been given is end of current financial year i.e. March 26.	
AC2404 - Stores Stock Control	Minor	1.1b(ii)	In conjunction with IT, the Service should explore options to improve the efficiency and accuracy of the job and work order management system used for managing Buildings services and Roads services. Management should consider whether stock coding across Building Maintenance and Roads Services could be more informative and effectively structured to aid stores operations, layout, and stock control. Stock labelling should be included as part of the wider review of systems and storage to ensure stock labelling facilitates stores stock control and service delivery.	Sep-25	Mar-26	As above, the move to NEC will give us the opportunity to review our Stores Coding, operations and layouts. As far as I understand the Roads department will be moving to a separate system, Confirm, at which point I will no longer have responsibility for the Store - would expect that they also take this opportunity.	In Progress
AC2404 - Stores Stock Control	Moderate	1.2b	Buildings Services and Roads management should periodically review all stock lines in the stock systems to ensure only appropriate and relevant items are recorded. Assets that are not technically stock should not be included in the stock valuation; the movement of such	Sep-25	Mar-26	Again, the move to NEC would be an appropriate time to dispose of non-moving lines, although often there is a requirement to keep a legacy stock just in case, as some items, particularly in the Non-	In Progress

Report	Grading	Ref	Recommendation	Original Due Date	Current Due Date	Committee Update	Status
			items should however continue to be controlled by appropriate means. Consideration should be given to items which can be reclassified as consumables, and to the continued retention or disposal of slow moving stocks.			Housing sector, are very difficult to track down. This is also very much the case in Roads where because of the advances in technology, many lighting systems are being changed and the Store has been left with many items that will never be used. Would recommend to Roads that they also take this opportunity.	
AC2404 - Stores Stock Control	Moderate	1.3	Roads and Buildings services management should review operations and work with staff to ensure that: where stock issued varies from what was requisitioned, the reason for this should be adequately explained, stock should only be issued on receipt of a requisition form, signed by both the storeman and receiver, and all stock issues should be recorded on the stock system promptly.	Sep-25	Mar-26	When Operational staff pick up items in Store and for whatever reason the requisition requires to be amended, this is done at the time, and the correct items are then booked out of Stores and onto job at that time. With the introduction of the NEC system, and greater reliance on handhelds this will be revisited to explore how amendments to Goods requisitioned can be made.	In Progress
AC2422 - Recruitment	Moderate	1.1	The Service should review the layout of the employee file, consider the use of an index at the start listing all attached documents, and ensure all documentation is correctly	Sep-25	Jan-26	Management has discussed this recommendation with Internal Audit, showing work in progress and also wider consultation across the	In Progress

Report	Grading	Ref	Recommendation	Original Due Date	Current Due Date	Committee Update	Status
			completed/obtained, retained, and attached to the file			Council with relevant services who are supporting. An extension has been applied to allow for completion and evidence of this work.	
AC2422 - Recruitment	Moderate	1.2	The Service should review and confirm all tasks have been completed, recorded as such, and appropriately documented/evidenced prior to setting up an employee on the system	Sep-25	Jan-26	Management has discussed this recommendation with Internal Audit, showing work in progress and also wider consultation across the Council with relevant services who are supporting. An extension has been applied to allow for completion and evidence of this work	In Progress
AC2601 - Purchase Cards	Moderate	1.2b	Children's Social Work and Family Support should ensure new purchase cards are only requested by officers with the necessary delegated authority.	Sep-25	Mar-26	This is being processed, and a Business Case is currently with the Service for process definition and risk assessment.	In Progress
AC2519 - Freedom of Information and Subject Access Requests	Moderate	1.1	Management should ensure that the new System addresses the issues noted in this report, along with other known issues from the Central Team and other users across the Council. Plans should be finalised and a robust timeframe put in place for the roll out of the new System.	Sep-25	Jun-26	Management discussed work in progress with Internal Audit and advised an extension was required to allow for implementation.	In Progress

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ABERDEEN CITY COUNCIL

COMMITTEE	Audit, Risk and Scrutiny Committee
DATE	27 November 2025
EXEMPT	No
CONFIDENTIAL	No
REPORT TITLE	Internal Audit Report AC2603 – Complaints Handling
REPORT NUMBER	IA/AC2603
DIRECTOR	N/A
REPORT AUTHOR	Jamie Dale
TERMS OF REFERENCE	2.2

1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to present the planned Internal Audit report on Complaints Handling.

2. RECOMMENDATION

- 2.1 It is recommended that the Committee review, discuss and comment on the issues raised within this report and the attached appendix.

3. CURRENT SITUATION

- 3.1 Internal Audit has completed the attached report which relates to an audit of Complaints Handling.

4. FINANCIAL IMPLICATIONS

- 4.1 There are no direct financial implications arising from the recommendations of this report.

5. LEGAL IMPLICATIONS

- 5.1 There are no direct legal implications arising from the recommendations of this report.

6. ENVIRONMENTAL IMPLICATIONS

- 6.1 There are no direct environmental implications arising from the recommendations of this report.

7. RISK

-
- 7.1 The Internal Audit process considers risks involved in the areas subject to review. Any risk implications identified through the Internal Audit process are detailed in the resultant Internal Audit reports. Recommendations, consistent with the Council's Risk Appetite Statement, are made to address the identified risks and Internal Audit follows up progress with implementing those that are agreed with management. Those not implemented by their agreed due date are detailed in the attached appendices.

8. OUTCOMES

- 8.1 There are no direct impacts, as a result of this report, in relation to the Council Delivery Plan, or the Local Outcome Improvement Plan Themes of Prosperous Economy, People or Place.
- 8.2 However, Internal Audit plays a key role in providing assurance over, and helping to improve, the Council's framework of governance, risk management and control. These arrangements, put in place by the Council, help ensure that the Council achieves its strategic objectives in a well-managed and controlled environment.

9. IMPACT ASSESSMENTS

Assessment	Outcome
Impact Assessment	An assessment is not required because the reason for this report is for Committee to review, discuss and comment on the outcome of an internal audit. As a result, there will be no differential impact, as a result of the proposals in this report, on people with protected characteristics.
Privacy Impact Assessment	Not required

10. BACKGROUND PAPERS

- 10.1 There are no relevant background papers related directly to this report.

11. APPENDICES

- 11.1 Internal Audit report AC2603 – Complaints Handling

12. REPORT AUTHOR CONTACT DETAILS

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Internal Audit

Assurance Review of Complaints Handling

Status: Final

Date: 23 September 2025

Risk Level: Corporate

Report No: AC2603

Assurance Year: 2025/26

Net Risk Rating	Description	Assurance Assessment
Moderate	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified, which may put at risk the achievement of objectives in the area audited.	Reasonable

Report Tracking	Planned Date	Actual Date
Scope issued	19-May-25	19-May-25
Scope agreed	26-May-25	28-May-25
Fieldwork commenced	27-May-25	23-May-25
Fieldwork completed	20-Jun-25	30-Jun-25
Draft report issued	11-Jul-25	4-Aug-25
Process owner response	1-Aug-25	9-Sep-25
Director response	8-Aug-25	23-Sep-25
Final report issued	15-Aug-25	23-Sep-25
Audit Committee	27-Nov-25	

Distribution	
Document type	Assurance Report
Director	Andy MacDonald, Director of Corporate Services
Process Owner	Isla Newcombe, Chief Officer – People & Citizen Services
Stakeholder	Lucy McKenzie, Customer Service Manager
	Alice Goodrum, Ops Lead – Operational Lead
	Jenni Lawson, Chief Officer - Governance*
	Jonathan Belford, Chief Officer - Finance*
Final only	External Audit
Lead auditor	Heulwen Beecroft, Auditor

1 Introduction

1.1 Area subject to review

A complaint is an expression of dissatisfaction about the Council's action or lack of action, or about the standard of service provided by the Council or on the Council's behalf. Complaints and feedback provide an opportunity to show where the Council is not achieving what people expect and where it is failing to meet its own standards; creating an opportunity to put things right, learn from mistakes, and improve services. The Council has information on its website to guide customers through the complaints process, and a form by which complaints can be logged by the public.

The Scottish Public Services Ombudsman (SPSO) has set out a best practice model to provide a standardised approach to dealing with customer complaints across all local authorities in Scotland, which Aberdeen City Council has adopted. It aims to introduce a consistent process for the customer and build customer confidence in complaint handling.

The Council aims to respond to and close complaints within five working days for 'stage one' complaints, which can be addressed at a front line/service level, and within 20 working days for more complex 'stage two' complaints, which require further review or investigation. Internally, within People and Citizen Services, a Customer Feedback Team is responsible for handling complaints received at a corporate level; and individual Clusters have a role in receiving, logging, responding to and acting on complaints in respect of specific service-delivery areas. Specialists within the Customer Feedback Team provide support for social work specific complaints. Supporting data and records are held on the 'GovService' System which has been in place for 11 years. In cases where the Council's complaints process has been concluded, but the customer remains dissatisfied with the approach, complaints may be escalated to the SPSO for investigation.

The SPSO model includes a requirement for Scottish local authorities to publish outcome reports, based on performance indicators. The Council is required to publish an Annual Complaints Performance Report, including compliance, and benchmarking with other Local Authorities. This is reported annually to the Audit, Risk and Scrutiny Committee.

1.2 Rationale for the review

The objective of this audit is to ensure that the complaints procedures are being complied with for all matters and that data generated is used by Management to monitor and improve performance.

Complaints can be received in respect of each of the Council's services. It is important that issues are being addressed in a consistent manner throughout the Council and within appropriate timeframes to maintain an appropriate level of customer service, to deliver continuous improvement, and to ensure that SPSO requirements are met.

Aberdeen City Council receives a large volume of feedback from citizens and Elected Members. Within Aberdeen City Council the Customer Feedback Team is centrally responsible for such requests, facilitating responses from individual services as required and utilising the GovService System. The Customer Feedback Team also has responsibility for quality assuring responses, providing guidance and support to officers across the Council, performance monitoring and reporting.

2023/24

- Stage 1 Complaints – 1,520
- Stage 2 Complaints – 104
- Stage 2 (Escalated) Complaints – 179

2024/25

- Stage 1 Complaints – 1,706
- Stage 2 Complaints – 89
- Stage 2 (Escalated) Complaints – 142

In addition, the Customer Feedback Team also deal with more than 6,000 elected member enquiries each year.

People and Citizen Services reports to the Audit, Risk and Scrutiny Committee quarterly and annually in respect of complaints handling performance. These reports show that in 2023/24 the Council received 1,624 stage 1 and stage 2 complaints from customers. The largest proportions of complaints were: 41.8% about the quality of service, 18.8% about the delay in services, 8.7% about staff conduct and attitude and 8.3% about poor communication. Complaints per 1,000 residents had increased to 7.2 from 5.9, by 294 complaints. There was an increase in the closure of cases within timescale, 76.12% of these were closed at stage 1, the highest percentage over the last four years and 50.96% over stage 2, the highest percentage over the last three years.

This area has not been audited in recent years.

1.3 How to use this report

This report has several sections and is designed for different stakeholders. The executive summary (section 2) is designed for senior staff and is cross referenced to the more detailed narrative in later sections (3 onwards) of the report should the reader require it. Section 3 contains the detailed narrative for risks and issues we identified in our work.

2 Executive Summary

2.1 Overall opinion

The full chart of net risk and assurance assessment definitions can be found in Appendix 1 – Assurance Scope and Terms. We have assessed the net risk (risk arising after controls and risk mitigation actions have been applied) as:

Net Risk Rating	Description	Assurance Assessment
Moderate	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified, which may put at risk the achievement of objectives in the area audited.	Reasonable

The organisational risk level at which this risk assessment applies is:

Risk Level	Definition
Corporate	This issue / risk level impacts the Council as a whole. Mitigating actions should be taken at the Senior Leadership level.

2.2 Assurance assessment

The level of net risk is assessed as **MODERATE**, with the control framework deemed to be providing **REASONABLE** assurance over Complaints Handling at a Corporate level. Where there is central oversight by the Customer Feedback Team, individual services are involved in handling complaints and the risk sits with the Council overall.

Policies and procedures are in place, services are aware of these and are generally experienced in dealing with complaints. As reported to the Audit Committee annually, few cases are being escalated to the SPSO and very few complaints are upheld at that stage – indicating the process meets national standards. Performance information is also available for management review.

The audit however identified some areas where Management could strengthen the framework of control, specifically:

- **Corporate Policy and Procedures** – Information on the internet for external customers and intranet for staff is generally comprehensive. Policies and procedures are generally comprehensive and SPSO aligned, but would benefit from a review to improve accessibility, clarity, and emphasis on essentials such as version control, broken links and record-keeping. Training would also benefit from updating and re-issuing to ensure consistent application. There is also a lack of central assurance over ALEOs and contractors and how they meet Council standards.
- **Records and Data** – GovService is the core system for handling complaints. However, it does not hold all the supporting evidence for each case, with inconsistent storing identified. This presents risks to completeness and to assurance over records management and data protection, and to timely action in response to escalated complaints.
- **Data Protection** – The online complaints form includes a data use statement, however, for other channels, there is no corporate process or specific guidance in this regard, resulting in less assurance that customers are aware and being advised of how their data will be used, and their respective rights. This presents a risk to Data Protection Act compliance. In addition, where a complaint is made on behalf of a customer it is essential to ensure that they have authorised the person to act on their behalf. This is not well documented, presenting a risk personal data could be processed or shared inappropriately.
- **Assignment and Progress** – Complaints received centrally are assigned to officers by the Customer Feedback Team. However, these may not be fully up to date, presenting a risk of delays – Of a sample of 35 complaints reviewed, four cases (11%) were rejected by the first service contacted, which delays the response time. Customers should be kept informed of

progress with their complaint, and this is covered by guidance. However, in practice there is no formal control over whether an interim response will be issued to a customer. The process relies on staff updating the system manually to do so. From our sample of 35 complaints, 14 (40%) took more than the timescales allowed to resolve (five working days for stage one and 20 working days for stage two). Delays ranged from one to six days overdue for stage one responses, and one to 29 days overdue for stage two responses. An interim response had been recorded for only three of these 14 cases (21%), and these did not clarify reasons for delay. There was also no available audit trail of approval of the extensions by management. There is a reputational risk of not communicating appropriately with customers about delays.

- **Responses and Conclusion** – Stage one responses are generally provided by the assigned services, which select an outcome based on their assessment of the case. Five of 35 complaints reviewed (14%) did not have clear justification for this selection. Although guidance covers the selection of an appropriate outcome, there is no explicit requirement to record justification. There is also no subsequent or independent review to confirm closed complaints have been correctly categorised. Customers can seek further review by asking for their complaint to be escalated to stage two, or the SPSO thereafter. If the outcomes have been incorrectly categorised this may impact on future complaints, escalation, and on the accuracy of management and performance data.
- **Performance and Benchmarking** – Annual complaints performance reports on the website showed minimal complaints were upheld or partially upheld, indicating the council generally has an effective process. Internally, performance information and lessons learned are available via a Power Bi report. However, high-level review of this data indicates regular use of ‘reminders’ and similar actions, which guidance indicates may not address underlying issues. Where clearer actions were listed, central records did not indicate timescales or progress. Further development and sharing of internal reporting and lessons learned could help improve processes and reduce reputational risk of recurring issues.

Recommendations have been made to address the above risks, including: updating guidance and training, and consideration of mandatory refresher training; developing a process around third-party complaints processes; developing guidance on the production and management of supporting records for complaints, and a quality assurance process; ensuring awareness of and implementing controls over adherence to data protection requirements; enhancing and formalising the complaint assignment and extension processes; and developing processes for sharing and progressing lessons learned from complaints.

It is recognised that the risks are largely driven by variation in practice between and within the various customer-facing services. However, recommendations have been targeted at the central team to better drive compliance and promote a consistent approach to customer service.

2.3 Identified Risks

Risk Level	Number of Risks Identified
Severe	-
Major	0
Moderate	5
Minor	1
Total	6

2.4 Management response

Management appreciates the audit, which notes the significant number of complaints handled in line with national standards, as well as its identification of areas for process improvement.

The Scottish Public Services Ombudsman (SPSO) has recently published an updated Statement of Complaint Handling Principles with emphasis on person centred handling of complaints. It supports public services in taking an approach which is compassionate, robust and considerate of the wellbeing of everyone involved. There has been a corporate focus in this area and particularly around child friendly complaint handling which was introduced last year and Aberdeen City Council led in the implementation,

undertaking a pilot on behalf of the SPSO. Notable progress has been made in handling these complaints in line with SPSO guidance.

Data protection requirements remain extremely important, and it is recognised that documentation regarding consent, if required, for data sharing should be enhanced. At the same time, alignment with SPSO principles indicates that the complaints procedure should maintain flexibility and minimise steps where possible. The goal is to keep the complaints process clear and accessible to support citizen feedback. While ensuring that data is not disclosed unlawfully, the process must be designed to avoid unnecessary obstacles for complainants, and consent should be appropriate to the type of personal data involved.

We recognise that response times could be improved and at the same time align with the SPSO's approach that the quality and thoroughness of investigation should not be compromised by attempts to meet timescales. Where timescales cannot legitimately be adhered to, we will seek to keep complainants better informed and ensure that approval of extensions to timescale are consistently recorded.

Work is in progress to ensure that the actions identified in the audit are implemented in line with the deadlines set out.

3 Issues / Risks, Recommendations, and Management Response

3.1 Issues / Risks, recommendations, and management response

Ref	Description	Risk Rating	Moderate
1.1	<p>Corporate Policy and Procedures – The Council's Complaints Handling Procedure (CHP) is based on a model scheme from the Scottish Public Services Ombudsman (SPSO). Customers can see guidance on the Council website and use an online form to submit a complaint. Complaints can also be made in person, direct to staff delivering services, or by contacting the Customer Feedback Team by telephone or in writing.</p> <p>Whichever mode of contact is selected, complaints should be logged in the GovService system, either directly from the online form, or entered by staff. Complaints are triaged by the Customer Feedback Team upon receipt as follows:</p> <ul style="list-style-type: none"> • As a non complaint handling procedure request (if the complaint criteria is not met). • As requiring a front-line response (stage one complaint). • Or if relating to more complex issue(s) requiring further investigation before a response can be provided (stage two complaint). <p>The system promotes a standardised process for recording, progressing, and documenting progress with complaints. Procedures are held by the Customer Feedback Team on SharePoint as their internal 'team' procedures, and information is held on the Customer Academy Complaints Toolkit which is available for organisation wide use. Whilst these are relatively clear and are aligned with SPSO guidance, they would benefit from review to ensure they are accessible, easy to follow, and to consider:</p> <ul style="list-style-type: none"> • Version control would be beneficial on documents, in particular the CHP. • The CHP is extensive, and complex. While requirements are summarised in flowcharts, these do not fully cover all record keeping requirements, e.g. Social work cases where a further spreadsheet record is used; and complaint information kept in services' filing systems. Further guidance would be beneficial to promote consistent recording of complaints and supporting records of discussion and action. • There were links to information on the online complaint forms which are no longer available, and there was a leaflet referenced in the ACC learn training which is no longer used, but may still be used by services not up to date with changes. • There were also some outdated procedures and leaflets in the SharePoint files that the Customer Feedback Team have access to. <p><u>Training</u></p> <p>Knowledge of the process is essential for all staff in customer-facing and associated support roles, to ensure all service requests, front-line complaints, and investigations, can be recorded and addressed appropriately. There is a mandatory training course for new staff, and elements of customer service training are available on request. Employees can also find comprehensive information regarding all aspects of complaint handling and the CHP on the Customer Academy.</p> <p>There is regular communication with Services, including signposting to the Customer Academy and available support, as each complaint is assigned; and when changes to the process are implemented. However, there is currently no requirement for training to be refreshed periodically. Staff contacted as part of the audit indicated they had not recently reviewed the training, and there was substantial reliance on experience, or the support of the Customer Feedback Team for more complex situations. There is therefore a risk of reduced staff awareness of current requirements, particularly if there are changes.</p>		

Ref	Description	Risk Rating	Moderate
	<p><u>Associated bodies</u></p> <p>The CHP part 2, section 47, 'Complaints about contracted or commissioned services/ALEO's' explains that the Council remains responsible for ensuring services meet the Council's standard, including in relation to complaints. This will be done by ensuring the contractor complies with the CHP, or has its own procedure in place which fully meets the CHP standards. However, there is no central record or assurance that this is the case and has been confirmed for each relevant ALEO or contractor.</p> <p>Keeping guidance, training and contractual information up to date, and ensuring they are used, is essential to provide management with assurance that complaints handling practice will meet the Council's standards.</p>		
IA Recommended Mitigating Actions			
<p>The Customer Feedback Team should refresh guidance to ensure it is up to date, accessible, and emphasises recording requirements.</p> <p>The Customer Feedback Team should review whether CHP training should be made mandatory for completion on a recurring basis for relevant roles.</p> <p>A process should be developed to provide assurance that relevant third-party complaints processes are adequately aligned.</p>			
Management Actions to Address Issues/Risks			
<p>1) <i>The Complaints Handling Toolkit will be reviewed and updated to improve navigation. A 'Quick Guide to Complaints' will also be developed and published. The content of the ACC learn module will be enhanced. The two broken links on the online forms have been corrected, directing users to the appropriate web pages. An archiving process will be undertaken to clarify which SharePoint files are current for the Customer Feedback Team. Version control will be implemented for relevant documents in the Complaints Handling Toolkit.</i></p> <p>2) <i>This has been considered, and it has been determined that no changes are necessary. There are mechanisms in place to ensure a corporate awareness of statutory complaint handling requirements including a corporate Customer Feedback Team to support the organisation. The purpose of the mandatory training is to ensure that new employees are aware of what is and isn't a complaint and to ensure that such feedback is always progressed and recorded. More detailed information regarding the Complaints Handling Procedure and a toolkit around how to respond to complaints is available on the Customer Academy on the ACC intranet. When a complaint is directed to a responding service, they are always signposted to the Complaints Handling Toolkit and Customer Feedback Team for further guidance. Therefore, whilst the content of the CHP training is to be reviewed and refreshed and remains mandatory for new ACC employees to raise awareness, it is not deemed necessary for the mandatory training to be reoccurring for all employees. It remains available for all services where appropriate, e.g. highlighted as a training need, with a link available from the Complaints Handling Toolkit.</i></p> <p>3) <i>An exercise will be undertaken with services and ALEOs to ensure contractors and other third parties delivering a service on behalf of ACC are aware of statutory complaint handling responsibilities which will include the provision of a guidance document.</i></p>			
Risk Agreed		Person(s)	Due Date
1) Yes		Customer Services Manager	1) November 2025
2) Yes			2) Implemented
3) Yes			3) March 2026

Ref	Description	Risk Rating	Moderate
1.2	<p>Records and Data – Key complaint, response and date information is held on the GovService system, which is considered the core central record of all complaints, discussion, official responses and actions. However, it does not hold all the supporting evidence for each case.</p> <p>The Customer Feedback Team keeps complaint information in a shared email mailbox that is archived periodically in addition to routine system backups by IT. The Team also holds detailed draft and final responses and supporting documents for stage two responses in SharePoint. Documents were shared, but the system itself and the SharePoint site were not available for review by Internal Audit. From review of the records provided, there is generally a consistent level of initial detail captured on the system for every complaint as customers and services are guided by the online form and the system.</p> <p>Further information relating to investigation of complaints and associated communications is held by services in varying locations. Complaints received and responded to direct by services are not controlled by the Customer Feedback Team. Where supporting working documents were made available for review, the content shared with Internal Audit varied in detail and relevance. There is no minimum standard of where and what should be kept as an audit trail, how, and for how long.</p> <p>Without central controls over what, how and where data related to complaints should be held, there are risks to completeness and to assurance over records management and data protection. For cases escalated to stage two or to the SPSO, these further records have to be sourced and provided for review. If they are not held centrally or consistently, this could present a risk of delays or omissions. Incomplete data could also be considered inaccurate, presenting a risk in respect of GDPR compliance as well as affecting data quality for management purposes.</p>		
IA Recommended Mitigating Actions			
Guidance should be developed to promote consistency in maintaining complete supporting records in respect of each complaint. This should be underpinned by a quality assurance process (e.g. spot checks by the Customer Feedback Team).			
Management Actions to Address Issues/Risks			
<p><i>The Complaints Handling Toolkit contains guidance on investigating complaints, including steps such as planning, gathering evidence, analysing, and evaluating. An investigation plan template is also available. The section will be revised to include guidance around the retention of any supporting documentation for stage 1 complaints. Instructions will also be added for investigating officers of stage 2 complaints to share the relevant documentation with the Customer Feedback Team via email when the complaint is concluded, so it can be centrally stored on SharePoint. This process aligns with file retention practices and accommodates planned changes to the corporate system managing complaints. The Customer Feedback Team will add a note to the complaint handling system to reflect this guidance as well.</i></p> <p><i>The Customer Feedback Team reviews the quality of supporting information for all complaints escalated to the SPSO. This review process will be extended, capacity permitting, to include spot checks on complaints investigated at stage 2.</i></p> <p><i>Given the non-complex nature of a Stage 1 complaint which do not require investigation and the volume received, any information relating to a Stage 1 complaint will continue to be retained locally. Should the complaint escalate to Stage 2 then the supporting documentation will be shared with the Customer Feedback Team.</i></p>			
Risk Agreed		Person(s)	Due Date
Yes		Customer Services Manager	October 2025

Ref	Description	Risk Rating	Moderate

Ref	Description	Risk Rating	Moderate
1.3	<p>Data Protection – The online customer complaints form includes a link to explain why and how personal data is used, and customers must acknowledge they understand that their data will be captured, used and stored, their rights and the legal basis for holding the information. For telephone contact, users are signposted to the website for further information on the privacy policy, but there is no recorded confirmation or acknowledgement of customers' acceptance. Similarly, there is no corporate process or specific guidance for recording this during face-to-face contact. Without assurance that customers are aware and being advised of how their data will be used, and their respective rights, there may be risks to Data Protection Act compliance.</p> <p>Sensitive responses (e.g. those relating to Social Work) are provided to customers via an encrypted ShareFile service. Responses to other complaints are typically by email: which is not password protected, but checks are made to ensure they are sent to the right person.</p> <p>Sometimes customers may be unable or reluctant to make a complaint on their own and complaints are accepted from relatives, friends, advocates and advisors. Where a complaint is made on behalf of a customer it is essential to ensure that the customer has authorised the person to act on their behalf. This would include complaints brought by parents on behalf of their child, if the child is considered to have capacity to make their own decisions. This can be evidenced through provision of a signed mandate / consent form from the customer, or if appropriate verbal consent, followed up in writing. Standard forms are available. This is particularly important where the subject or nature of the complaint is likely to result in personal data being included as part of the response.</p> <p>Out of 35 complaints reviewed, seven (20%) were not submitted by the direct recipient of the relevant service subject to the complaint. Where a third-party (e.g. a close relative, or advocate) is complaining on a service-user's behalf, procedure requires a formal mandate, or other suitable record of permissions obtained. However, in these cases there were no records of these on the system, which only stated 'no mandate needed'. Whilst in each case the Customer Feedback Team was able to source records from outside of the system, or has explained why a mandate was not needed, justifications are not routinely being recorded and confirmed on the system prior to acting on and responding to complaints from third parties. Without clearly and consistently recorded justification there is a risk that personal data may be released without consent of the data subject.</p> <p>As investigations and responses to complaints may use and share personal data in respect of the customer and services provided to them, there is a risk of this data being inappropriately processed and/or shared. Without a clear and evidenced mandate, data should not be shared on specific customers' behalf.</p> <p>IA Recommended Mitigating Actions</p> <p>Customers should be made aware of how their personal data and information provided will be dealt with before it is recorded through the complaints process, regardless of the channel used.</p> <p>Controls should be established to confirm investigations do not proceed and data is not processed and shared without a clear justification, or a mandate from the customer, consistently retained on file to demonstrate compliance.</p>		

Ref	Description	Risk Rating	Moderate
	<p>Management Actions to Address Issues/Risks</p> <p>1) <i>The complaints handling toolkit and ACC learn content will be updated to include guidance that if taking a complaint verbally, complainants must be informed of how their personal data and information provided will be dealt with as part of the complaint, i.e. will be shared with the relevant service as necessary to respond. Complainants not wishing for their data to be shared have the option to submit a complaint anonymously.</i></p> <p><i>The recorded message on the complaints telephone line directs complainants to our website to see our privacy notice. For absolute clarity, the message will be updated to further state that the privacy notice explains how their data will be used. When the complainant speaks to the Customer Feedback Team about their complaint, they also explain that their information will be forwarded to the relevant service(s) to be able to respond. Again, complainants not wishing for their data to be shared have the option to submit a complaint anonymously.</i></p> <p>2) <i>The complaints system includes a field for third party mandate requirements, which the Customer Feedback Team completes for every complaint recorded. If permission to disclose information is required but not provided, the complaint is not shared with the service until permission to share is received.</i></p> <p><i>If a third party mandate has been received, then it is uploaded to the system. If permission is given via email or telephone, this information is included in the body of the complaint or in a note to the service which they can see in the case history tab. Documentation granting permission may be held on an alternative system, e.g. social work system and to avoid multiple copies of authorisation documents, e.g. Power of Attorney held on multiple systems, the assurance is there for the responding service, without the need to duplicate.</i></p> <p><i>Employees complete mandatory Information Governance training annually and are also supported by corporate practitioner data sharing guidance. While the Customer Feedback Team serves as an initial checkpoint, services are responsible for ensuring data is not shared without consent. Special category data, which is included as part of the complaint response, presents the highest risk, and there have been no cases of unauthorised disclosure. Assurance around consent can be requested at any point during the complaint handling process, should there be any doubt around whether data should be shared.</i></p> <p><i>With regards to the format of consent to disclose with a third party, there is a corporate third party mandate document, but it is not mandatory that this document is completed. The SPSO advise that consent to submit a complaint through a third party can come in any form, including verbally. Where this applies, going forwards this information will be recorded on the complaints handling system by the Customer Feedback Team.</i></p> <p><i>We aim for the complaints process to be simple and straightforward to encourage feedback from citizens. The complainant is already dissatisfied and whilst it is essential to ensure that data is not disclosed unlawfully, we do not want the process to be unnecessarily prohibitive or seen to put barriers in their way. Given the SPSO guidance, the continued approach will be to consider each request and verify authority to disclose on a case by case basis.</i></p> <p><i>In order to strengthen this process, we will explore whether it is possible to add a specific field to record additional information around how the permission has been received and where appropriate, why a third party mandate isn't required.</i></p>		

Ref	Description	Risk Rating	Moderate
	Risk Agreed	Person(s)	Due Date
	Yes	Customer Services Manager	1) October 2025 2) December 2025

Ref	Description	Risk Rating	Moderate
1.4	<p>Assignment and Progress – Complaints captured centrally are all logged on the GovService system, triaged and distributed to services by the Customer Feedback Team. The Team uses knowledge, experience, and a spreadsheet of the main contacts and relevant keywords to select appropriate groups of contacts within services. Although reasonably comprehensive, a spot check of this found some contacts had left the Council, and two out of six contacts (33%) asked for further information by Internal Audit did not deal with complaints.</p> <p>Recipients can reject assignment of a complaint where it does not relate to their service, or to nominate another service where it would be more appropriate for them to investigate and respond. When this occurs, the case returns to the Customer Feedback Team who can monitor which requests are being rejected and update the keyword spreadsheets for future reference where appropriate. The team will escalate to senior officers if cases are reassigned multiple times to encourage ownership. Incorrect initial selection or assignment risks delays in progressing and responding, and therefore to meeting CHP deadlines for providing a response. Of a sample of 35 complaints reviewed, four cases (11%) were rejected by the first service contacted, which delays the response time.</p> <p>Customers should be kept informed of progress with their complaint. Services are advised of due dates for responses in line with the CHP via automatic emails from the GovService system, which uses a traffic light system to prioritise progress. A maximum of five working days is permitted for stage one complaints, and 20 working days for stage two. Some manual adjustment is applied for public holidays. The CHP requires extensions to be agreed with 'an appropriate manager', and reasons to be provided to the customer, e.g. staff absences which affect access to critical records. Planned leave and school holidays are not acceptable reasons under the procedure.</p> <p>In practice, there is no formal control over whether an interim response will be issued to a customer. The process relies on staff updating the system manually to do so. Adherence to the process was more evident in cases where the Customer Feedback Team was leading the investigation, but supporting evidence of reasons for delay varied. From our sample of 35 complaints, 14 (40%) took more than the timescale allowed to resolve: ranging from one to six working days overdue for stage one responses, and one to 29 working days overdue for stage two responses. For three of 14 cases (21%) where there was a delay, an interim response had been recorded. In two of these three this indicated 'complexity' as the reason for delay, while the other simply stated more time was needed. There was no available audit trail of approval of the extensions by management. In the other 11 cases (79%) there was no indication the customer had been advised in advance that there would be a delay.</p> <p>There is a reputational risk of not communicating appropriately with customers about delays in responding to their complaint. Without a clear record and understanding of why extensions are required, lessons may not be learned, affecting efficiency and effectiveness in addressing complaints.</p>		
	IA Recommended Mitigating Actions		

Ref	Description	Risk Rating	Moderate
	<p>The Customer Feedback Team should collaborate with services regularly to ensure appropriate current contacts are available and able to deal with complaints on a timely basis.</p> <p>A formal set process should be developed for considering, documenting and agreeing extensions for stage one complaints, ensuring the associated reasons comply with procedure, and that this is communicated timeously to customers. Consistent data should be recorded to facilitate analysis and a targeted approach to avoiding future delays.</p>		
	Management Actions to Address Issues/Risks		
	<p>1) <i>Managers can request additions or removals of responding officers from Customer Feedback Team response groups by submitting an email to the team. An exercise will be carried out twice a year to remind services to review the responding officers within each group and to provide any updates. It should be noted that the groups have been set up for the allocation of both complaints and elected member enquiries. All officers in a group are notified of a new complaint or enquiry but all officers may not routinely respond as there are local arrangements within each team around roles and responsibilities. Multiple officers are added to avoid single points of failure should absences occur.</i></p> <p>2) <i>The Customer Feedback Team will continue to urge services to promptly communicate any response delays. A blog on this topic will be published, and the Complaints Handling Toolkit will be updated to clarify that extensions need management approval. We will explore whether it is possible to add a specific field on the complaints handling system to record where approval has been granted.</i></p>		
	Risk Agreed	Person(s)	Due Date
	Yes	Customer Services Manager	1) November 2025 2) December 2025

Ref	Description	Risk Rating	Moderate
1.5	<p>Responses and Conclusion – Stage one responses are generally provided by the assigned services. Templates are used to respond to complaints, responses involving more than one service are reviewed by the Customer Feedback Team, and all stage two responses are reviewed by the Customer Feedback Team and authorised by senior management.</p> <p>Complaints may be:</p> <ul style="list-style-type: none"> • Rejected – Where the Council identifies that it is not a complaint, or should be addressed through another process (e.g. an initial request for service, an appeal, etc) • Upheld – Where the Council accepts and acknowledges service standards were not met. • Not upheld – Where the Council acknowledges the customer's dissatisfaction, but has determined relevant procedures were adhered to. • Resolved – Where the Council does not explicitly acknowledge failure to meet service standards, but has taken action which the customer has agreed addresses their complaint. <p>With the exception of 'rejected' which is determined by the Customer Feedback Team, Services select whichever category they consider the complaint outcome falls into, following consideration at stage one. Five of 35 cases reviewed (14%) included final responses that</p>		

Ref	Description	Risk Rating	Moderate
	<p>stated the complaints had been 'resolved' rather than 'upheld'. Although there was indication that something had been done, there was no explicit agreement recorded from the customers in each case that this had been accepted as a resolution.</p> <p>Although guidance covers the selection of an appropriate outcome, there is no explicit requirement to record justification. There is also no subsequent or independent review to confirm the outcome of all Stage 1 closed complaints have been correctly categorised – though additional support is provided by the Customer Feedback Team to services where required (e.g. Housing Repairs and Social Work) and therefore the complaints relating to these services are all reviewed prior to completion. The Customer Feedback Team also review all Stage 1 complaints that have been assigned to more than one Council service, i.e. multiple complaint points.</p> <p>Customers can seek further review by asking for their complaint to be escalated to stage two, or the SPSO thereafter. If the outcomes have been incorrectly categorised this may impact on future complaints, escalation, and on the accuracy of management and performance data.</p> <p>For stage two complaints, responses always include contact details for the SPSO. In contrast, stage one responses include a link to the complaints handling procedure, rather than explicitly referencing how a complaint can be escalated to stage two. There is a risk this could be perceived as an attempt to discourage complaints being progressed.</p>		
IA Recommended Mitigating Actions			
<p>Services should be supported to select and evidence selection of the most appropriate complaint outcomes. This should be underpinned by a quality assurance process (e.g. spot checks by the Customer Feedback Team).</p> <p>Consideration should be given to explicitly referencing how customers can escalate their complaint to stage two if they remain dissatisfied, in stage one responses.</p>			
Management Actions to Address Issues/Risks			
<p>1) <i>The resolved complaint outcome is a relatively new addition to the Complaints Handling Procedure and further support and guidance is required to help embed this change. A blog will be published on the Customer Academy to raise corporate awareness and spot checks will be undertaken by the Customer Feedback Team each quarter, with targeted advice provided where it is evident that the resolved outcome has been used incorrectly. Ongoing spot checks will be conducted to monitor the situation until there is evidence that outcomes are being consistently and correctly applied. Complainants dissatisfied with the outcome of their complaint can escalate to the next stage which also provides a mechanism for review.</i></p> <p>2) <i>The stage 1 response template will be updated to provide clearer information around next steps if the complainant remains dissatisfied.</i></p>			
Risk Agreed		Person(s)	Due Date
Yes		Customer Services Manager	1) November 2025 2) October 2025

Ref	Description	Risk Rating	Minor
1.6	<p>Performance and Benchmarking – The Council produces annual complaints performance reports, which are reviewed by the Audit, Risk and Scrutiny Committee and published on the website. These are in a format that demonstrates compliance with the SPSO national complaint framework and procedures, and includes benchmarking against the councils' 'family group' and Scottish average. Recent reports demonstrate that minimal complaints</p>		

Ref	Description	Risk Rating	Minor
	<p>escalated to the SPSO have been upheld or partially upheld, indicating the Council generally has an effective process. Performance is also monitored and available to management for review via Power Bi reports / performance dashboards, using data taken from GovService.</p> <p>The 2023/24 performance report includes two performance indicators that show the same data:</p> <ul style="list-style-type: none"> • 2: Closed complaints within set timescales • 5: Performance against timescales <p>This could indicate performance is not being reported accurately. If these are intended to reflect the same performance, consideration should be given to combining them. If they are intended to reflect different aspects of performance, the content and presentation should be reviewed.</p> <p>The GovService system contains a field for services to enter learning points. Lessons learned are captured in the system, and included in performance dashboards. High level review of this data indicates regular use of 'reminders' and similar actions, which customer feedback guidance indicates is not a suitable lesson learnt – as it may not address underlying issues. Where clearer actions were listed, central records did not indicate timescales or progress. The Customer Feedback Team collates learning points from complaints for the Social Work service, and actions required and due are recorded. This was not done for any other service. It would be the role of the investigating officer to take forward the learning points and action them appropriately. The extent to which this is done in practice is not clear, so there is a risk that staff are not benefitting from the information available.</p> <p>Further development and sharing of internal reporting and lessons learned could help improve processes and reduce reputational risk of recurring issues.</p>		
IA Recommended Mitigating Actions			
<p>Performance indicators should be reviewed to ensure they are accurate and present relevant data.</p> <p>Processes should be developed to provide central assurance over the application of lessons learned through customer complaints.</p>			
Management Actions to Address Issues/Risks			
<p>1) <i>The incorrect performance indicators on the 23/24 and 24/25 annual performance reports have been corrected. The duplication was due to an administration error.</i></p> <p>2) <i>The timeframe for acting on lessons learnt varies, and each service manages its own implementation. The Customer Feedback and Access to Information (Social Work) Team investigates complaints for social work teams and therefore tracks progress on related lessons learnt.</i></p> <p><i>The Complaints Handling Toolkit provides a definition of a lesson learnt, as does the GovService system. As highlighted, there are however still occasions where services provide a non-tangible lesson learnt, e.g. verbally reminding a member of staff of a procedure as opposed to issuing a written reminder of a procedure. The Customer Feedback Team therefore review lessons learnt before publishing lesson learnt related data. As part of this exercise, the Customer Feedback Team provide targeted guidance where necessary to responding officers around lesson learnt as they do currently when quality assuring stage 2 responses and lessons learnt have been identified. A blog will be published to further enhance understanding of the concept and definition of a lesson learnt.</i></p>			
Risk Agreed		Person(s)	Due Date
Yes		Customer Services Manager	1) Implemented

Ref	Description		Risk Rating	Minor
			2) December 2025	

4 Appendix 1 – Assurance Terms and Rating Scales

4.1 Overall report level and net risk rating definitions

The following levels and ratings will be used to assess the risk in this report:

Risk Level	Definition
Corporate	This issue / risk level impacts the Council as a whole. Mitigating actions should be taken at the Senior Leadership level.
Function	This issue / risk level has implications at the functional level and the potential to impact across a range of services. They could be mitigated through the redeployment of resources or a change of policy within a given function.
Service	This issue / risk level impacts at the Business Plan level (i.e. individual services or departments as a whole). Mitigating actions should be implemented by the responsible Chief Officers.
Programme and Project	This issue / risk level impacts the programme or project that has been reviewed. Mitigating actions should be taken at the level of the programme or project concerned.

Net Risk Rating	Description	Assurance Assessment
Minor	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.	Substantial
Moderate	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified, which may put at risk the achievement of objectives in the area audited.	Reasonable
Major	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.	Limited
Severe	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.	Minimal

Individual Issue / Risk Rating	Definitions
Minor	Although the element of internal control is satisfactory there is scope for improvement. Addressing this issue is considered desirable and should result in enhanced control or better value for money. Action should be taken within a 12 month period.
Moderate	An element of control is missing or only partial in nature. The existence of the weakness identified has an impact on the audited area's adequacy and effectiveness. Action should be taken within a six month period.
Major	The absence of, or failure to comply with, an appropriate internal control, which could result in, for example, a material financial loss. Action should be taken within three months.
Severe	This is an issue / risk that could significantly affect the achievement of one or many of the Council's objectives or could impact the effectiveness or efficiency of the Council's activities or processes. Action is considered imperative to ensure that the Council is not exposed to severe risks and should be taken immediately.

5 Appendix 2 – Assurance Scope and Terms of Reference

5.1 Area subject to review

A complaint is an expression of dissatisfaction about the Council's action or lack of action, or about the standard of service provided by the Council or on the Council's behalf. Complaints and feedback provide an opportunity to show where the Council is not achieving what people expect and where it is failing to meet its own standards; creating an opportunity to put things right, learn from mistakes, and improve services. The Council has information on its website to guide customers through the complaints process, and a form by which complaints can be logged by the public.

The Scottish Public Services Ombudsman (SPSO) has set out a best practice model to provide a standardised approach to dealing with customer complaints across all local authorities in Scotland, which Aberdeen City Council has adopted. It aims to introduce a consistent process for the customer and build customer confidence in complaint handling.

The Council aims to respond to and close complaints within five working days for 'stage one' complaints, which can be addressed at a front line/service level, and within 20 working days for more complex 'stage two' complaints, which require further review or investigation. Internally, within People and Citizen Services, a Customer Feedback Team is responsible for handling complaints received at a corporate level; and individual Clusters have a role in receiving, logging, responding to and acting on complaints in respect of specific service-delivery areas. Specialists within the Customer Feedback Team provide support for social work specific complaints. Supporting data and records are held on the 'GovService' System which has been in place for 11 years. In cases where the Council's complaints process has been concluded, but the customer remains dissatisfied with the approach, complaints may be escalated to the SPSO for investigation.

The SPSO model includes a requirement for Scottish local authorities to publish outcome reports, based on performance indicators. The Council is required to publish an Annual Complaints Performance Report, including compliance, and benchmarking with other Local Authorities. This is reported annually to the Audit, Risk and Scrutiny Committee.

5.2 Rationale for review

The objective of this audit is to ensure that the complaints procedures are being complied with for all matters and that data generated is used by Management to monitor and improve performance.

Complaints can be received in respect of each of the Council's services. It is important that issues are being addressed in a consistent manner throughout the Council and within appropriate timeframes to maintain an appropriate level of customer service, to deliver continuous improvement, and to ensure that SPSO requirements are met.

People and Citizen Services reports to the Audit, Risk and Scrutiny Committee quarterly and annually in respect of complaints handling performance. These reports show that in 2023/24 the Council received 1,624 complaints from customers. The largest proportions of complaints were: 41.8% about the quality of service, 18.8% about the delay in services, 8.7% about staff conduct and attitude and 8.3% about poor communication. Complaints per 1,000 residents had increased to 7.2 from 5.9, by 294 complaints. There was an increase in the closure of cases within timescale, 76.12% of these were closed at stage 1, the highest percentage over the last four years and 50.96% over stage 2, the highest percentage over the last three years.

This area has not been audited in recent years.

5.3 Scope and risk level of review

This review will offer the following judgements:

- An overall **net risk** rating at the **Corporate** level.
- Individual **net risk** ratings for findings.

5.3.1 Detailed scope areas

As a risk-based review this scope is not limited by the specific areas of activity listed below. Where related and other issues / risks are identified in the undertaking of this review these will be reported, as considered appropriate by Internal Audit, within the resulting report.

The specific areas to be covered by this review are:

- Policy, Process and Guidance
 - Roles, rights and responsibilities, service standards, definitions, and practical application.
- Receipt, Recording and Responding to Complaints
 - Capture and identification of complaints across channels and services, prioritisation, communication, completeness and consistency of approach.
- Performance and Benchmarking
 - Management and external reporting, and application of lessons learned.

5.4 Methodology

This review will be undertaken through interviews with key staff involved in the process(es) under review and analysis and review of supporting data, documentation, and paperwork. To support our work, we will review relevant legislation, codes of practice, policies, procedures, guidance.

This review will also encompass an evaluation of the governance, risk management and controls in place to achieve Best Value and to detect, prevent, and mitigate instances of fraud.

Due to hybrid working practices, this review will primarily be undertaken remotely via electronic meetings and direct access to systems and data, with face-to-face contact and site visits to premises to obtain and review further records as appropriate.

5.5 IA outputs

The IA outputs from this review will be:

- A risk-based report with the results of the review, to be shared with the following:
 - Council Key Contacts (see 1.6 below)
 - Audit, Risk and Scrutiny Committee (final only)
 - External Audit (final only)

5.6 IA staff

The IA staff assigned to this review are:

- Heulwen Beecroft (**audit lead**)
- Colin Harvey, Audit Team Manager
- Jamie Dale, Chief Internal Auditor (**oversight only**)

5.7 Council key contacts

The key contacts for this review across the Council are:

- Andy MacDonald, Director of Corporate Services
- Isla Newcombe, Chief Officer – People & Citizen Services, (**process owner**)
- Lucy MacKenzie, Customer Service Manager
- Alice Goodrum, Ops Lead – Customer Feedback & Access to Information

5.8 Delivery plan and milestones

The key delivery plan and milestones are:

Milestone	Planned date
Scope issued	19-May-25
Scope agreed	26-May-25
Fieldwork commences	27-May-25
Fieldwork completed	20-June-25
Draft report issued	11-July-25
Process owner response	01-Aug-25
Director response	08-Aug-25
Final report issued	15-Aug-25

ABERDEEN CITY COUNCIL

COMMITTEE	Audit, Risk and Scrutiny Committee
DATE	27 November 2025
EXEMPT	No
CONFIDENTIAL	No
REPORT TITLE	Internal Audit Report AC2602 – Carbon Budgeting
REPORT NUMBER	IA/AC2603
DIRECTOR	N/A
REPORT AUTHOR	Jamie Dale
TERMS OF REFERENCE	2.2

1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to present the planned Internal Audit report on Carbon Budgeting.

2. RECOMMENDATION

- 2.1 It is recommended that the Committee review, discuss and comment on the issues raised within this report and the attached appendix.

3. CURRENT SITUATION

- 3.1 Internal Audit has completed the attached report which relates to an audit of Carbon Budgeting.

4. FINANCIAL IMPLICATIONS

- 4.1 There are no direct financial implications arising from the recommendations of this report.

5. LEGAL IMPLICATIONS

- 5.1 There are no direct legal implications arising from the recommendations of this report.

6. ENVIRONMENTAL IMPLICATIONS

- 6.1 There are no direct environmental implications arising from the recommendations of this report.

7. RISK

- 7.1 The Internal Audit process considers risks involved in the areas subject to review. Any risk implications identified through the Internal Audit process are detailed in the resultant Internal Audit reports. Recommendations, consistent with the Council's Risk Appetite Statement, are made to address the identified risks and Internal Audit follows up progress with implementing those that are agreed with management. Those not implemented by their agreed due date are detailed in the attached appendices.

8. OUTCOMES

- 8.1 There are no direct impacts, as a result of this report, in relation to the Council Delivery Plan, or the Local Outcome Improvement Plan Themes of Prosperous Economy, People or Place.
- 8.2 However, Internal Audit plays a key role in providing assurance over, and helping to improve, the Council's framework of governance, risk management and control. These arrangements, put in place by the Council, help ensure that the Council achieves its strategic objectives in a well-managed and controlled environment.

9. IMPACT ASSESSMENTS

Assessment	Outcome
Impact Assessment	An assessment is not required because the reason for this report is for Committee to review, discuss and comment on the outcome of an internal audit. As a result, there will be no differential impact, as a result of the proposals in this report, on people with protected characteristics.
Privacy Impact Assessment	Not required

10. BACKGROUND PAPERS

- 10.1 There are no relevant background papers related directly to this report.

11. APPENDICES

- 11.1 Internal Audit report AC2602 – Carbon Budgeting

12. REPORT AUTHOR CONTACT DETAILS

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Internal Audit

Assurance Review of Carbon Budgeting

Status: Final

Date: 05 November 2025

Risk Level: Corporate

Report No: AC2602

Assurance Year: 2025/26

Net Risk Rating	Description	Assurance Assessment
Major	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.	Limited

Report Tracking	Planned Date	Actual Date
Scope issued	28-May-25	28-May-25
Scope agreed	06-Jun-25	06-Jun-25
Fieldwork commenced	09-Jun-25	09-Jun-25
Fieldwork completed	11-Jul-25	05-Sep-25
Draft report issued	01-Aug-25	17-Sep-25
Process owner response	22-Aug-25	09-Oct-25
Director response	29-Aug-25	05-Nov-25
Final report issued	05-Sep-25	06-Nov-25
AR&S Committee	27-Nov-25	

Distribution	
Document type	Assurance Report
Director	David Dunne, Interim Executive Director – City Regeneration and Environment
Process Owner	Alison Leslie, Team Leader – Climate and Sustainability Policy
Stakeholder	Sinclair Laing, Climate and Environment Policy Manager
	Jenni Lawson, Chief Officer - Governance*
	Jonathan Belford, Chief Officer - Finance*
Final only	External Audit
Lead auditor	Rachel Brand, Auditor

1 Introduction

1.1 Area subject to review

Section 44, of the Climate Change (Scotland) Act 2009 (“the 2009 Act”) requires the Council, in its exercising functions, to act:

- In the best way calculated to contribute to the delivery of the targets set in or under Part 1 of the 2009 Act. The 2009 Act states that the net-zero emissions target year is 2045.
- In the way best calculated to help deliver any programme laid before the Scottish Parliament under section 53 of the 2009 Act; this is the Scottish National Adaptation Plan; and
- In a way that it considers is most sustainable.

Under the Climate Change (Duties of Public Bodies: Reporting Requirements)(Scotland) Order 2015 the Council must include narrative in annual Climate Change Reports on how it will align its spending plans and use of resources to contribute to reducing emissions. In addition, public sector bodies should report the date by which they intend to achieve zero direct emissions and set targets for influence on reducing indirect emissions.

The carbon budget supports delivery of the Council Climate Change Plan. It sets the maximum tonnes of carbon dioxide equivalent (tCO₂e) against a set reporting boundary that the Council can emit in a given period, to keep on track with our own emission reduction targets, set in the Council Climate Change Plan, these are net zero target by 2045; and an interim target of 75% reduction by 2030. The Council’s Climate Change Plan and associated targets are currently undergoing review for the period 2026-2030 and are therefore subject to change for future years.

The carbon budget indicates an emission reduction pathway informed by historic emissions data, annual emission factors, estimated carbon savings from known projects and considers factors that may place pressure on the carbon budget, where information is available.

Emissions are classed under the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard as:

- Scope 1: direct emissions i.e. from use of gas heating, diesel in fleet.
- Scope 2: emissions from electricity and purchased heat and steam.
- Scope 3: indirect emissions, from activities related to external processes

An annual carbon budget monitoring cycle is in place, this includes:

- High level quarterly updates to Net Zero, Environment & Transport (NZET) Committee, through the Performance Report.
- Annual carbon data reported to NZET Committee, as part of the Council Climate Change Report before submission to Scottish Government.
- Annual carbon budget setting at Council.

Where requested, quarterly updates are provided to Senior Management, including CMT and the Strategy Board and regular updates are provided to the Climate Oversight Group.

1.2 Rationale for the review

The objective of this audit is to ensure that appropriate arrangements are in place regarding carbon budget setting, monitoring and reporting. This area has not been audited previously.

Key risk areas include:

- Engagement and buy-in at a strategic and operational level to identify and deliver relevant projects/interventions and behavioural changes across the Council.
- Programme and project management.
- Availability of complete, accurate and timely data to support effective planning, monitoring and action.
- Set requirements to report progress annually to the Scottish Government.

1.3 How to use this report

This report has several sections and is designed for different stakeholders. The executive summary (section 2) is designed for senior staff and is cross referenced to the more detailed narrative in later sections (3 onwards) of the report should the reader require it. Section 3 contains the detailed narrative for risks and issues we identified in our work.

2 Executive Summary

2.1 Overall opinion

The full chart of net risk and assurance assessment definitions can be found in Appendix 1 – Assurance Scope and Terms. We have assessed the net risk (risk arising after controls and risk mitigation actions have been applied) as:

Net Risk Rating	Description	Assurance Assessment
Major	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.	Limited

The organisational risk level at which this risk assessment applies is:

Risk Level	Definition
Corporate	This issue / risk level impacts the Council as a whole. Mitigating actions should be taken at the Senior Leadership level.

2.2 Assurance assessment

The level of net risk is assessed as **MAJOR**, with the control framework deemed to provide **LIMITED** assurance over the arrangements in place regarding carbon budget setting, monitoring and reporting. Although controls have been developed, the review identified areas of weakness in their implementation and application, and there is a requirement to strengthen the framework of control to provide assurance over delivery against the Council's priorities, specifically:

- **Staff Guidance and Governance** – At an employee level, the main focus of guidance and training is on behavioural change to reduce energy demand, but the majority of planned savings are derived from infrastructure level changes. Carbon budget guidance has been prepared, outlining key areas of focus, and an overview of the governance arrangements put in place for delivering the Council's climate duties. However, this does not specifically cover a 'carbon budget-holder' role, and the requirements for and responsibilities of other key roles are not set out in detail. Whilst a Climate Oversight Group meets regularly to review guidance, planning, progress and reporting, there have been frequent absences and limited substitutes, impacting on the level of assurance. Carbon budget implications have been added to the Council's risk assessment process, Integrated Impact Assessments (IIA's), service-standards/design/commissioning, and Project/Capital business case templates, but the requirements are high-level, and there is no explicit requirement to quantify the anticipated tCO₂e impact. Templates indicate that in some cases this has been appended to, rather than integrated into, decision-making processes.
- **Carbon Budget Setting** – There is no written carbon budget setting process. An annual limit for each financial year is set by reference to the reduction required to remain on track to deliver the Net Zero target by 2045. The budget is split into key categories, and an indicative allocation between Functions and Clusters has been set out for the first time in 2025/26. Without a defined process, clear requirements and management buy-in, there is a risk that a balanced carbon budget will not be set in advance of each new financial year. The 2025/26 budget was not balanced – of 1,956 required only 1,169 (60%) tCO₂e potential savings had been identified at the point the budget was set. As noted above, carbon budget implications have been incorporated into key decision-making processes, but are not quantified, and the results are not specifically collated to support budget estimates. All targets are measured in tCO₂e. The Council has not set limits on e.g. the amount of energy or fuel used, or miles driven, either in total or for each cluster. There is a risk this makes the goal less tangible, reducing focus on delivering against it. Revised guidance has brought further emissions sources and categories into scope since the carbon budget was first set in 2023, including e.g. district heating and home working. The Council has added these to 'carbon expenditure' but not to the budget baseline itself, which could impact on confidence in achieving the carbon budget.

- **Carbon Budget Monitoring** – Effective budget monitoring requires complete, accurate and timely data to support effective planning and action. However, carbon budget monitoring data has inherent time-lags, variability in quality and conversion factors, and it is not being reported regularly in sufficient detail to provide assurance and to support action to address any identified risks to delivery against planned targets. Although the proportion of carbon budget used to date is reported quarterly, a full breakdown and total emissions are only reported to the Net Zero, Environment and Transport Committee as part of the annual climate change report. There is therefore limited opportunity for assurance and scrutiny over progress in-year. In previous years, the required savings have been achieved, however it is currently anticipated the target for 2024/25 may not be met, however this cannot be confirmed until the report is published in November 2025. This risk has not yet been formally reported. The Service anticipates any shortfall will be negligible, and there are no specific plans to manage it within the current year. However, if the carbon budget is not met, there is a potential impact on deliverability of Net Zero by 2045, as it would indicate more action is required than is currently being delivered to maintain the steady reduction in emissions required to reach that point in the remaining time.
- **Carbon Budget Programme Management** – As part of its agenda the Climate Oversight Group reviews programme and project progress through updates provided on the Project Register/dashboard. Theme Leads are required to review and update data on the projects they are responsible for. However, supporting records are incomplete and provide insufficient assurance over progress and completion. If project details are not kept up to date, then the information that is being reported at the group may be incorrect or out of date, which could have an impact on projects being progressed or on delivery of carbon budget savings for the year. If data updates are not being prioritised, this could be indicative of project progress not being prioritised.
- **Carbon Budget Reporting** – There is a requirement to report progress to the Scottish Government as part of the annual Climate Change Report. This is presented to the NZET Committee for review and approval in advance of submission. However, gaps were identified in the published reports. There is a risk that either there is insufficient resource within the climate change team to review and complete the reports in detail, or that services are not providing the data within the required timescales. There is an increased risk of reputational damage if the Council is not being seen to be making clear plans and taking appropriate action.

Recommendations have been made to review and strengthen governance arrangements supporting delivery against the carbon budget; to ensure a balanced budget is being set with clarity over the extent and quantifiable impact of planned actions to meet the required savings; to review baselines where new requirements are added; to develop carbon budget monitoring so that it provides assurance and appropriate stimulus for action; to develop processes to ensure supporting data for project/programme management is maintained up to date; and to ensure reports are complete prior to publication.

It is acknowledged this is a developing area of work, and the central climate change team has limited available resource and is reliant on Functions/Clusters for provision of data and progress updates. However, as a corporate risk, and considering the Council's declared commitment to address the climate and nature emergency, Internal Audit considers that the recommended actions are more appropriately driven from the centre.

2.3 Identified Risks

Risk Level	Number of Risks Identified
Severe	-
Major	3
Moderate	2
Minor	0
Total	5

2.4 Management response

Officers do not agree with the Major Risk rating applied overall and make the case for there being Reasonable Assurance and a Moderate Risk overall.

There are no statutory or policy requirements to undertake carbon budgeting. The Council has put in place carbon budgeting and a monitoring cycle which has enabled improved tracking of carbon data from our Council assets and operations and supports the delivery of our Council Climate Change Plan and targets. National systems, tools, processing for carbon budgeting is an area developing in maturity. Reflecting this, carbon budgeting was introduced on a phased approach with a high level budget in 2022 and 2023, refining process to a more comprehensive carbon budget in 2024 and 2025. The iterative approach was to ensure a practical solution was introduced reflecting the complexity and availability of multiple data sets, building staff understanding and capacity and to develop a long term process in line with the emergence of external support, systems and evolving legislative requirements. These include the introduction of carbon budgets for Scotland, which will be measured over a 5 year period replacing annual and interim targets. To date, the Council has remained on track with the emissions targets it has set itself.

Staff Guidance and Governance

Reflecting commitment to targets and demonstrating leadership, Council governance processes have been strengthened with the introduction of an Energy Board with a purpose to consider internal and external factors to understand energy and carbon management issues and potential impact on the Council and city. The Board is chaired by a Director, with Board members at Chief Officer level. With the Board in place, corresponding updates to the Terms of Reference for the Climate Oversight Group are now in process. Carbon Budget guidance is in place and will be refreshed on an annual basis to reflect evolving legislation, requirements and systems. Work has taken place to integrate climate impacts and considerations into key decision making documentation, some of this is recently in place, including the addition of a section on operational carbon impacts on the Business Case template in April 2025, the effectiveness of this would need to be assessed to establish if there is a need to further strengthen process and guidance.

Carbon Budget Setting

Population of Council and City ClimateView data platforms is in progress. This will enable scenario modelling and will better inform and strengthen our carbon budget setting over the short, medium and long term; as well as the refresh of the current Council Climate Change Plan). Monitoring of consumption and carbon data is already in place and included in annual reporting. The Service agrees there would be value to documenting process and increasing visibility of information. Quantifying carbon savings and the extent of carbon savings can be a complex process involving multiple factors. Not all projects will deliver direct carbon savings. The Council has welcomed the developing support from Scottish Climate Intelligence Service (SCIS) for the design, management, deliver plans for area-wide emissions reduction; the provision of relevant climate planning tools and building capacity through training. Support is due to include standardised guidance and methodologies for Local Authorities on carbon quantification, with the timeline for publication not available at the time of this response. When available the Council will incorporate relevant process into future carbon budgeting setting. The establishment of such a central national service as this has long been advocated for by the Council and the Council is represented at Board level on the SCIS.

Carbon Budget Monitoring

The carbon budget is a strategic monitoring tool to inform planning and decision making on carbon related matters and work towards our net zero target of 2045. Implementing the carbon budget has accelerated data flows and improved data granularity, which in turn has enabled the Council to track, monitor and analyse provisional data for multiple key emission sources on a regular basis. This has allowed the production of quarterly summary provisional carbon budget reports which are helping to inform pace of progress and decarbonisation pathways.

Carbon budget monitoring requires collation of multiple data sources, analysis and calculation using annual UK emission factors. As such, a break-down of data by Service on a quarterly basis would be resource intensive, an impact on capacity for statutory reporting and is not feasible within the committee timeline at this point. It is also not clear that given the mitigations for the highest carbon emitters are capital investments, such as replacement vehicles and improved building envelopes, that more frequent data is going to give an insight not captured in the annual returns.

The Council recognises there may be short term fluctuations in emissions year on year due to a range of internal and external factors. Carbon budget monitoring has strengthened understanding of this and cumulative carbon monitoring for the plan period (2021-25) has taken place alongside annual targets. Overall, the Council is showing a reduction trend that reflects the trajectory to net zero by 2045.

Carbon Budget Programme Management

Reflecting ongoing improvement actions, the period of internal audit took place as improvement work was underway to transition to a single project source (encompassing relevant climate and capital projects). Alongside the transition to a climate data platform that will strengthen climate planning. These measures will enable improved oversight and management of carbon budget actions going forwards.

Carbon Budget Reporting

Although at this time there are no specific requirements for the public sector in relation to carbon budgeting, there is a requirement to report annual emissions to the Scottish Government within part 3 of the annual Climate Change Duties Report (CCR). Reporting must be done on a national template and dates for issue of the template can fluctuate. The Council will continue to populate the template as fully as possible, where it is reasonably practical to collate and verify, within the reporting timeframe. The work that took place to inform carbon budget setting for 25/26, alongside ongoing improvements to carbon budget monitoring processes is enabling additional information to be included in sections of the report template due to be presented to the Net Zero, Environment and Transport Committee in November 2025.

3 Issues / Risks, Recommendations, and Management Response

3.1 Issues / Risks, recommendations, and management response

Ref	Description	Risk Rating	Major
1.1	<p>Staff Guidance and Governance – The Council set out a Climate Change Plan in 2021 and declared a climate emergency in 2023. The Carbon Budget supports delivery of this plan, with annual limits to deliver a reduction in emissions from 46,371 tCO₂e in 2015 to Net Zero by 2045, and key areas where reductions are required to deliver this outcome. Engagement and buy-in at a strategic and operational level is essential to identify and deliver relevant projects/interventions and behavioural changes across the Council. This requires strong leadership, governance, and clear processes.</p> <p>Carbon Budget guidance has been published, outlining key areas of focus, and an overview of the governance arrangements put in place for delivering the Council's climate duties. The role of the Climate Oversight Group includes developing guidance, planning, budgeting, data management, monitoring, quarterly updates, reports to the Net Zero, Environment and Transport Committee, and annual climate reporting. Review of minutes over the last year shows regular discussion, but a lack of data and limited reported progress in some areas (see 1.4 below). Frequent absences were noted from key members of the Group, and limited substitutes attending to provide or explain updates, and agree actions. This impacts negatively on the level of assurance provided to and by the Group. The Service advised changes in personnel and roles had an impact and plans to implement a new Energy Board (proposed in November 2024) had diverted resources. The Energy Board is not yet in place as at the time of reporting, and therefore this currently provides no further assurance. There is a risk that carbon budget and climate change is not being given sufficient priority by officers.</p> <p>The guidance defines roles including emissions group owners (clusters managing emissions-producing infrastructure/assets), group users (clusters using these assets), data stewards (identified officers within clusters supporting capture and collation of carbon monitoring data), and end-users (Managers and staff). However, the requirements and responsibilities are not set out in detail, and there is no 'carbon budget-holder' role or tasks. Without specific procedural requirements, there is a risk of varying interpretation, and essential tasks may not be prioritised, presenting a risk to the process and thereby achievement of the Council's carbon reduction goals.</p> <p>At the staff level, the main focus of guidance and training is on behavioural change to reduce energy demand. Whilst important, the anticipated impact of improving energy efficient behaviour has not been quantified and many planned savings are derived from infrastructure level changes.</p> <p>Carbon budget implications have also been added to the Council's risk assessment process, Integrated Impact Assessments (IIA's), service-standards/design/commissioning, and Project/Capital business case templates. However, the requirements are high-level, and there is no explicit requirement to quantify the anticipated tCO₂e impact. Templates indicate that in some cases this has been appended to, rather than integrated into, decision-making processes. For example: carbon impact is included in business cases, but only after options appraisals, procurement, and other key decisions have already been considered. Although there is a requirement to consult with the Climate and Environment Policy Service, there is a risk that at this stage it may be too late to have a meaningful impact.</p> <p>In summary, without management commitment, evidenced through regular attendance and contribution to meetings, and clarity over roles, responsibilities and processes, there is a risk that carbon budget management activity will not be prioritised. This presents risks to project</p>		

Ref	Description	Risk Rating	Major
	completion and delivery of required carbon emissions reductions within the Council's agreed timeframe.		
	IA Recommended Mitigating Actions		
	<p>The Council should review and strengthen governance arrangements supporting delivery against the carbon budget, including:</p> <ul style="list-style-type: none"> • Refresh of the role, terms of reference, membership and attendance requirements for the oversight group. • Specific guidance for key roles • Review of the business case process to embed carbon budget impact into option appraisals. • Review of other change documentation to require that they identify quantifiable carbon impacts, where applicable. 		
	Management Actions to Address Issues/Risks		
	<p><i>With several control actions in place and further actions in progress; as well as an improvement approach being taken to strengthening relevant documentation over time, as national methodology and systems emerge, officers do not consider this to be a major risk at this time.</i></p> <p>a) Agree. With an Energy Board established, corresponding updates to the Terms of Reference for the Climate Oversight Group are in process.</p> <p>b) The carbon budget guidance will be updated for the 2026/27 carbon budget; additional guidance will be considered as part of the update. Guidance will continue to be updated as systems mature.</p> <p>c) The Council will review information populated on the operational carbon impacts section of the Business Case template, subject to the outcomes of this, will assess options to strengthen process and guidance.</p> <p>d) A range of control actions are in place and in progress and establishing. The Council will review other relevant change documentation, where identified, to assess the feasibility of identifying quantifiable carbon impacts.</p>		
	Risk Agreed	Person(s)	Due Date
	No	N/A	N/A

Ref	Description	Risk Rating	Major
1.2	<p>Carbon Budget Setting – There is no written carbon budget setting process. An annual limit for each financial year is set by reference to the reduction required to remain on track to deliver the Net Zero target by 2045. The budget is split into key categories e.g. buildings, fleet, street lighting, travel, waste, and water. Each category has been analysed into different scopes and sources, and the pressures and potential savings areas within these categories have been listed. For 2025/26 this was further analysed into indicative Function/Cluster targets for the current year.</p> <p>Without a defined process, clear requirements and management buy-in, there is a risk that a balanced carbon budget will not be set in advance of each new financial year. This risk has been realised; the 2025/26 carbon budget was not balanced at the point it was set. The budget set out that a reduction of 1,956 tCO₂e was required, but only 1,169 (60%) tCO₂e potential savings had been identified. As noted at 1.1 above, although carbon budget</p>		

Ref	Description	Risk Rating	Major
	<p>implications are being requested as part of service and project planning documentation, these do not explicitly quantify anticipated carbon impacts. As part of agreeing the carbon budget, Council agreed to instruct the Chief Officer – Strategic Place Planning to liaise with relevant chief officers on any realignment required as a result of internal or external changes, and to instruct the Chief Officer – Capital to include information on the carbon impact when putting forward new projects. However, there is currently no process to collate data from e.g. IIA's and business cases, financial budgeting, and service commissioning/design, into the carbon budget. Delivery against the budget may be at risk if there was insufficient data supporting estimates at the point it was set.</p> <p>Carbon emissions are calculated using UK Government annual Greenhouse Gas (GHG) reporting conversion factors, applied to data, including utility and fuel consumption. These factors are not available for each calendar year until after the carbon budget is set. It is therefore not possible to determine the outcome for each year until after the next carbon budget is set, which may impact on the accuracy of planning assumptions.</p> <p>All targets are measured in tCO2e. The Council has not set limits on e.g. the amount of energy or fuel used, or miles driven, either in total or for each cluster. There is a risk this makes the goal less tangible, reducing focus on delivering against it. There is a risk of reliance, or placing the blame, on changes in emissions factors, which could divert attention from the delivery of planned changes which will drive future emissions and results. More understandable targets using fixed unit or volume measures, such as kWh, miles or gallons, would simplify planning and monitoring, and allow for more effective distinction between changes in activity, which can be managed internally, and changes in unit value, which cannot. In simple terms, the carbon 'price' may change due to external factors, but the volume is generally more controllable.</p> <p>Revised national guidance has brought further emissions sources and categories into scope since the carbon budget was first set in 2023, including e.g. district heating and home working. The Council has added these to 'carbon expenditure', but as they were not included in the baseline, this adds to the overall pressure on the carbon budget. GHG Protocol guidance allows for revisions to the baseline where there have been changes to the method of calculation, where there is no 'new' emissions generating activity, subject to the Council determining appropriate thresholds (e.g. a value or percentage allowed before making a change) and transparency in reporting the change in policy. There is a risk that not including these in the baseline impacts on confidence in achieving the carbon budget.</p>		
	IA Recommended Mitigating Actions		
	<p>The Service should document the carbon budget setting process.</p> <p>The Service should ensure a balanced carbon budget is set, which includes sufficient clarity over the extent and quantifiable impact of planned action calculated to meet the required level of savings.</p> <p>The Service should consider disaggregating 'price' and volume in the carbon budget to drive activity changes.</p> <p>The Service should determine and apply a policy on thresholds for updating carbon budget baselines.</p>		
	Management Actions to Address Issues/Risks		
	<p><i>a) The Service agrees there would be value to collating documentation and will formally set out the carbon budget process.</i></p> <p><i>b) The Service will continue population of the ClimateView data platform, subject to data availability, to inform carbon budget setting on the impact of planned action.</i></p>		

Ref	Description	Risk Rating	Major
	<i>c)The service will increase visibility of consumption data through relevant communication channels and examine options to integrate this into the future carbon budget processes.</i> <i>d) The Service will incorporate information on re-baselining into the documented budget setting process 1.2a.</i>		
	Risk Agreed	Person(s)	Due Date
	Yes	Team Leader – Climate & Sustainability Policy	a) March 2026 b) March 2026 c) April 2026 d) March 2026

Ref	Description	Risk Rating	Major
1.3	<p>Carbon Budget Monitoring – Effective budget monitoring requires complete, accurate and timely data to support effective planning and action. However, carbon budget monitoring data has inherent time-lags, and 'price' variability after the 'cost' has been incurred/emissions produced. It is also not being reported regularly in detail.</p> <p>The key risk areas in this respect for the Council are led by:</p> <ul style="list-style-type: none"> Activity/volume data is not immediately available, even though it is being collected on internal systems for financial budget monitoring purposes. <ul style="list-style-type: none"> Energy management data is partially reliant on manual readings and may vary due to provider estimates of usage. Fuel, Travel and Staffing data is collated only periodically and needs to be analysed by relevant clusters before sharing with the climate team. There are no 'volume' targets for individual services or activities, which result in emissions. Targets are based on tCO₂e rather than kWh, miles or gallons. It is not straightforward for group emissions owners, or end user services to monitor their tCO₂e and associated changes. Impact is not always recorded/attributed at a level which would allow 'users' to be held to account. Once received, in varying formats, data must be analysed and estimates of conversion factors applied to calculate the estimated tCO₂e impact. The combined impact is outwith the control of clusters/functions producing the emissions / reporting their activity. The actual conversion factors are not determined until after the end of the financial year to which they relate, by which time it is too late to apply in-year mitigations. <p>Quarterly performance data provided to the Net Zero, Environment and Transport (NZET) Committee includes the overall proportion of the carbon budget utilised within the year to date, and an indication of the anticipated reductions or increases for selected emission sources. A full breakdown and total emissions are only reported as part of the annual climate change report, although additional updates are produced for CMT and Strategy Board on request. There is therefore limited opportunity for assurance and scrutiny over progress in-year.</p> <p>Functions and clusters are not currently held to account for meeting their indicative allocation of the carbon budget, and to date there has been no reporting of actual emissions by function/cluster against these allocations. Currently, at the start of the year, there is a breakdown of the total carbon budget for each function/cluster, however there is no indication of the level of savings this requires each to deliver, and no subsequent monitoring of these</p>		

Ref	Description	Risk Rating	Major
	<p>figures against actual savings throughout the year. Budgets may also be moved or offset, without a formal, transparent, documented virement/approval process. Except for progress with specific projects (which is not well evidenced: see 1.4 below), there is no opportunity to review progress, and to identify and mitigate variances at a function/cluster level. The Service advised there is insufficient resource to prioritise monitoring activity. Without clear ownership and reporting, there may be less incentive for services to prioritise delivery of carbon budget savings.</p> <p>The Service has started using the ClimateView system, with the aim that this will be used going forward to track and monitor emissions throughout the year, and aid in reporting. Reports to the Climate Oversight Group indicate that fully populating the system with historical data has taken some time. However, there is no indication of when it is planned that the system will go live and be used as a part of the process for current emissions, and whether it can be maintained up to date. If other systems can be integrated with ClimateView, this would aid in streamlining the process by reducing the amount of staff time involved in manually processing the data from system to system. Closer to live data would aid services in monitoring progress. PowerBI reports are currently being developed for internal reporting. If this can be used by group emissions owners and end user services to track their progress, it could inform and encourage appropriate action to mitigate potential variances throughout the year. However, this would require development beyond what is currently reported at a corporate level.</p> <p>Savings targets are set each year, with gradual increases in the amount of savings required, in order to achieve the goal of net zero in 2045. In previous years, the required savings have been achieved, however it is currently anticipated the target for 2024/25 may not be met, however this cannot be confirmed until the report is published in November 2025. This risk has not yet been formally reported. The Service anticipates any shortfall will be negligible, and there are no specific plans to manage it within the current year. If the carbon budget is not met, there is a potential impact on deliverability of Net Zero by 2045, as it would indicate more action is required than is currently being delivered to maintain the steady reduction in emissions required to reach that point in the remaining time.</p>		
IA Recommended Mitigating Actions			
<p>The Service should develop carbon budget monitoring so that data is available to services delivering against the budget, and those charged with governance (e.g. NZET Committee), on a sufficiently timely and detailed basis to provide assurance and to support action to address any identified risks to delivery.</p>			
Management Actions to Address Issues/Risks			
<p><i>The Service produces quarterly provisional carbon budget updates and will ensure future updates are accessible to Services.</i></p> <p><i>The Council will continue developing a PowerBi to give Services greater visibility to annual data.</i></p> <p><i>Further data enhancements will take place as part of medium term improvements, where these are feasible.</i></p>			
Risk Agreed		Person(s)	Due Date
Yes		Team Leader – Climate & Sustainability Policy	March 2026

Ref	Description	Risk Rating	Moderate
1.4	<p>Carbon Budget Programme Management –The Council has recognised as part of the carbon budget that there needs to be transformational change to meet the medium/longer term reductions required to meet its Net Zero ambitions. Council-specific and wider area projects were captured in the Climate Change Plan 2021-2025.</p> <p>Multiple records are available, and these have been maintained in various stages of development and completion. There is a Climate Change Plan Delivery Programme and Dashboard, a Project Register and Dashboard, and an Issues and Risks Log. Although it is acknowledged this is a developing area of activity, a lack of consistency, or multiple reporting requirements, could impact on the available resource for monitoring and reporting progress, and weaken efforts to drive targeted action.</p> <p>The Climate Oversight Group meets quarterly, and as part of its agenda reviews programme and project progress through updates provided on the Project Register/Dashboard. Theme Leads are required to review and update data on the projects they are responsible for. Most updates on the Group agenda simply state ‘see dashboard’ or ‘no update’.</p> <p>Review of the supporting data highlighted missing details, including when projects started, completed, status, progress made since the last update, next steps, and any issues that have arisen. In the July 2025 update, seven of 102 projects had an ‘unknown’ status, nine had no planned/actual end date recorded, and 15 were not recorded as complete but had passed their end date. 30 were ‘in progress’ and 23 ‘ongoing’. Comments appended to the register, where provided, did not provide sufficient detail to provide assurance over progress or completion of tasks. These findings were mirrored in the other dashboards/supporting records. Whilst the Issues and Risks log encourages and includes additional commentary on progress and planned action, there are similar gaps.</p> <p>If project details are not complete and up to date, then the information that is being reported at the group may be incorrect or out of date, which could have an impact on projects being progressed or anticipated carbon budget savings for the year. If data updates are not being prioritised, this could be indicative of project progress not being prioritised.</p>		
IA Recommended Mitigating Actions			
The Service should maintain a single source of data for project/programme management. The data should be kept up to date, with progress, explanations for any delays, and plans for their mitigation, by responsible officers. Processes should be in place to ensure missing data and progress issues are escalated as appropriate.			
Management Actions to Address Issues/Risks			
Work to consolidate dashboards producing a single source of data and projects visible to the strengthened governance, including the Energy Board is in progress. This is being used to populate the ClimateView platforms and support agile tracking and updates going forwards.			
Risk Agreed	Person(s)	Due Date	
Yes	Senior Climate Change Officer	March 2026	

Ref	Description	Risk Rating	Moderate
1.5	<p>Carbon Budget Reporting – There is a requirement to report progress to the Scottish Government as part of the annual Climate Change Report. This is presented to the NZET Committee for review and approval in advance of submission.</p>		

Ref	Description	Risk Rating	Moderate
	<p>Although the report is produced in November each year, i.e. after the carbon budget was set and data on conversion factors should have been available, gaps were identified in the data included within each of the last two annual reports. The majority of actual and estimated savings from projects and actions to reduce emissions, energy reduction targets, and figures for PV generation were blank or 'TBC'. This was mirrored in reports from the Council published on the Sustainable Scotland Network website, where sections were also incomplete, to be confirmed. In a smaller number of sections, it was noted they had not been completed due to lack of available data.</p> <p>Incomplete reports indicate either a lack of available data, or an insufficient review process to identify and address gaps prior to publication. Whilst it is acknowledged this is a developing area of work, and there will be gaps in data and knowledge, this is not always being declared and explained. There is a risk that either there is insufficient resource within the climate change team to review and complete the reports in detail, or that services are not providing the data within the required timescales. Climate change is high-profile, and the Council has declared a climate emergency – there is therefore an increased risk of reputational damage if it is not being seen to be making clear plans and taking appropriate action.</p>		
	IA Recommended Mitigating Actions		
	The Service should ensure annual climate change report data is complete, where reasonably practical, before requesting its approval and subsequent submission to the Scottish Government.		
	Management Actions to Address Issues/Risks		
	<i>Information has been populated in all sections and for all questions in the Climate Change Duties report template to be presented to the Net Zero, Environment and Transport Committee in November, Within annual reporting gaps may remain depending on data availability and verification.</i>		
	Risk Agreed	Person(s)	Due Date
	Yes	Senior Climate Change Officer	November 2025

4 Appendix 1 – Assurance Terms and Rating Scales

4.1 Overall report level and net risk rating definitions

The following levels and ratings will be used to assess the risk in this report:

Risk Level	Definition
Corporate	This issue / risk level impacts the Council as a whole. Mitigating actions should be taken at the Senior Leadership level.
Function	This issue / risk level has implications at the function level and the potential to impact across a range of clusters. They could be mitigated through the redeployment of resources or a change of policy within a given function.
Cluster	This issue / risk level impacts at the Business Plan level (i.e. individual services or departments as a whole). Mitigating actions should be implemented by the responsible Chief Officers.
Programme and Project	This issue / risk level impacts the programme or project that has been reviewed. Mitigating actions should be taken at the level of the programme or project concerned.

Net Risk Rating	Description	Assurance Assessment
Minor	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.	Substantial
Moderate	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified, which may put at risk the achievement of objectives in the area audited.	Reasonable
Major	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.	Limited
Severe	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.	Minimal

Individual Issue / Risk Rating	Definitions
Minor	Although the element of internal control is satisfactory there is scope for improvement. Addressing this issue is considered desirable and should result in enhanced control or better value for money. Action should be taken within a 12 month period.
Moderate	An element of control is missing or only partial in nature. The existence of the weakness identified has an impact on the audited area's adequacy and effectiveness. Action should be taken within a six month period.
Major	The absence of, or failure to comply with, an appropriate internal control, which could result in, for example, a material financial loss. Action should be taken within three months.
Severe	This is an issue / risk that could significantly affect the achievement of one or many of the Council's objectives or could impact the effectiveness or efficiency of the Council's activities or processes. Action is considered imperative to ensure that the Council is not exposed to severe risks and should be taken immediately.

5 Appendix 2 – Assurance Scope and Terms of Reference

5.1 Area subject to review

Section 44, of the Climate Change (Scotland) Act 2009 (“the 2009 Act”) requires the Council, in its exercising functions, to act:

- In the best way calculated to contribute to the delivery of the targets set in or under Part 1 of the 2009 Act. The 2009 Act states that the net-zero emissions target year is 2045.
- In the way best calculated to help deliver any programme laid before the Scottish Parliament under section 53 of the 2009 Act; this is the Scottish National Adaptation Plan; and
- In a way that it considers is most sustainable.

Under the Climate Change (Duties of Public Bodies: Reporting Requirements)(Scotland) Order 2015 the Council must include narrative in annual Climate Change Reports on how it will align its spending plans and use of resources to contribute to reducing emissions. In addition, public sector bodies should report the date by which they intend to achieve zero direct emissions and set targets for influence on reducing indirect emissions.

The carbon budget supports delivery of the Council Climate Change Plan. It sets the maximum tonnes of carbon dioxide equivalent (tCO₂e) against a set reporting boundary that the Council can emit in a given period, to keep on track with our own emission reduction targets, set in the Council Climate Change Plan, these are net zero target by 2045; and an interim target of 75% reduction by 2030.

The carbon budget indicates an emission reduction pathway informed by historic emissions data, annual emission factors, estimated carbon savings from known projects and considers factors that may place pressure on the carbon budget, where information is available.

Emissions are classed under the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard as:

- Scope 1: direct emissions i.e. from use of gas heating, diesel in fleet.
- Scope 2: emissions from electricity and purchased heat and steam.
- Scope 3: indirect emissions, from activities related to external processes.

An annual carbon budget monitoring cycle is in place, this includes:

- Monthly updates to the officer Climate Oversight Group.
- Quarterly updates to Net Zero, Environment & Transport (NZET) Committee, through the Performance Report.
- Annual carbon data reported to NZET Committee, as part of the Council Climate Change Report before submission to Scottish Government.
- Annual carbon budget setting at Council.

5.2 Rationale for review

The objective of this audit is to ensure that appropriate arrangements are in place regarding carbon budget setting, monitoring and reporting. This area has not been audited previously.

Key risk areas include:

- Engagement and buy-in at a strategic and operational level to identify and deliver relevant projects/interventions and behavioural changes across the Council.
- Programme and project management.
- Availability of complete, accurate and timely data to support effective planning, monitoring and action.
- Set requirements to report progress annually to the Scottish Government.

5.3 Scope and risk level of review

This review will offer the following judgements:

- An overall **net risk** rating at the **Corporate** level.
- Individual **net risk** ratings for findings.

5.3.1 Detailed scope areas

As a risk-based review this scope is not limited by the specific areas of activity listed below. Where related and other issues / risks are identified in the undertaking of this review these will be reported, as considered appropriate by IA, within the resulting report.

The specific areas to be covered by this review are:

- Staff Guidance and Governance
- Carbon Budget Setting & Principles
- Carbon Budget Monitoring
- Carbon Budget Forecasting, Reporting and Action

5.4 Methodology

This review will be undertaken through interviews with key staff involved in the process(es) under review and analysis and review of supporting data, documentation, and paperwork. To support our work, we will review relevant legislation, codes of practice, policies, procedures, guidance.

This review will also encompass an evaluation of the governance, risk management and controls in place to detect, prevent, and mitigate instances of fraud. Considerations will also be given to ensure the achievement of Best Value across operations.

Due to hybrid working practices, this review will primarily be undertaken remotely via electronic meetings and direct access to systems and data, with face to face contact and site visits to premises to obtain and review further records as appropriate.

5.5 IA outputs

The IA outputs from this review will be:

- A risk-based report with the results of the review, to be shared with the following:
 - Council Key Contacts (see 1.7 below)
 - Audit Committee (final only)
 - External Audit (final only)

5.6 IA staff

The IA staff assigned to this review are:

- Rachel Brand, Auditor (**audit lead**)
- Colin Harvey, Audit Team Manager
- Jamie Dale, Chief Internal Auditor (**oversight only**)

5.7 Council key contacts

The key contacts for this review across the Council are:

- Gale Beattie, Executive Director – City Regeneration and Environment
- Alison Leslie, Team Leader – Climate and Sustainability Policy (**process owner**)
- Sinclair Laing, Climate and Environment Policy Manager

5.8 Delivery plan and milestones

The key delivery plan and milestones are:

Milestone	Planned date
Scope issued	28-May-25

Milestone	Planned date
Scope agreed	06-Jun-25
Fieldwork commences	09-Jun-25
Fieldwork completed	11-Jul-25
Draft report issued	01-Aug-25
Process owner response	22-Aug-25
Director response	29-Aug-25
Final report issued	05-Sep-25