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ABERDEEN
CITY COUNCIL

To: Councillor Malik, <u>Convener</u>; Councillor Houghton, <u>Vice-Convener</u>; and Councillors Allard, Alphonse, Bonsell, Buchanan, Massey, McLellan and McRae.

Town House,
ABERDEEN 18 July 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 <u>**MONDAY, 28 JULY 2025 at 2.00 pm**</u>**.**

JENNI LAWSON
CHIEF OFFICER - GOVERNANCE

B U S I N E S S

NOTIFICATION OF URGENT BUSINESS

1.1   <u>There are no items of urgent business at this time</u>

DETERMINATION OF EXEMPT BUSINESS

2.1   <u>Members are requested to determine that any exempt business be considered with the Press and Public excluded</u>

DECLARATIONS OF INTEREST

3.1   <u>Members are requested to intimate any declarations of interest</u>

DEPUTATIONS

4.1   <u>There are no requests at this time</u>

<u>MINUTE OF PREVIOUS MEETING</u>

<u>COMMITTEE PLANNER</u>

<u>NOTICES OF MOTION</u>

<u>REFERRALS FROM COUNCIL, COMMITTEES AND SUB COMMITTEES</u>

<u>COMMITTEE BUSINESS</u>

Risk Management

Scrutiny

Internal Audit

EXEMPT/CONFIDENTIAL BUSINESS

10.1   <u>There are no exempt items at this time</u>

Integrated Impact Assessments related to reports on this agenda can be viewed here

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AUDIT, RISK AND SCRUTINY COMMITTEE

ABERDEEN, 8 May 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 Bouse), McLellan, McRae and Massey.

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.

DECLARATIONS OF INTEREST OR TRANSPARENCY STATEMENTS

1.   Members were requested to intimate any declarations of interest or transparency statements in respect of the items on today's agenda, thereafter the following was intimated:-

(1)   Councillor Greig advised that he had a connection in relation to agenda item 9.3 (ALEO Assurance Hub Workplan and Terms of Reference) by virtue of being a Council appointed member of the Aberdeen Performing Arts Board, however having applied the objective test, he did not consider that he had an interest and would not be withdrawing from the meeting.

MINUTE OF PREVIOUS MEETING OF 20 FEBRUARY 2025

2.   The Committee had before it the minute of its meeting of 20 February 2025.

The Committee resolved:-
to approve the minute as a correct record.

COMMITTEE BUSINESS PLANNER

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

The Committee resolved:-
to note the content of the business planner.

CORPORATE RISK REGISTER, CLUSTER ASSURANCE MAPS AND INSPECTIONS PLANNER - CORS/25/086

4.   The Committee had before it a report by the Executive Director of Corporate Services which presented the Corporate Risk Register, Cluster Assurance Maps and Inspections Planner to provide assurance on the Council's overall system of risk management.

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The report recommended:-
that the Committee -
(a)   note the Corporate Risk Register set out in Appendix A and the summary of movements in risk scores set out in table at section 3.8;
(b)   note the Cluster Assurance Maps provided at Appendix B; and
(c)   note the Inspections Planner provided at Appendix C;

In response to a question seeking clarification on how the current impact of the risk was assessed, the Interim Chief Officer – Governance advised that the current risk score was an assessment of how effective the mitigations were against the initial risk score, resulting in an initial, current and target risk score for each risk.

In response to examples where risk scores looked to have been scored negatively, the Interim Chief Officer – Governance advised that the most significant risks were included in the Corporate Risk Register. The Chief Officer – Finance advised that in relation to the Financial Sustainability Risk, the risk was based on factors outwith the Council's control and that various mitigations were in place as outlined in the Assurance Map.

In response to a question relating to whether there was another way in which information could be presented for each of the risks, the Interim Chief Officer – Governance advised that the Council used a fairly dynamic approach to risk management which presented live risk registers that were available 24 hours per day and updated daily via Power Bi enabling risks to be monitored in real time with additional mitigations added where required. She further advised that she would look at the style of the graphical information to identify potential improvements on how the information was displayed for future reports.

In response to a question relating to the Cyber Security Risks and whether emerging technologies such as Generative AI was having an impact on the external risk to the Council, the Chief Officer – Digital and Technology advised that the level of threats were not new and that tracking and mitigation was in place across the network to manage the threats.

In response to a question relating to the Financial Sustainability Risk and the creation of a Fraud Group, the Chief Officer – Finance advised that the group were formed to enable detailed collation of information relating to potential fraud activity with the ability to escalate to the Board if required. He advised that officers already working on counter fraud activities were involved with the group providing an enhanced control environment to remain sighted on potential fraudulent activity.

In response to a question relating to £1m threshold quoted for a serious risk rating and whether this was set too low, the Chief Officer – Finance advised that he would look at the materiality figures for the Corporate and the Cluster Risk Registers.

The Committee resolved:-
to approve the recommendations in the report.

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RISK APPETITE ANNUAL REVIEW - CORS/25/087

5. The Committee had before it a report by the Executive Director of Corporate Services which presented the Council's updated Risk Appetite Statement to Committee for approval.

The report recommended:-
that the Committee -
(a)   approve the updated Risk Appetite Statement, attached at Appendix A; and
(b)   note the continued progress towards embedding the Risk Appetite Statement during 2024 and the training and engagement activities planned for 2025.

The Committee resolved:-
(i)   in response to a question regarding how the benefits of the current and future methods for embedding the Risk Appetite Statement within the Council were measured, to note that the Interim Chief Officer – Governance advised that this was an area that would be developed for inclusion in the annual report in 2026; and
(ii)   to otherwise approve the recommendations contained in the report.

ALEO ASSURANCE HUB WORKPLAN AND TERMS OF REFERENCE - CORS/25/088

6. The Committee had before it a report by the Executive Director of Corporate Services which presented the ALEO Assurance Hub workplan for 2025 including the dates for reporting.

The report recommended:-
that the Committee -
(a)   note the workplan for the ALEO Assurance Hub in 2025 which had been consulted upon with the ALEO's and the relevant Conveners; and
(b)   note the Terms of Reference for the ALEO Assurance Hub which had been reviewed with no changes.

In response to a question regarding how issues were reported and actioned, the Interim Chief Officer - Governance advised that there were various methods of scrutinising ALEO's including strategic business plans, monitoring by the Corporate Management Team, and the Assurance Hub looked in more detail at various aspects and revisited those with the ALEO's in order to gain assurance.

In response to a question regarding whether the Review of ALEO's had resulted in any changes to the Terms of Reference, the Interim Chief Officer advised that there had been no changes to the terms of reference following this review.

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The Committee resolved:-
to approve the recommendations contained in the report.

USE OF INVESTIGATORY POWERS QUARTER 1 REPORT - CORS/25/084

7. With reference to article 4 of the minute of its meeting of 20 February 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 Q1; and
(b) note there had been no applications to acquire communications data during Q1.

In response to a question regarding the statement at section 5.4 and what was done to follow up on this requirement, the Team Leader – Regulatory and Compliance Team advised that the Committee received an annual report in February of each year which contained the Policy for members to scrutinise and confirm it was fit for purpose. She further advised that the Committee received quarterly reports to enable members to have an oversight of covert activities.

In response to a question regarding a number of money laundering situations involving tobacco in England and whether the Council considers these to manage the risks, the Team Leader – Regulatory and Compliance advised that Trading Standards consider these when intelligence has been circulated nationally.

In relation to a question regarding investigation work in licensed premises and whether this was just for retail premises, the Team Leader – Regulatory and Compliance Team advised that this work was connected to guidelines from the Scottish Government relating to tobacco and vape products where 10% each year of all premises that open up received a routine visit from Trading Standards to monitor age verification policies with additional visits throughout the year. She further advised that investigations would be carried out where intelligence had been received on specific premises.

In relation to a question regarding clarification on whether the additional requirements relating to authorisation for the use of Covert Human Intelligence Source were new to Authorised Officers, the Team Leader – Regulatory and Compliance advised that the additional requirements were not new, rather that they were not used often therefore a refresher on the requirements would be provided.

The Committee resolved:-
(i) in response to a question regarding whether information could be provided to Councillors, for assurance purposes, relating to covert surveillance activities, to

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note that the Team Leader – Regulatory and Compliance advised that information relating to the Enterprise Act 2002 – Information Disclosure would be circulated to members outwith the meeting; and

(ii)   to otherwise approve the recommendations contained in the report.

SCOTTISH PUBLIC SERVICES OMBUDSMAN DECISIONS AND INSPECTOR OF CREMATORIA COMPLAINT DECISIONS - CORS/25/085

8.   With reference to article 9 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 Cremations 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 details of the report.

In response to a question regarding whether the Council had provided evidence to the SPSO that the complaint handling process had been reviewed, the Customer Services Manager advised that there was a complaint handling process in place and that in this case there had been some errors made whilst dealing with the complaint. She further advised that the service had received complaint training and briefings to ensure they would be fully compliant with the procedure in the future, and that the SPSO had been provided with this information.

In response to a question regarding whether the training addressed the need to protect the organisation but also protect the individual, the Customer Services Manager advised that the training covered this and that the Customer Feedback team who provided the responses were independent and able to ensure the responses were unbiased and measured. The Executive Director of Corporate Services advised that there were a low number of complaints referred to the SPSO and that there were lessons learnt from each case.

The Committee resolved:-
(i)   in response to a question regarding the number of applications that had been made to the Scottish Welfare Fund, to note that the Customer Services Manager advised that she would provide the information to the Councillor outwith the meeting; and
(ii)   to otherwise approve the recommendation contained in the report.

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UNAUDITED ANNUAL ACCOUNTS FOR 2024/25 - CORS/25/089

9.   The Committee had before it a report by the Executive Director of Corporate Services which (1) provided Elected Members with an overview of the Council's 2024/25 unaudited Annual Accounts; (2) presented the Annual Governance Statement for scrutiny and approval; and (3) presented the unaudited Annual Accounts for those registered charities where the Council was the sole trustee and was subject to statutory requirements for separate accounts and audit opinions.

The report recommended:-
that the Committee -
(a)   approve the Annual Governance Statement as included in the Council's unaudited Annual Accounts for the financial year 2024/25;
(b)   consider the Council's unaudited Annual Accounts 2024/25;
(c)   consider the unaudited Annual Accounts 2024/25 of the Council's registered charities;
(d)   note that following the meeting the Council's and the registered charities' unaudited Annual Accounts would be finalised, signed by the Chief Officer - Finance and submitted to the Council's external auditors, Audit Scotland;
(e)   note that the Audit, Risk and Scrutiny Committee on 26 June 2025 would receive the Council's audited Annual Accounts for consideration and approval prior to their signature by the Chief Officer - Finance, Chief Executive and Council Co-Leaders;
(f)   note that the Audit, Risk and Scrutiny Committee on 26 June 2025 would also receive the external auditor's report on the annual accounts for debate and consideration and that the report would set out the auditor's findings and conclusions, highlight any significant issues arising from the audit of the Annual Accounts and inform Elected Members of the proposed audit opinion in advance of the accounts being approved; and
(g)   note that the Audit, Risk and Scrutiny Committee on 26 June 2025 would also receive the audited Annual Accounts for the registered charities for consideration and approval prior to their signature along with the associated external auditor's report.

In response to a question regarding the dates with tbc next to them within the table at section 3.16, the Chief Officer – Finance advised that these were indicative dates based on the previous year and that the dates for submission of the accounts would be announced by the Scottish Government in due course.

In response to a question regarding whether the governance arrangements for the London Stock Exchange had changed since the Council had joined, the Chief Officer – Finance advised that quarterly reports and scrutiny of the credit rating had been introduced from the start.

In response to a question regarding the increase in the level of debt, the Chief Officer - Finance advised that the debt was spread between housing and non housing investment

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programmes and that the figure was expected to rise based on the current Prudential Indicators.

In response to a question regarding re-payments of short term debt and how this was rolled over and paid off, the Chief Officer – Finance advised that using short term borrowing reduced the burden of locking in higher levels of debt over a longer period of time.

In response to a question regarding the leasing arrangements for Hydrogen Buses that were currently not operational, the Chief Officer – Finance advised that the buses were leased to First Bus which was shown as a liability on the accounts. The Executive Director of Corporate Services advised that the hydrogen hubs were due to be operational by the end of the calendar year which would result in the buses being back in use.

In response to a question regarding whether the sources of funding outlined on page 139 was different to the pie chart information on core funding, the Chief Officer – Finance advised that they were different with the figures in the pie chart being the spending and income for the operation of the general fund with the additional funding relating to capital funding from a variety of sources.

In response to a question regarding whether the grants received from government funded the IJB, the Chief Officer – Finance advised that all funding provided to the IJB came from government grants, non domestic rates, Council Tax or reserves. He further explained that non domestic rates although collected locally were given to the Scottish Government for them to issue grant funding to each local authority on a similar level to the money collected.

In response to a comment regarding Councillors not being aware of politically sensitive decisions before they appeared in local media and how this would be addressed in the future, the Executive Director of Corporate Services advised that where possible, all Councillors would be notified in advance before released to the local media.

In response to a question regarding the statement on member to member working together and where the problems were, the Interim Chief Officer – Governance advised that the statement within the Annual Governance Statement was a recommendation from Audit Scotland which required some consideration to improve cross party working.

In response to a question regarding Section 75 monies and whether the Council could revoke planning where monies were not paid, the Executive Director for City Regeneration and Environment advised that as written this would be the case however there was a process where developers could request to vary the agreement and this was where there would be an impact on the accounts. She outlined the process involved for developers to request a variation and the appeals process if required.

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In response to a request for more information on RAAC and the risks associated with this and the liabilities to the Housing Revenue Account (HRA) and the General Fund, the Chief Officer – Finance advised that there liabilities across both accounts due to the split between tenants and the costs associated with the HRA and the General Fund would be impacted based on the outcome of the ongoing discussions with homeowners. He further advised that it was not possible to provide a percentage at this time against either of the accounts due to various unknown factors.

In response to a question regarding litigation in connection with the experimental traffic regulation order and whether there would be a requirement to repay grant funding to the Scottish Government, the Chief Officer - Finance advised that at the end of the financial year information from Transport Scotland indicated that there was no requirement to pay back any funding based on the decisions made to continue with the proposals and that where there were any changes to the position, Transport Scotland would be notified. He further advised that this item sat within the contingent liabilities to advise committee of the position and that the Council were aware of the financial environment they were operating under. The Interim Chief Officer – Governance advised that it was too early in the process to know what the impact would be and that the Council were not in a position to quantify any losses at this stage.

The Committee resolved:-
(i)   in response to a question regarding the Common Good Fund balance sheet showing a decrease in the value of its net assets and the reasons for this, to note that the Chief Officer – Finance would circulate by email information relating to the assets;
(ii)   in response to a question regarding the significant difference to note to debtors for public corporations and trading funds from the previous year, to note that the Chief Officer – Finance would circulate by email details relating to the debtors information; and
(iii)   to otherwise approve the recommendations contained in the report.

INTERNAL AUDIT PROGRESS REPORT - IA/25/006

10.   With reference to article 8 of the minute of its previous meeting, the Committee had before it a report by the Chief Internal Auditor which provided an update on the progress against the approved Internal Audit plans, audit recommendations follow up and other relevant matters for the Committee to be aware of.

The report recommended:-
that the Committee -
(a)   note the progress of the Internal Audit Plan; and
(b)   note the progress that management have made with implementing recommendations agrees in Internal Audit Reports.

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The Committee resolved:-
to approve the recommendations contained in the report.

ADOPTION, FOSTERING AND KINSHIP - AC2513

11. The Committee had before it a report by the Chief Internal Auditor which presented an audit on Adoption, Fostering and Kinship which was undertaken to obtain assurance that adequate procedures were in place to control the calculation, award, and payment of allowances for Fostering, Adoption and Kinship Care.

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 regarding whether using the D365 system for all payments would make a difference due to the complexities of the system, the Chief Officer – Children's Social Work and Family Support advised that the system was designed to be agile and responsive to changing needs with an element of Social Work related data and a financial system attached for making payments. He further advised that consideration was being given to moving kinship and adoption payments to the same system.

In response to a question regarding the controls in place to prevent over payments, the Chief Officer – Children's Social Work and Family Support advised that for each child within foster care, an invoice was received which was checked manually to ensure they were accurate. He further advised that there were quarterly meetings with fostering agencies.

In response to a question regarding further verification from adopters and what this entailed, the Chief Officer – Children's Social Work and Family Support advised that the adopters were asked to submit a school record to show the child lived at the same address as the adopter.

In response to a question regarding how often the service were reviewing procedures, the Chief Officer – Children's Social Work and Family Support advised that they were working to implement the audit recommendations and the Adoption Scheme would be presented to Committee in September with reviews continuing on an ongoing basis. He further advised that allowances were reviewed on an annual basis as part of the budget process.

In response to a question regarding whether the management responses would fully meet the recommendations for the adoption allowance, the Chief Officer – Children's Social Work and Family Support advised that a report would be submitted to committee on Adoption Allowance and that the system required to be adaptive to the needs of the child as these may not be known at the time of adoption, meaning that adopters may request at a later date for an allowance to support the child.

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In response to a question regarding whether consideration would be given to delegate authority for approving payments, Chief Officer – Children's Social Work and Family Support advised that sub-delegation would be considered to improve the process.

The Committee resolved:-
(i)   to note that the Chief Officer – Children's Social Work and Family Support would provide a report to this committee in September setting out the timeline for the development of D365 to enable the payment of allowances to kinship carers, adopters and external foster carers; and
(ii)   to otherwise note the report and the attached internal audit report.

CREDITORS SUB-SYSTEM PAYMENTS - AC2506

12. The Committee had before it a report by the Chief Internal Auditor which presented an audit on Creditors Sub System Payments which was undertaken to provide assurance that there were adequate controls over payments originating from creditors sub-systems.

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 regarding whether the Scheme of Governance and Delegation of Powers were considered as part of the audit, the Chief Internal Auditor advised that the Scheme of Governance documentation was considered as part of any audit and also where payments had been approved by those not authorised to do so.

In response to a question regarding whether management had any other concerns around delegation, the Chief Officer – Finance advised that there was an opportunity to make improvements to policies and procedures in order for those using the systems to follow correct process and for management to be able to oversee the process.

In response to questions regarding the next steps for making improvements, the Chief Officer – Finance advised that to look at all sub systems would be a challenge and that the guidance around the systems required to be fit for purpose to ensure payments from the systems were accurate. He further advised that where processes and controls were strengthened, training for users would be required to ensure they were aware of the new way of working and that there would be various adjustments required across the numerous sub systems in place.

The Committee resolved:-
to note the report and the attached internal audit report.

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RISK MANAGEMENT - AC2514

13.   The Committee had before it a report by the Chief Internal Auditor which presented an audit on Risk Management which was undertaken to provide assurance over the Council's risk management arrangements at each level and ensure risk appetite was utilised across the delivery of operations.

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 regarding whether the recommended action relating to significant fraud events had been considered by management, the Interim Chief Officer Governance advised that this had been omitted from the management response and that monitoring of fraud was already reported to the Risk Board.

The Committee resolved:-
to note the report and the attached internal audit report.

HSCP COMMISSIONING - AC2512

14.   The Committee had before it a report by the Chief Internal Auditor which presented an audit on AHSCP Commissioning which was undertaken to review plans and progress with commissioning across the Health and Social Care Partnership.

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 regarding the range of Commissioned Services, the Commissioning Lead, advised that there were a range of services which included - Care Homes, Substance Misuse Services, Learning Disability Services and Residential Services.

The Committee resolved:-
to note the report and the attached internal audit report.

RIGHT TO WORK IN THE UK - AC2516

15.   The Committee had before it a report by the Chief Internal Auditor which presented an audit on the Right to Work in the UK which was undertaken to ensure adequate arrangements were in place to ensure staff had the Right to Work in the UK.

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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 concern regarding automation of processes and the potential for the system to refuse an individual, the Chief Internal Auditor advised that the automation was for documentation only and not for making decisions on eligibility. The People Development Manager advised that the technology mentioned in the report was a method to verify someone's identity by them uploading details of their passport into the system. She further advised that this would be for those with a UK or Northern Ireland passport only with all other preferred candidates going through the manual process.

In response to a question regarding whether the automated process could be reviewed at different stages to eliminate any errors, the Executive Director of Corporate Services advised that where technology declined a person's identification, this would be classed as an exemption which would enable the individual to challenge the outcome. He further advised that all exemptions would be checked and validated manually.

The Committee resolved:-
(i)   to note that the People Development Manager would circulate by email, information relating to the total number of employees appointed during the Internal Audit testing period to compare against the number in the sample; and
(ii)   to otherwise note the report and the attached internal audit report.

FREEDOM OF INFORMATION AND SUBJECT ACCESS REQUESTS - AC2519

16.   The Committee had before it a report by the Chief Internal Auditor which presented an audit on Freedom of Information (FOI) and Subject Access Requests (SARs) which was undertaken to obtain assurance that the Council's procedures for dealing with FOIs and SARs were appropriate.

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 regarding whether a mandate similar to those for solicitors would be required for Councillors, MSP's and MP's, the Customer Services Manager advised that data protection regulations set out the process required for elected members enquiries relating to consent and being confident that it had been given. She further advised that using the corporate system to log enquiries gave additional assurance that consent had been given.

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In relation to a question regarding the process for a Councillor representing constituents outwith their ward, the Customer Services Manager advised that third party mandates would be required.

The Committee resolved:-
(i)   to note that the Customer Service Manager would provide a response to the member, relating to the number of Freedom of Information requests that were currently being processed; and
(ii)   to otherwise note the report and the attached internal audit report.

EXTERNAL AUDIT REPORT - ANNUAL AUDIT PLAN FOR 2024/25 AUDIT - EA/25/001

17.   The Committee had before it a report by the External Audit Director which presented the External Audit's Annual Audit Plan for the 2024/25 audit.

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

In relation to a question regarding liabilities that may arise and the high materiality level and how these were dealt with, the External Audit Director advised that a key part of external audit's work was to look at what the Council had included as a provision in their accounts, whether it was a contingent liability that is disclosed but due to circumstances may not be able to be quantified.   He further advised that external audit pay close attention to this to ensure that they were comfortable with the Council's judgement.

In response to a question regarding the audit of registered Charities and whether all trusts would be audited, the External Auditor advised there was a set number of charities where the Council were the trustee and those came under the legislation for auditing purposes. The Chief Officer – Finance advised that there were a number of registered charities where all 45 Councillors were trustees. The Interim Chief Officer – Governance advised that individual Trusts where Councillors are appointed as Trustees were different to those where all Councillors were classed as the Trustee.

In response to a question regarding whether a list of the Trusts and Charities could be provided to show which ones were included, the Chief Officer – Finance advised that those registered charities where the Council were the Trustees had been included in the papers and those were the ones subject to the separate audit process.

The Committee resolved:-
to note the content of the report and the attached External Audit Plan 2024/25.

- **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			**28 July 2025**						
4	Use of Investigatory Powers Quarter 2 report	to present the use of investigatory powers quarterly report.		Jessica Anderson	Governance	Corporate Services	5.2	R	A Service Update will be provided due to nothing significant to report
5	SPSO Decisions, Inspector of Crematoria Complaint Decisions - CORS/25/167	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.	a report is on the agenda	Lucy McKenzie	People and Citizens	Corporate Services	6.4		
	ALEO Assurance Hub Update Report - CORS/25/168	To provide an update of risk and financial management and governance arrangements in accordance with Hub TOR and annual workplan.	a report is on the agenda	Vikki Cuthbert	Governance	Corporate Services	1.3		
	Internal Audit Annual Report 2024-25 - IA/25/010	To present the Internal Audit Annual Report for 2024-25	a report is on the agenda	Jamie Dale	Governance	Corporate Services	2.1		
8	Internal Audit Update Report IA/25/009	To provide an update on progress of the Internal Audit Plan, Audit Recommendations Follow Up and other relevant information for the Committee.	a report is on the agenda	Jamie Dale	Governance	Corporate Services	2.2		
9	Procurement Compliance - CORS/25/170	ARSC 28 Nov 24 - to note that the Chief Officer – Commercial and Procurement Services would submit a report to this Committee within 2 committee cycles providing an update on the improvements that have been implemented.	a report is on the agenda	Melanie Mackenzie	Commercial & Procurement Services	Corporate Services	6.1		
10	Housing Allocations and Choice Based Letting - AC2517	The objective of the audit was to provide assurance that the Housing Waiting List is maintained efficiently, and allocations are made in accordance with policy, including the choice based letting process.	a report is on the agenda	Jamie Dale	Governance	Corporate Services	2.2		
11	Group Structure Assurance - AC2508	The objective of the audit is to ensure the Council's approach to its Group structure provides appropriate assurance and the necessary control framework is in place, both overall and for individual bodies.	a report is on the agenda	Jamie Dale	Governance	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**
12	Corporate Landlord Responsibilities - AC2518	The objective of this audit is to ensure that the Council has systems in place that provide assurance over compliance with the legal requirements in relation to its Corporate Landlord role for operational properties.	a report is on the agenda	Jamie Dale	Governance	Corporate Services	2.2		
13		**11 September 2025**							
14	Use of Investigatory Powers Quarter 3 report	to present the use of investigatory powers quarterly 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	Business Continuity Annual Report	To provide the annual assurance report on the Council's Business Continuity arrangements		Ronnie McKean	Governance	Corporate Services	1.2		
17	Informarmation Governance Management Annual Report 2024-25	to present the annual report for the Council's Information Governance		Caroline Anderson	Data Insights	Corporate Services	1.4		
18	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	Governance	Corporate Services	2.2		
19	Internal Audit Reports	Reports that have been finalised will be submitted to the Committee		Jamie Dale	Governance	Corporate Services	2.2		
20	Accounts Commission Findings - s102 Report Council Tax Refunds - A Significant Fraud - CORS/25/031	Reconvened Council 17/02/25 (v) refer the matter to the Audit, Risk and Scrutiny Committee, with the Chief Officer - Finance and Chief Internal Auditor providing a joint report on the implementation of the Commission findings and action plan no later than September 2025.		J Belford/ J Dale	Finance/ Governance	Corporate Services			
21		**27 November 2025**							

	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
	A	B	C	D	E	F	G	H	I
1	AUDIT, RISK AND SCRUTINY COMMITTEE BUSINESS PLANNER								
	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.								
22	Use of Investigatory Powers Quarter 4 report	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	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		
25	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	Governance	Corporate Services	2.2		
26	Internal Audit Reports	Reports that have been finalised will be submitted to the Committee		Jamie Dale	Governance	Corporate Services	2.2		
27	Annual Effectiveness Report	To present the committee's annual effective report for 2024-25		Karen Finch	Governance	Corporate Services	GD8.5		
28	**TBC**								
29	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	28 July 2025
EXEMPT	No
CONFIDENTIAL	No
REPORT TITLE	ALEO Assurance Hub
REPORT NUMBER	CORS/25/168
DIRECTOR	Andy MacDonald
CHIEF OFFICER	Vikki Cuthbert, Interim 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

2.3 Note the additional support to be offered by the ALEO Assurance Hub to each ALEO outlined at paragraph 3.5 to respond to changes in legislation and other legal developments.

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. Assurance that all employment practices are in alignment with employment legislation, the ALEO's people polices and employment best practice. **Not applicable to BP Joint Venture**
2. Assurance that the Public Sector Equality Duty is being met and that decision making does provide evidence of due regard to people with protected characteristics. **Not applicable to BP Joint Venture**
3. Evidence of public liability and employer's liability insurance, internal governance procedures relating to procurement and risk assessment process in relation to assessing procurement fraud and evidence of fraud prevention measures and any gaps (the Economic Crime and Corporate Transparency Act 2023 comes into force in autumn).
   BP Joint Venture only -
   1. A short written summary of any policies and procedures in place in respect of procurement, in order to ensure that the relevant controls are in place.
   2. Evidence of fraud prevention measures and any gaps (the Economic Crime and Corporate Transparency Act 2023 comes into force in autumn).
   3. Updates on governance arrangements and risk management arrangements including any progress in emergency planning and business continuity arrangements.

Risk & Resilience Management
1. 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.
2. 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. **Not applicable to BP Joint Venture.**
3. Assurance on plans for implementation of the Terrorism (Protection of Premises) Act 2025.

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 Assurance was sought from each ALEO on the extent of their preparedness for both the Terrorism (Protection of Premises) Act 2025, expected to come into force later this year with the intention of ensuring that premises and certain events are protected from the threat of terrorist activity (the Protect Duty), and the Economic Crime and Corporate Transparency Act 2023 (the 2023 Act) coming into force in autumn to consolidate and enhance legislative provision on financial crime. Both pieces of legislation apply to our ALEOs to differing extents dependent on their activities and assets. The ruling of the Supreme Court on the meaning of sex in the Equality Act 2010 will also impact each organisation. The Hub agreed to offer additional support as follows:

- In respect of the Protect Duty, Council officers have provided briefings to ALEOs and continue to be available to support. For Aberdeen Performing Arts, Aberdeen Sports Village and Sport Aberdeen, it is recommended to each ALEO that they request a Counter Terrorist Security Advisor assessment, via Police Scotland, to ensure that actions taken are adequately managing the risk.

- The Council's Fraud Team will schedule a briefing for all ALEOs on the requirements of the 2023 Act to ensure that they are ready to comply with these new requirements and that the appropriate controls are in place to protect them against financial fraud.

- As the Council reviews its policies and procedures to respond to the anticipated updated Equality and Human Rights Commission Code of Practice being issued in response to the Supreme Court ruling, guidance will be provided to ALEOs.

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.	The Assurance Hub process mitigates against this risk by monitoring ALEO contribution to ACC strategic outcomes. This includes review of ALEO risk registers. Council's remit includes oversight of ALEO business plans and performance, which would support	M	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?
		achievement of the target risk score in this category.		
Compliance	ALEO service level agreements are not up to date and ALEOs are not delivering on Council outcomes. Non-compliance against GDPR, Health and Safety and other statutory responsibilities.	Commercial and Procurement Services has reviewed ALEO service level agreements to ensure they remain robust and fit for purpose. The Council has oversight of how ALEOs are achieving Council outcomes and complying with the terms of their service level agreements. The Hub will continue its oversight of ALEOs' approach to embedding strong governance, including audits, policies, procedures and systems to ensure that these are being reviewed and staff training is being delivered to mitigate the risk of governance failure. The Legal Regulatory and Compliance Team provide support and advice to the Hub on the steps ALEOs are taking on GDPR compliance in order for the Hub to provide assurance to Committee on ALEOs'	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?
		management of this risk.		
Operational	Failure of ALEOs to deliver services according to agreed Service Level Agreements	Monitored by Strategic Commissioning Committee which has oversight of ALEO strategic business plans.	L	Yes
Financial	Financial failure of ALEOs impacting on the Council and its credit rating.	ALEOs report financial performance and governance to their boards and present their annual accounts for scrutiny by an external auditor.

One of the Hub's key functions is to provide assurance to Committee on the financial management of Council ALEOs.

City Growth and Resources Committee monitors financial performance and viability, including business planning. | L | Yes |
| 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 | Regular reporting to this Committee from the Hub provides adequate control. | 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?
	City net zero targets.			

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	The Interim Chief Officer – Governance has confirmed that this is not required.
Data Protection Impact Assessment	Not required.

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-22	Dec-22	June-23	Nov-23	June-24	Nov-24	June-25
Aberdeen Heat and Power	Low/ Medium	Medium	Low/ Medium	Low	Low/ Medium	Low	Low/ Medium
Aberdeen Performing Arts	Low/ Medium	Low/ Medium	Low/ Medium	Low/ Medium	Low/ Medium	Low	Low/ Medium
Aberdeen Sport Village	Low/ Medium	Low/ Medium	Low/ Medium	Very Low/ Low	Low/ Medium	Low/ Medium	Low/ Medium
Bon Accord Care	Very Low/ Low	Low	Low	Medium/ High	Low/ Medium	Low/ Medium	Low/ Medium
Sport Aberdeen	Low/ Medium	Low/ Medium	Low/ Medium	Low/ Medium	Low/ Medium	Low/ Medium	Low/ Medium
bp Aberdeen Hydrogen Energy	N/A	Low/ Medium	Low/ Medium	Low/ Medium	Low	Low/ Medium	Low/ Medium

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Area of Assurance	Purpose	Hub Commentary	Risk Rating
Governance	Assurance that all employment practices are in alignment with employment legislation, the ALEO's people polices and employment best practice.	AH&P are currently updating their Staff Handbook and provided a copy of the current draft. HR policies will be updated in conjuntion with the Staff Handbook and reviewed and approved by AH&P Board, which will subsequently be audited by AH&{ internal auditors .	Low
	Assurance that the Public Sector Equality Duty is being met and that decision making does provide evidence of due regard to people with protected characteristics.	The Hub noted that there had been no further change to the Equality and Diversity Policy and Helping Vulnerable Customers booklet. Given the small size of the workforce, this is considered to be an area of low risk for AH&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.	The Hub received copies of the relevant insurance certificates and was sufficiently assured in regard to these. In respect of procurement fraud and readiness for Economic Crime and Corporate Transparency Act 2023 coming into force in autumn, more assurance is required. The Hub will offer a briefing from the Council's counter-fraud team. All major procurement / frameworks are advertised and secured on the Procurement Scotland Portal.	Medium
Risk Management	Assurance that risks are being regularly reviewed in accordance with the organisation's agreed risk management policy. The assurance will be provided through a short written summary of ALEOs current risk environment, including risks that been added, escalated or de-escalated rather than through provision of the risk register. This will also include an overview of activity and controls in place across the three lines of defence.	AH&P confirmed that the on-going monitoring of risk has continued and noted that risks associated with Energy Costs and Decarbonisation have been escalated since the last reporting cycle. These risks are addressed via specific Working Groups.	Very 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 provided a copy of the Audit Strategy and Annual Plan which prepared by AH&P Internal Auditors TIAA. The plan is risk based and comprehensive covering 2024 to 2027. The annual plan for 2025/26 covers the following areas: - Corporate Governance - Business Continuity - Procurement The Hub will monitor the progress and outcomes of these audits, including progress with overdue recommendations.	Low

	Assurance that emergency plans/major incident plans and processes and appropriate business continuity arrangements are in place. Assurance that testing and exercising arrangements or schedules are in placewhich 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.	The Hub will offer further guidance to AH&P on any requirements under the Protect legislation however the impact is expected to be minimal.	**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 Hub confirmed that an extensive set of Management Accounts is regularly reviewed by the Board. The most recent set of accounts, examined during the Board meeting in March 2025, includes the Profit & Loss statement, Balance Sheet, Working Capital summary, Profit & Loss forecast, and Cash Flow forecast for the 12 months leading up to March 2025. 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.	**Medium**
	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.	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. Every year, the company prepares a two-year budget for presentation to the board and to monitor actual network returns against expected outcomes. The company aims to maintain cash reserves equivalent to three months' worth of gas costs, calculated based on the previous year's results.	**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 annual accounts for 2023-24 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. 2024/25 accounts will be reviewed by the Hub when the draft accounts for 2024-25 become available.	Low

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Area of Assurance	Purpose	Hub Commentary	Risk Rating
Governance	Assurance that all employment practices are in alignment with employment legislation, the ALEO's people polices and employment best practice.	The Hub received a summary of activity across all people policies and practices, including Real Living Wage, staff communications, Equality, Diversity and Inclusion and workforce development. This provided strong assurance that APA's employment practices are aligned with Scottish employment legislation and the principles of Fair Work First.	**Very Low**
	Assurance that the Public Sector Equality Duty is being met and that decision making does provide evidence of due regard to people with protected characteristics.	Following the last reporting cycle, Aberdeen Performing Arts (APA) participated in the ACC-led ALEO workshop in December 2024, which provided a comprehensive overview of the Public Sector Equality Duty (PSED). APA then engaged in a follow-up session, facilitated by Council officers, to explore in greater depth the application of PSED in practice, particularly in relation to decision-making and data use. As a result, APA have worked closely within their People & Culture and Marketing teams to strengthen the availability and use of equality-related data. This has improved their ability to demonstrate due regard to people with protected characteristics in decision-making processes, particularly through the application of appropriate metrics and consideration of impact. This supports data led decision making when it comes to external service provision (affecting our audience, creative engagement participants) or internally (affecting the workforce). APA also have a dedicated internal role, Change Maker for Inclusion and Relevance, with responsibility for embedding equality, diversity, and inclusion both externally, through community engagement, and internally. This role actively contributes to organisational decisions by advising on equality impacts and supporting staff awareness and development around protected characteristics. APA remains committed to meeting the requirements of the Equality Act 2010 and the PSED by ensuring that all significant decisions are informed by relevant equality data and by fostering a culture of inclusion across the organisation. The Hub concluded that assurance in this area was strong, with APA demonstrating innovative methods for compliance with the PSED.	**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.	The Hub received assurance in the following governance areas: 1. Public Liability and Employers Liability insurance cover up to appropriate values. 2. APA provided a copy of Financial Regulations which outlines approach to procurement, which include reference to segregaton of duties and levels of delegated authority and evidences controls in place around placing of orders. Some controls around early consideration of fraud would supplement this. 3. APA provided evidence of financial control, anti-fraud training and policies for handling whistleblowing and anti-bribert. However, the response did not identify what changes have been made to policy or training to account for the new offence under the Economic Crime and Corporate Transparency Act 2023 coming into force in autumn.	**Medium**

Risk Management	Assurance that risks are being regularly reviewed in accordance with the organisation's agreed risk management policy. The assurance will be provided through a short written summary of ALEOs current risk environment, including risks that been added, escalated or de-escalated rather than through provision of the risk register. This will also include an overview of activity and controls in place across the three lines of defence.	APA reported to the Hub that two areas have shown a reduced risk profile since the last reporting cycle: (1) External Funding Landscape: APA's successful award of Multi-Year Funding from Creative Scotland in the latest funding cycle provides indicative funding until 2027/28, along with the positive outcome of ACC Cultural Investment Funding, which also offers indicative funding through 2027/28, APA now has greater visibility and improved certainty for its medium-term financial planning. Consequently, they have been able to de-escalate the risk associated with this item on the Corporate Risk Register. (2) IT Infrastructure Investment Upgrade - The organisation has made a significant investment in IT infrastructure over the past six months. The project aims to improve the security of the APA's IT estate and ensure its digital assets are prepared for the future. Whilst APA recognise that the risks from external threats remains, the recent investment has supported risk reduction in this area.	**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.	APA confirmed that during the 2024/25 Financial Year, no internal control failures were recorded. Additionally, there are no outstanding recommendations from the 2024/25 . APA confirmed that Internal Audit focal areas for 2025/26 as follows: 1) Value Added Tax (VAT) - Conduct a comprehensive review of processes, procedures, and the organisations VAT structure. 2) People and Culture Process and Policy Audit - Perform a thorough audit and review of procedures and policies. 3) Policy Tracker - Evaluate the new policy review tracker to ensure its effectiveness.	**Very Low**
	Assurance that emergency plans/major incident plans and processes and appropriate business continuity arrangements are in place. Assurance that testing and exercising arrangements or schedules are in placewhich 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.	The Hub received reasonable assurance from APA in relation to its preparations for the Protect duty: APA attends the monthly North East Scotland Bridge Call which is hosted by Police Scotland and updates participants with changes in legislation and offers support and guidance. A Security Plan has been created on the APA SharePoint page for all staff to access. This is a work in progress and additional content wil be added as more information is shared with organisations around "Martyn's Law" and the Terrorism (Protection of Premises) Act 2025. An external health and safety audit has been actioned for July 2025 across our three venues which will be conducted by Worknest who specialise in workplace safety and compliance, of which security of the venues will be considered. APA has an account on the ProtectUK website and is signed up to receive important updates. The Hub recommends that APA request a Counter Terrorism Security Adviser assessment is	**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 Budget monitoring and updated cashflow reports continue as agenda items at each Board Meeting. The review of budgets and finance are supported by the organisation's Finance, Audit and Property Sub Committee. The organisation continues to review customer behaviour and spending patterns to support Cash Flow and budget monitoring. 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.	**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.	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.	**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 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. 2024/25 accounts will be reviewed by the Hub when the draft accounts for 2024-25 become available.	**Very Low**

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Area of Assurance	Purpose	Hub Commentary	Risk Rating
Governance	Assurance that all employment practices are in alignment with employment legislation, the ALEO's people polices and employment best practice.	ASV advised that, since the last reporting cycle, they have reviewed HR policies to ensure ongoing alignment with current employment legislation and best practices. No major legislative changes required significant updates during this period; however, ASV continue to monitor developments, including updates to the Employment Rights Bill, statutory sick pay, parental leave entitlements, and flexible working arrangements to ensure full compliance. ASV have also engaged with our external HR advisor to support policy reviews and ensure our employment practices remain fair, transparent, and legally compliant. Training on recent employment law developments has been provided to line managers, particularly in areas relating to performance management and disciplinary procedures	Low
	Assurance that the Public Sector Equality Duty is being met and that decision making does provide evidence of due regard to people with protected characteristics.	ASV remain committed to meeting the Public Sector Equality Duty and promoting an inclusive working environment. Since the last reporting cycle ASV has taken the following actions: Continued to monitor staff demographics to ensure our processes support Equality, Diversity and Inclusion (EDI), refreshed mandatory EDI training for all staff, and published a gender pay gap report. The senior team has reviewed the EDI Policy. The Hub considers this all to be good practice and demonstrates that ASV is routinely self-evaluating in this area of compliance.	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.	The Hub noted that certificates of insurance (employers liability and public liability) were in place. In respect of procurement fraud and preparedness for the incoming Economic Crime and Corporate Transparency Act 2023, further assurance will be sought in the next cycle. The Hub noted that ASV has a Fraud Policy in place dated May 2022 and recommends that this is reviewed in the context of the requirements of the legislation. Alongside our other ALEOs, ASV will be offered a briefing from the counter-fraud team on the Act.	Medium

Risk Management	Assurance that risks are being regularly reviewed in accordance with the organisation's agreed risk management policy. The assurance will be provided through a short written summary of ALEOs current risk environment, including risks that been added, escalated or de-escalated rather than through provision of the risk register. This will also include an overview of activity and controls in place across the three lines of defence.	ASV provided a copy of the Risk Report and which was provided to the ASV Board on 28/05/25 in addition to the Risk Register which was updated in March. The ASV risk environment is reflected within the top business risks reflected within the report: Reduction in shareholder funding, lack of capital investment by shareholders, increased expenditure demands and deterioration in assets. WIthin the next round of meetings, assurance on the review of existing risk management approach that was to be conducted during Q1 24/25 will be	**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.	The Hub noted that ASV have a comprehensive internal audit plan in place for 2025/26 linked to strategic objectives. ASV also confirmed that there have been no internal control failures.	**Low**
	Assurance that emergency plans/major incident plans and processes and appropriate business continuity arrangements are in place. Assurance that testing and exercising arrangements or schedules are in placewhich 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.	ASV maintains robust emergency and business continuity plans to ensure the safety of staff, customers, and the continuity of operations during critical incidents. These plans are reviewed annually and following any incidents, to reflect lessons learned and evolving threats. Training & Awareness: Frontline and management staff have undertaken ACT (Action Counters Terrorism) Awareness e-learning. Additional training on identifying suspicious behaviour and evacuation procedures is scheduled for all staff later this year, including the PROTECT and marauding attacker incident training. ASV recognises its responsibilities under the CONTEST Strategy. Safeguarding policies are aligned with Prevent Duty guidance, and building security measures are regularly reviewed to mitigate risks associated with terrorism. The Hub concluded that this provided sufficient assurance and that as ASV continues to train staff and update plans, through engagement with the Council's Emergency Planning and Resilience Lead, the risk rating can be lowered further. The Hub recommends that ASV request that a Counter Terrorism Security	**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 Hub noted that the ASV Board continue to be provided with detailed budget monitoring and forecasts, as well as updates on specfic 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.	**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. The Hub will review the draft accounts for 2024-25 once they become available.	**Very Low**

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Area of Assurance	Purpose	Hub Commentary	Risk Rating
Governance	Assurance that all employment practices are in alignment with employment legislation, the ALEO's people polices and employment best practice.	The Hub noted that majority of BAC policies are ACC policies which have been recently updated to reflect relevant legislation. The Hub agreed to follow up in the next cycle in respect of the Supreme Court ruling and any impact on employment practices.	Low
	Assurance that the Public Sector Equality Duty is being met and that decision making does provide evidence of due regard to people with protected characteristics.	The Hub noted that all business cases will now include a specific impact assessment, aligned with the template used by the Council. BAC are currently developing an internal monitoring process in relation to the progress of business cases.	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.	BAC provided a copy of combined liability insurance documentation and review of this documentation provided the Hub with the assurance required. In respect of Procurement Fraud, BAC provided a copy of Creditors & Expenditure Policy which outlines approach to procurement linked to ACC internal regulations relating to procurement, which includes reference to segregaton of duties and levels of delegated authority and evidences controls in place around placing of orders. Some controls around early consideration of fraud would supplement this. All finance policies are currently under review and are scheduled to be updated by 31 October 2025. This will be followed up in subsequent cycles to obtain further assurance. In respect of fraud, BAC is in scope for the Economic Crime and Corporate Transparency Act 2023 coming into force in autumn. Further preparations are required to update policies and practice to meet these requirements. ACC will offer to provide a briefing to BAC on the requirements of the legislation and this will be followed up in the next cycle of Hub meetings.	Low-Medium
Risk Management	Assurance that risks are being regularly reviewed in accordance with the organisation's agreed risk management policy. The assurance will be provided through a short written summary of ALEOs current risk environment, including risks that been added, escalated or de-escalated rather than through provision of the risk register. This will also include an overview of activity and controls in place across the three lines of defence.	BAC provided a copy of the current risk register which was last reviewed in May 2025. The risk register shows no movement in the risk scores since the last review. BAC confirmed recent review of the current risk environment resulted in updates to the existing financial risk which remains at a high level with updates to reflect external factors. In addition of a number of new risks have been added to the risk register and these will be reviewed within the updated risk register in the next reporting cycle.	Very Low

	Assurance	Response	Rating
	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.	BAC provided the Internal Audit plan for the fiscal year 2025/26. The plan outlines the specific areas subject to audit, along with the focus points and the anticipated commencement dates. The Hub will review the progress of plan completion during the next reporting cycle. BAC has verified that no internal control failures have been identified or reported, and has supplied a copy of the Audit Management Tracker for review by the Hub. This document outlines the progress made towards fulfilling internal audit recommendations and associated actions. Review of the tracker confirmed that all audit recommendations have either been completed or are on schedule to be completed within the agreed timescales.	**Low**
	Assurance that emergency plans/major incident plans and processes and appropriate business continuity arrangements are in place. Assurance that testing and exercising arrangements or schedules are in placewhich 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.	BAC is actively developing an Emergency Response Plan that will integrate the requirements linked to the business from the Terrorism (Protection of Premises) Act 2025. A review will be undertaken of the legislation prior to integration, which will be completed by end Q3 2025. This will be followed up by the Hub in the next cycle of meetings.	**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 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**

	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 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. 2024/25 Management Accounts show that a breakeven position has been achieved. It has been noted that Internal Audit under financial/commercial aspects will commence on 02.06.25. The Hub will seek confirmation in the next cycle as to whether the outstanding audit recommendation from 2022-23 regarding stock system changes was implemented.	**Very Low**

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Area of Assurance	Purpose	Hub Commentary	Risk Rating
Governance	Assurance in respect of governance documentation appropriate and fitting for the stage of the joint venture. Specifically: 1. Evidence of fraud prevention procedures, including any gaps in controls. Particularly, this should be provided in the context of the Economic Crime and Corporate Transparency Act 2023 coming into force in autumn, ane related Home Office guidance. 2. Updates on your risk management arrangements including any progress in emergency planning and business continuity arrangements.	1. bP AHEL has the expected fraud arrangements in place. In order to prepare further for the named legislation, it would be helpful if the andi-fraud policy were to reference Failure to Prevent Fraud, i.e. elements which serve as a defence against prosecution.There is reference to Failure to Prevent Fraud training taking place in 2026, and this can be developed further, for example to reference this within anti-fraud policy.This will ensure that bP AHEL is protected against any vulnerabilities. The Hub rwill follow this up in the next cycle and a briefing session offered by the Council's counter-fraud team to support with these enhancements.. 2. bP AHEL confirmed on-going progress in the develoment and implementation of risk management and emergency planning arrangements. The Directors have attended training conducted by an external provider on safety risks and emergency planning. The CEO and project manager are responsible for managing these safety risks and incorporating emergency planning during the project phase. Currently, there is reliance on BP's Business Continuity Plan (BCP), but this will transition to a specific bP AHEL BCP as the company matures. The Joint Venture will consider utilising bP's Incident Management Team (IMT) for emergency scenarios as part of the planning for the Operations and Maintenance phase. Assurance will be sought in the next cycle on the policies and procedures in place in respect of procurement, in order to ensure that the relevant controls are in place. In addition to the enhancements around the Economic Crime and Corporate Transparency Act, this should allow the risk rating to be lowered.	**Low - Medium**
Risk Management	Assurance that risks are being regularly reviewed in accordance with the organisation's agreed risk management policy. The assurance will be provided through a short written summary of ALEOs current risk environment, including risks that been added, escalated or de-escalated rather than through provision of the risk register. This will also include an overview of activity and controls in place across the three lines of defence.	The Joint Venture (JV) has established a company-wide Risk Register, managed by the Chief Financial Officer (CFO), which operates as a dynamic SharePoint list. Each risk listed has an assigned Risk Owner, a ranking, and documented mitigation strategies. Furthermore, a project-specific risk register exists under the purview of the project manager, covering all risks that may affect the achievement of project objectives. The Risk Registers undergo regular reviews: weekly for project-related risks and quarterly for companywide risks, ensuring comprehensive risk documentation and active implementation of mitigation plans. All individuals involved in the JV are encouraged to identify and document any perceived risks. The Board last reviewed these risks during the December 2024 board meeting, with the next review scheduled for the June 2025 Board meeting. The Hub considers that the above provides assurance in respect of the risk management arrangements however further assurance is requried on the risk environment and any impact this may have on ACC.	**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 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 audited 2023-24 annual accounts were submitted to Companies House. The auditors raised no matters of concern. It has been noted that there is no outstanding audit recommendation for financial year 2023-24. 2024-25 annual accounts will be a subject of audit.	**Low**

Area of Assurance	Purpose	Hub Commentary	Risk Rating
Governance	Assurance that all employment practices are in alignment with employment legislation, the ALEO's people polices and employment best practice.	The Hub received assurance that since the previous cycle, several significant updates and preparatory actions have taken place in relation to employment legislation. These include both implemented and forthcoming changes relating to the Disclosure (Scotland) Act 2020 coming into force on 1 April 2025. Sport Aberdeen has taken comprehensive steps to ensure readiness and ongoing compliance with both the Act and the broader Protecting Vulnerable Groups (PVG) Scheme. In response to the UK Supreme Court ruling on the Equality Act, workplace policies are being reviewed and amended as necessary. Sport Aberdeen are currently awaiting final guidance from **ukactive** and sportscotland on the implementation of the updated equality duty following the Supreme Court decision. In the interim, in addition to measures above, provisional guidance has been issued to all staff, ensuring current operations remain aligned with expected duties and the Board has been fully briefed on the interim measures and anticipated developments. Along with other ALEOs, Sport Aberdeen will be offered advice and assistance from the Council officers and progress will be followed up in the subsequent meeting cycles.	**Low**
	Assurance that the Public Sector Equality Duty is being met and that decision making does provide evidence of due regard to people with protected characteristics.	The Hub noted that Sport Aberdeen continue to embed equality, diversity, and inclusion into all aspects of service delivery and employment practices. Recent developments include the expansion of its universal, targeted and specialist framework to include a Young Carers' Programme and tailored mental health support for young people. In addition, Sport Aberdeen have established a dedicated working group to ensure ongoing compliance with the United Nations Convention on the Rights of the Child (UNCRC).	**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.	In respect of procurement, Sport Aberdeen provided financial regulations and procedures document which detail processes relating to procurement including consideration of procurement fraud and mitigations. In relation to the incoming Economic Crime and Corporate Transparency Act 2023, Sport Aberdeen indicate understanding of the requirements and intent to meet them however further detail will be sought in the next cycle to ensure that Sport Aberdeen have fully implemented these plans. Certification on insurance will also be followed up in the next cycle. Addressing these aspects with support from ACC will allow the risk rating to be lowered.	**Medium**
Risk Management	Assurance that risks are being regularly reviewed in accordance with the organisation's agreed risk management policy. The assurance will be provided through a short written summary of ALEOs current risk environment, including risks that been added, escalated or de-escalated rather than through provision of the risk register. This will also include an overview of activity and controls in place across the three lines of defence.	Sport Aberdeen provided the Hub with a report covering the formal six monthly review of the Strategic Risk Register. The report confirmed new risks added to the register and the risks updated since the last reporting cycle. The report also confirmed that no risks have been de-escalated or removed from the risk register since the last reporting cycle. This provided adequate assuance on the risk management arrangements however the Hub will follow up in the next cycle on the risk environment.	**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.	SA shared the Internal Audit report and plan from May 2025, confirming four audits were completed by April 2025. One recommendation remains outstanding, which the Hub will follow up in the next cycle. The Hub reviewed the 2025/26 Internal Audit plan, which covers audits in the following areas: - Corporate Governance - Data Protection - Budgetary Control - HR Services - Business Continuity The Hub will monitor progress in the next reporting cycle. SA did not confirm any control failures and none were mentioned in the report. This will be followed up in the next cycle of meetings.	**Low**
	Assurance that emergency plans/major incident plans and processes and appropriate business continuity arrangements are in place. Assurance that testing and exercising arrangements or schedules are in placewhich 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.	Sport Aberdeen has been preparing for the introduction of the Terrorism (Protection of Premises) Act 2025 legislation (Martyn's Law) for a number of years. Planning and preparation to date has included: - Reviewing and revising emergency action plans to reflect the published guidance for venues which fall into 'Standard Tier' category. - Risk assessments reviews, staff training and security planning for the Linx Ice Arena (which will be subject to 'Enhanced Tier' rules for large scale ice hockey and skating events) - Briefing our extended leadership team on Martyn's Law providing an opportunity to discuss and consider the implications arising from it. - Key staff will undertake Action Counters Terrorism (ACT) training once requirements are fully confirmed. - Continued and ongoing liaison with Quality Leisure Management (QLM), our expert external health and safety consultants who provide ongoing updates and guidance on the impact of the legislation to both Sport Aberdeen and other leisure operators. Sport Aberdeen await the statutory guidance for duty holders and will continue to refer to ProtectUK and GOV.UK for up-to-date information and official resources as the legislation progresses toward enforcement. The Hub recommends that SA request that a Counter Terrorism Security Adviser assessment is undertaken by Police Scotland to provide additional assurance to ACC of readiness and that key staff undertake ACT training immediately rather than when the requirements of the legislation are confirmed.	**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 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.	**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 2025-26 Business Plan has been 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. The Board agreed to reduced reserves up to certain level any remaining balances to be used to invest to improve the company's services.	**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 audited copies of the 2023-24 annual accounts have been submitted to Companies House and OSCR within the deadline of 31 December 2024. The auditors' report identified no matters of concern and concluded that the organisation's use of the Going Concern basis of accounting was appropriate. It has been noted that there is no outstanding audit recommendations for financial year 2023-24. The 2024/25 accounts will be reviewed by the Hub when the draft accounts for 2024-25 become available.	**Very Low**

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ABERDEEN CITY COUNCIL

COMMITTEE	Audit, Risk & Scrutiny
DATE	28 July 2025
EXEMPT	No
CONFIDENTIAL	No
REPORT TITLE	Procurement Compliance Audit Update
REPORT NUMBER	CORS/25/170
EXECUTIVE DIRECTOR	Andy MacDonald
CHIEF OFFICER	Craig Innes
REPORT AUTHOR	Mel Mackenzie
TERMS OF REFERENCE	6.1

1.   **PURPOSE OF REPORT**

1.1   The purpose of this report is to present Committee with the requested update on improvements implemented in relation to Procurement Compliance, following the Internal Audit report considered by the Committee on 28 November 2024.

2.   **RECOMMENDATION**

       That the Committee: -

2.1   Notes the information in relation to improvements implemented contained within the report and appendices.

3.   **CURRENT SITUATION**

       Background

3.1   An Internal Audit review was carried out on Procurement Compliance and report presented to Audit, Risk and Scrutiny Committee on 28 November 2024. The report had an overall risk rating of major with limited assurance being taken over the area of assessment. Committee requested that an update report be presented within two committee cycles on the implementation of improvements.

3.2   A summary of the key areas for improvement is listed below, the report included 10 recommendations with a moderate risk rating and 16 recommendations with a major risk rating , full details of the recommendations and improvements implemented in response can be found at Appendix 1, all improvements have been implemented and recommendations marked complete.

Improvement Area	Risk Rating	No. Recommendations
Procedures & Governance	Moderate	1
Procurement Checklists	Moderate	1
Delegated Procurement Authority	Major	4
Procurement Documentation	Major	4
Procurement Planning	Moderate	1
Aggregate Spend and Exceptions	Moderate	3
Approvals	Major	3
Contract Notices	Moderate	1
Tenders & Quotations	Major	4
Framework Agreements	Moderate	2
Direct Awards	Major	1
Purchase Orders and Payments	Moderate	1

3.3 Engagement has been conducted across the Council in the implementation of improvement activity, including presentation of three minute briefs on key changes/messages to Extended Corporate Management Team (ECMT), development of a communication plan for key procurement messages with key messages issued on changes via the Commercial & Procurement SharePoint site, the ACC Intranet site, by e-mail to delegated procurers and via Teams to Chief Officers/Leadership forum.

3.4 In order to monitor ongoing compliance in respect of procurement activity, assurance reporting has been developed around key indicators as per the below with the indicators to be measured at Cluster level, Internal Audit will support the assurance process by conducting a supplier sample twice annually. Procurement Compliance reports will be considered by the Risk Board twice annually.

Assurance Reporting Indicators		
Indicator	Assessment	Detail
Spend Control	(H / M / L)	Off Contract Spend % (against target of 80%)
Compliance Control	(H / M / L)	Volume of Off Contract Suppliers
Ability to Find Savings	(H / M / L)	Spend Control Metrics i.e. Number of Invoices with no PO
Confidence to Deliver Savings	(H / M / L)	Complexity of spend area vs controls in place
Instances of Non-Compliance from Supplier Sample	No.	Any instances of non-compliance identified to be recorded

4.   FINANCIAL IMPLICATIONS

4.1   There are no direct financial implications arising from the recommendations in 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

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	Failure to follow procurement processes can impact delivery of strategic aims & objectives.	Policies and procedures are in place and provide assurance on delivery against strategic aims and objectives.	L	Yes
Compliance	Failure to comply with internal procurement regulations and procurement legislation.	Policies and Procedures support compliance ensuring the Council is meeting legislative procurement duties, along with mandatory procurement training for staff.	M	Yes
Operational	Staff are not suitably training for	Mandatory procurement training for staff involved in		

	Procurement Activity.	procurement activity and maintenance of Delegated Procurer register, supplemented with documented guidance & support offers assurance.	L	Yes
Financial	Failure to follow procurement processes can impact delivery of best value.	Performance against savings targets reported on quarterly and on an annual basis within the Annual Procurement Performance report, assurance reporting now includes delivery of savings as a key metric at cluster level.	L	Yes
Reputational	Impact of poor compliance on reputation of ACC.	Regular reporting to Risk Board and monitoring of compliance.	L	Yes
Environment / Climate	Failure to follow procurement processes can impact delivery of strategic aims & objectives.	Policies and procedures are in place and provide assurance on delivery against strategic aims and objectives.	L	Yes

8. OUTCOMES

8.1   The recommendations in this report have no 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 Chief Officer Commercial and Procurement. An assessment is not required as the reason for this report is to provide Committee with an update on the implementation of recommendations from an Internal Audit Report, there will be no differential impact because of the proposals in this report, on people with protected characteristics.
Data Protection Impact Assessment	Not Required
Other	N/A

10. BACKGROUND PAPERS

None

11. APPENDICES

11.1   Appendix 1_Procurement Compliance Improvement Plan

12. REPORT AUTHOR CONTACT DETAILS

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1.1	Procedures & Governance	CPSS should review and update procurement training, guidance manuals and templates, in consultation with relevant stakeholders, to ensure it is sufficiently clear, concise, consistent, accurate and up to date.	Commercial and Procurement have reviewed the guidance and nearing completion of updating of templates. Revised guidance and templates will be published on the C&PSS SharePoint page with communication to all Delegated Procurers issued on the updates. The E_Learning modules on ACC Learn will thereafter be updated to reflect changes.	Moderate	Complete	1. Review of Procurement Manual and all associated templates. 2. Publish revised guidance and templates on CPSS SharePoint (re-design of SharePoint page to reflect each procurement process and relevant stages). 3. Draft and issue of communication via the CPSS SharePoint page, the main ACC Intranet Page, to delegated procurers, to Chief Officers/Leadership Forum.
1.2	Procurement Checklists	CPSS should mandate and automate use of the procurement checklist.	Commercial and Procurement have reviewed the guidance and templates are currently being finalised based on the review, this includes an updated procurement checklist (the checklist template is in word and opportunities for automation will form part of a review on potential processes for automation by Commercial and Procurement), the revised guidance will include a requirement to utilise the procurement checklist for all procurement activity above quotation threshold.	Moderate	Complete	1. Development of revised Procurement Checklist, including review by Internal Audit. 2. Draft and issue of communication via the CPSS SharePoint page, the main ACC Intranet Page, to delegated procurers, to Chief Officers/Leadership Forum - messaging included use of Procurement Checklist mandatory for all procurement activity above £50k.
1.3 a	Delegated Procurement Authority	CPSS should explore options for linking training, DPA, and procurement system records to obtain assurance that procurement is only undertaken by those with the appropriate training and delegated authority. This could include use of a common identifier (e.g. payroll reference numbers), or the use and review of self-declarations at the point of procurement (see 1.2).	Commercial and Procurement will explore options for linking training and update the delegated procurement authority form and process accordingly.	Major	Complete	1. Delegated Procurement Authority (DPA) Form updated with section for employee number, DPA register also included with this information. Self declaration included to ensure users are clear that responsibility for compliance lies with them and there is a need to be familiar with internal regulations, processes and procedures. 2. Engagement with colleagues in People & Citizen Services to look at current process and agreed way forward. 3. Internal Delegated Procurement Authority Process drafted and implemented.

1.3b	Delegated Procurement Authority	In the interim, CPSS should perform regular random checks on Procurement active users and the level of expenditure to ensure users are suitably qualified to undertake that level of procurement activity.	Along with implementing a process for random checks the delegated procurement authority form will be updated to include a self-declaration and confirmation of understanding that procurement activity can only be completed up to the value of the level of DPA applied for.	Major	Complete	1. Delegated Procurement Authority (DPA) Form updated with section for employee number, DPA register also included with this information. Self declaration included to ensure users are clear that responsibility for compliance lies with them and there is a need to be familiar with internal regulations, processes and procedures. 2. Engagement with colleagues in People & Citizen Services to look at current process and agreed way forward. 3. Internal Delegated Procurement Authority Process drafted and implemented.
1.3c	Delegated Procurement Authority	A specific exercise should be undertaken to ensure all Chief Officers have undertaken the relevant training and obtained DPA.	Chief Officers will be advised that they are required to undertake the relevant training and obtain DPA Level 3.	Major	Complete	1. Three minute brief presented to Extended Corporate Management Team (ECMT) on the process for Delegated Procurerment Authority with information on how to complete training and to be added to the register. 2. Agreement of Chief Officers to undertake training and submit forms. 3. Chief Officers issued with current DPA register to check delegated procurers per Cluster up to date and accurate.
1.3d	Delegated Procurement Authority	The Council should determine whether or not it is an appropriate option to delegate any of the tasks required of Chief Officers under Procurement Regulations, and if so how internal control will be maintained.	Commercial and Procurement will review options for delegation of tasks required of Chief Officers under Procurement Regulations and consider how these would be recorded/internal controls maintained.	Major	Complete	1. Procurement Sub-Delegations drafted. 2. Three minute brief presented to Extended Management Team (ECMT) to seek agreement on way forward and to ask Chief Officers to consider what if any sub-delegations they would wish to have in place. 3. Completed Sub-Delegations to be saved in ECMT team site.
1.4a	Procurement Documentation	CPSS should clarify the mandatory information and documentation to be uploaded to the contract register system.	Commercial and Procurement will update the guidance for the Amelior Contract Register system clarifying the mandatory information/documentation to be uploaded and at which stage documents should be added to the system,	Major	Complete	1. Contract register system guides updated to include updated information on required on documents for upload. 2. Draft and issue of communication via the CPSS SharePoint page, the main ACC Intranet Page, to delegated procurers, to Chief Officers/Leadership Forum.

1.4b	Procurement Documentation	Checks and controls should be put in place to ensure key procurement stages cannot progress until documentation has been completed and uploaded.	Wording will be added to the procurement checklist to instruct delegated procurers that all steps in each key procurement stage should be completed before moving on the next stage, adhering to the delegated procurer responsibilities.	Major	Complete	1. Development of revised Procurement Checklist, including review by Internal Audit. 2. Draft and issue of communication via the CPSS SharePoint page, the main ACC Intranet Page, to delegated procurers, to Chief Officers/Leadership Forum - messaging included use of Procurement Checklist mandatory for all procurement activity above £50k.
1.4c	Procurement Documentation	The need to update the system for changes should be reinforced.	The Amelior Contract Register system guidance will also seek to reinforce messaging around updating the system with any changes throughout the life of a contract.	Major	Complete	1. Contract register system guides updated to include updated information on required on documents for upload. 2. Draft and issue of communication via the CPSS SharePoint page, the main ACC Intranet Page, to delegated procurers, to Chief Officers/Leadership Forum.
1.4d	Procurement Documentation	The accuracy of the public contracts register should be reviewed periodically to identify and correct potential anomalies.	The Public Contracts Register will be checked for accuracy before each publication.	Major	Complete	1. Development and implementation of Internal CPSS process in relation to the Publication of the Contract Register. The process includes review of any gaps with services as appropriate.
5	Procurement Planning	All procurements for the upcoming year should be added to the Procurement Plan, in advance.	A change is proposed in the Scheme of Governance review for 2024 to remove the requirement for an annual work plan to be presented by each Function/Cluster to committee. Commercial and Procurement do have a process in place to record upcoming procurements via Category Manager Work Plans (which is used along with information from the Contract Register to inform the forward plan in Annual reports) which in part is developed through regular engagement with Services and also through review of expenditure. This process will be reviewed to look at options around ensuring contracts are aggregated sufficiently and also to make this information publicly available for ease of access for suppliers/meet statutory requirements.	Moderate	Complete	1. The terms of reference for the Demand Management Control Board (DCMB) revised to include requirement for annual work plan. 2. Draft Work Plan developed and issued to Chief Officers/Senior Management Teams for completion.

1.6a	Aggregate Spend and Exceptions	Requirements for aggregation should be considered in advance, based on planned and historic spending patterns.	A change is proposed in the Scheme of Governance review for 2024 to remove the requirement for an annual work plan to be presented by each Function/Cluster to committee. Commercial and Procurement do have a process in place to record upcoming procurements via Category Manager Work Plans (which is used along with information from the Contract Register to inform the forward plan in Annual reports) which in part is developed through regular engagement with Services and also through review of expenditure. This process will be reviewed to look at options around ensuring contracts are aggregated sufficiently and also to make this information publicly available for ease of access for suppliers/meet statutory requirements	Moderate	Complete	1. The terms of reference for the Demand Management Control Board (DCMB) revised to include requirement for annual work plan. 2. Draft Work Plan developed and issued to Chief Officers/Senior Management Teams for completion.
1.6b	Aggregate Spend and Exceptions	Regular use of emergency and technical exemptions should be reviewed and challenged, with longer term procurement strategies identified to demonstrate continuing Best Value for specific requirements.	A process for recording exemptions approved will be created/agreed and implemented to allow for periodic review, as part of the process consideration will be given to rejecting requests where insufficient quotations have been invited (where such requests are not due to market limitations in terms of number of available suppliers).	Moderate	Complete	1. Development of Internal CPSS Process in relation to quote exemptions. 2. Revise quote exemption form and develop exemption register. 3. Draft and issue of communication via the CPSS SharePoint page, the main ACC Intranet Page, to delegated procurers, to Chief Officers/Leadership Forum.
1.6c	Aggregate Spend and Exceptions	Consideration should be given to reducing the allowed duration of contracts arising from un-planned procurement.	As part of the above process – potential for restricting contract values will be considered.	Moderate	Complete	1. Development of Internal CPSS Process in relation to quote exemptions. 2. Revise quote exemption form and develop exemption register. 3. Draft and issue of communication via the CPSS SharePoint page, the main ACC Intranet Page, to delegated procurers, to Chief Officers/Leadership Forum.
1.7a	Approvals	Clear guidance and controls should be put in place to ensure all relevant approvals are obtained and consistently and transparently evidenced before procurement progresses to subsequent stages, and in every case before a contract is awarded.	Commercial and Procurement will review the current controls and provide clarity on process/procedure.	Major	Complete	1. Development of revised Procurement Checklist, including review by Internal Audit. 2. Draft and issue of communication via the CPSS SharePoint page, the main ACC Intranet Page, to delegated procurers, to Chief Officers/Leadership Forum - messaging included use of Procurement Checklist mandatory for all procurement activity above £50k.

1.7b	Approvals	Contracts should only be awarded within the boundaries of approval granted by Committee.	Contract award report to be reviewed to identify options for additional controls.	Major	Complete	1. Award Report revised and shared as part of overall governance review. 2. Draft and issue of communication via the CPSS SharePoint page, the main ACC Intranet Page, to delegated procurers, to Chief Officers/Leadership Forum.
1.7c	Approvals	Off contract spend in excess of defined procurement thresholds should be independently reviewed, challenged, and where necessary and appropriate procured through the correct channels.	Commercial and Procurement will work with Finance to develop a reporting tool in PowerBI which shows on/off contract spend against budget (and as part of this identify whether possible to have live updates from the Finance and Contract Register systems – this will provide the ability to further scrutinise contracts and spend in real time. This should support identification of issues at an earlier stage and improve scrutiny around off contract spend.	Major	Complete	1. Off-Contract spend dashboard created in PowerBi. 2. Assessment was conducted to identify whether live updates from the systems is possible but unfortunately it is not. The dashboard will be created and published quarterly.
1.8	Contract Notices	A process should be developed and put in place to ensure that in all necessary instances contract notices are published correctly and within prescribed timescales.	The process established will be reviewed now the new contract register system is in place to identify whether any additional actions/controls can be put in place to mitigate this risk. Commercial and Procurement will work with Finance to develop a reporting tool in PowerBI which shows on/off contract spend against budget (and as part of this identify whether possible to have live updates from the Finance and Contract Register systems – this will provide the ability to further scrutinise contracts and spend in real time. This should support identification of issues at an earlier stage.	Moderate	Complete	1. Internal CPSS process development and implemented containing a section on engagement with services and escalation method. 2. Draft and issue of communication via the CPSS SharePoint page, the main ACC Intranet Page, to delegated procurers, to Chief Officers/Leadership Forum.
1.9a	Tenders & Quotations	CPSS should consider rejecting requests to proceed with fewer than four competitive quotations where this is the result of insufficient quotations having been invited.	A process for recording exemptions approved will be created/agreed and implemented to allow for periodic review, as part of the process consideration will be given to rejecting requests where insufficient quotations have been invited (where such requests are not due to market limitations in terms of number of available suppliers).	Major	Complete	1. Development of Internal CPSS Process in relation to quote exemptions. 2. Revise quote exemption form and develop exemption register. 3. Draft and issue of communication via the CPSS SharePoint page, the main ACC Intranet Page, to delegated procurers, to Chief Officers/Leadership Forum.

1.9b	Tenders & Quotations	A record should be maintained of all instances where permission has been granted to proceed without the requisite number of quotations. This should be subject to periodic review to identify patterns of behaviour and areas where improvement work should be targeted.	The above process will include the creation of a central record for such requests and the team will review whether there is any opportunity to automate the process.	Major	Complete	1. Development of Internal CPSS Process in relation to quote exemptions. 2. Revise quote exemption form and develop exemption register. 3. Draft and issue of communication via the CPSS SharePoint page, the main ACC Intranet Page, to delegated procurers, to Chief Officers/Leadership Forum.
1.9c	Tenders & Quotations	A review process should be developed and implemented to confirm whether tender exercises with smaller numbers of bids represent best value, before contracts are awarded.	The procurement guidance will be supplemented to include information on tender exercises with a smaller number of bids and key points for DPA's to ensure best value.	Major	Complete	1. Evaluation guidance developed included what to do where smaller number of bids are received. 2. Draft and issue of communication via the CPSS SharePoint page, the main ACC Intranet Page, to delegated procurers, to Chief Officers/Leadership Forum.
1.9d	Tenders & Quotations	Tender evaluation matrices should include details of officers involved and should be recorded on the contracts register system. Where records indicate evaluations have not been completed by more than one officer, contracts should not be awarded until this has been reviewed.	The contract register guidance will be updated on mandatory documentation to be uploaded which will include evaluation matrices.	Major	Complete	1. Contract register system guides updated to include updated information on required on documents for upload. 2. Draft and issue of communication via the CPSS SharePoint page, the main ACC Intranet Page, to delegated procurers, to Chief Officers/Leadership Forum.
1.10	Framework Agreements	CPSS should develop and implement controls to ensure that frameworks cannot be used until their adoption has been confirmed; relevant call-off contracts have been entered into, following appropriate competition or approved justifications for direct awards; and the call-off contracts with each individual supplier for which approval to spend has been granted have been added to the contracts register system.	Further guidance will be developed around the use of frameworks for delegated procurers, assessment of current process to identify whether there are any areas where controls could be automated are to form part of the review mentioned in the management response.	Moderate	Complete	1. Develop new user guide and templates for use of framework agreements. 2. Publish revised guidance and templates on CPSS SharePoint (re-design of SharePoint page to reflect each procurement process and relevant stages with section on frameworks and information on adopted framework agreements). 3. Draft and issue of communication via the CPSS SharePoint page, the main ACC Intranet Page, to delegated procurers, to Chief Officers/Leadership Forum.

1.10	Framework Agreements	The requirements should be clarified in procedures and guidance to avoid ambiguity over the circumstances in which this should apply.	Further guidance will be developed around the use of frameworks for delegated procurers, assessment of current process to identify whether there are any areas where controls could be automated are to form part of the review mentioned in the management response.	Moderate	Complete	1. Develop new user guide and templates for use of framework agreements. 2. Publish revised guidance and templates on CPSS SharePoint (re-design of SharePoint page to reflect each procurement process and relevant stages with section on frameworks and information on adopted framework agreements). 3. Draft and issue communications via the Intranet, to delegated procurers and to Chief Officers/Leadership Forum.
1.11	Direct Awards	CPSS should record justifications for each non-competitive action, with explicit reference to relevant sections of the legislation. The prevalence of direct awards without competition should be reviewed to ensure there is continued sound justification in every case.	A process for recording exemptions approved will be created/agreed and implemented to allow for periodic review.	Major	Complete	1. Development of Internal CPSS Process in relation to quote exemptions. 2. Revise quote exemption form and develop exemption register. 3. Draft and issue of communication via the CPSS SharePoint page, the main ACC Intranet Page, to delegated procurers, to Chief Officers/Leadership Forum.
1.12	Purchase Orders and Payments	All purchase orders, however generated, should have contract reference numbers included. Controls should be implemented to ensure orders cannot be raised without a contract reference. Material up-front payments should be subject to appropriate controls / approvals.	Commercial and Procurement will work with Finance to develop appropriate corporate messaging, there are limitations around controls as the system does not have an option for a mandatory contract reference field.	Moderate	Complete	1. Developed with Finance appropriate communication on purchase order evidence requirements, issue of communication via the CPSS SharePoint page, the main ACC Intranet Page, to delegated procurers, to Chief Officers/Leadership Forum. . 2. Developed with Finance messaging around upfront payments linked to contract payment terms, issue of communication via the CPSS SharePoint page, the main ACC Intranet Page, to delegated procurers, to Chief Officers/Leadership Forum.

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ABERDEEN CITY COUNCIL

COMMITTEE	Audit Risk and Scrutiny
DATE	28 July 2025
EXEMPT	No
CONFIDENTIAL	No
REPORT TITLE	Scottish Public Services Ombudsman Decisions and Inspector of Burial, Cremation and Funeral Directors Complaint Decisions
REPORT NUMBER	CORS/25/167
EXECUTIVE DIRECTOR	Andy MacDonald
CHIEF OFFICER	Isla Newcombe
REPORT AUTHOR	Lucy McKenzie
TERMS OF REFERENCE	6.4

1.   PURPOSE OF REPORT

1.1   This report provides 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 are being handled appropriately.

2.   RECOMMENDATION(S)

2.1   It is recommended that Committee notes the details of the report.

3.   CURRENT SITUATION

3.1   A report detailing all Scottish Public Services Ombudsman (SPSO) and/or Inspector of Burial, Cremation and Funeral Directors decisions relating to Aberdeen City Council is submitted to Audit Risk and Scrutiny Committee each reporting cycle. This is to provide assurance that complaints and Scottish Welfare Fund decisions are being handled appropriately.

3.2   The last report on this matter was considered at the 8 May 2025 Committee.

Scottish Public Services Ombudsman (SPSO) Complaint Decisions

3.3   The Scottish Complaints Handling Procedure (CHP) followed by Aberdeen City Council is outlined by the SPSO. Details of the CHP can be accessed at www.aberdeencity.gov.uk/complaints

3.4   The SPSO publish all decision reports on their website at www.spso.org.uk/decision-report-search

3.5   There are no SPSO decisions relating to Aberdeen City Council complaints to notify Committee of.

Scottish Public Services Ombudsman (SPSO) Scottish Welfare Fund Review Decisions

3.6   The Scottish Welfare Fund is delivered by Local Councils across Scotland and offers two types of grants – Crisis Grants and Community Care Grants. Further information is available at www.aberdeencity.gov.uk/services/benefits-and-advice/apply-scottish-welfare-fund

3.7   There have been two SPSO Second Tier Reviews in relation to Aberdeen City Council Scottish Welfare Fund application decisions since the last reporting period. One decision was not upheld (changed) and the other was upheld (unchanged). Further information is detailed in Appendix A. The SPSO gave feedback on the content of our decision letters and will hold a regional workshop on improving communication and recording decisions. The Council's Scottish Welfare Fund Team will attend to enhance their skills.

Inspector of Burial, Cremation and Funeral Directors Decisions

3.8   The Inspector of Burial, Cremation and Funeral Directors responds to complaints or queries from the public about cremations. There have been no decisions by the Inspector of Burial, Cremation and Funeral Directors in relation to Aberdeen City Council cremations to date.

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 considered to be consistent with the Council's Risk Appetite Statement.

Category	Risks	Primary Controls/Control Actions to achieve	Low (L) Medium (M) High (H)	*Does Target Risk Level Match

		Target Risk Level	*taking into account controls/control actions	Appetite Set?
Strategic Risk	If we do not handle complaints or Scottish Welfare Fund (SWF) applications correctly then there is risk that we do not meet our strategic objectives.	Support in complaint handling is available to responding officers through a variety of methods and there is a centralised team in place to monitor compliance. The SWF team go through extensive training and ongoing guidance and support is available. Reviews are carried out by senior staff.	L	Yes
Compliance	The (SPSO) is the regulatory body for public services in Scotland. If we are non-compliant in our handling of a complaint or Scottish Welfare Fund application then there is risk that this is highlighted by the SPSO.	Support in complaint handling is available to responding officers through a variety of methods. In addition, all Stage 2 responses are also quality assured to ensure that responses are appropriate. Officers responsible for Scottish Welfare Fund applications receive full training to ensure they have the necessary knowledge to	L	Yes

		undertake assessments.		
Operational	Staff morale may be lowered as a result of a negative outcome of a SPSO decision.	Whilst it is not pleasant to receive a complaint, officers are encouraged to view complaints in a positive light, as a learning point going forwards.	L	Yes
Financial	Each time a complaint escalates it is more costly to the council then the previous stage due to the effort involved, therefore financially it is in the council's best interest to resolve complaints early in the process. There is also a risk that the council may be required to undertake additional actions as a result of an SPSO decision, including financial compensation.	The complaint handling procedure encourages frontline resolution whenever possible and there is guidance and training in place to support staff in effective complaint handling. The financial benefit of early resolution is highlighted to responding officers in training.	L	Yes
Reputational	Non-compliance carries reputational risk. Customer perception of the council could also be negatively impacted if complaints and Scottish Welfare Fund applications are not handled correctly.	There is a centralised Customer Feedback Team responsible for ensuring that complaints are being handled consistently and appropriately across the council. Staff within the Scottish Welfare	L	Yes

		Fund Team receive comprehensive training to ensure applications are handled correctly and there is a robust procedure in place to review decision making when necessary.		
Environment / Climate	There are no environment / climate risks associated with this report.	N/A	N/A	Yes

8. OUTCOMES

COUNCIL DELIVERY PLAN	
	Impact of Report
Aberdeen City Council Policy Statement	Complaints are a vital part of organisational learning and improvement therefore enabling the Council to realise its aims across its policy statement. The report focuses on complaints outcomes which provide rich customer insight for the organisation to act upon to help transform service delivery.
Aberdeen City Local Outcome Improvement Plan	
Prosperous Place Stretch Outcomes	The Scottish Welfare Fund supports the delivery of the LOIP stretch outcome 1 as it can provide short term financial assistance to help with food costs which can relieve the pressure on use of food banks. It also works with partner agencies to identify citizens and signpost them for budget management, debt advice and benefit maximisation.

8. IMPACT ASSESSMENTS

Assessment	Outcome
Impact Assessment	No assessment required. I confirm this has been discussed and agreed with Isla Newcombe, Chief Officer People and Citizen Services on 4 June 2025.
Data Protection Impact Assessment	Not required
Other	Not required

9.   BACKGROUND PAPERS

N/A

10.   APPENDICES (if applicable)

Appendix A – SPSO Scottish Welfare Fund Decisions

11.   REPORT AUTHOR CONTACT DETAILS

Lucy McKenzie
Customer Services Manager
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Appendix A – SPSO Scottish Welfare Fund Decisions

Application Received Date	Application Type	Aberdeen City Council 1st Tier Review Decision Date	SPSO 2nd Tier Review Decision Date	SPSO Decision	SPSO Feedback
18 February 2025	Community Care Grant	30 April 2025	12 May 2025	Aberdeen City Council decision not upheld (changed)	The SPSO revised the decision based on new information provided during the 2nd Tier Review, which had not been previously shared with ACC. The SPSO noted the decision was delayed and recommended improvements, including updating the qualifying criteria details and clearer rationale in the decision letter.
4 June 2025	Crisis Grant	4 June 2025	6 June 2025	Aberdeen City Council decision upheld (unchanged)	The SPSO provided advice on decision-making and how to communicate the decision in the letter.

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ABERDEEN CITY COUNCIL

COMMITTEE	Audit, Risk and Scrutiny Committee
DATE	28 July 2025
EXEMPT	No
CONFIDENTIAL	No
REPORT TITLE	Internal Audit Update Report
REPORT NUMBER	IA/25/009
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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Title	Chief Internal Auditor
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Internal Audit

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

Contents

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 2024/25 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:

- Four 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 2024/25 Audits

Service	Audit Area	Position
NESPF	Pension Fund Payroll[1]	**Final report Issued**
Corporate Services	Group Structure Assurance	**Final report Issued**
Families and Communities	Housing Allocations and Choice Based Letting	**Final report Issued**
Families and Communities	Corporate Landlord Responsibilities	**Final report Issued**

2.2 Audit reports presented to this Committee

Report Title	Assurance Year	Net Risk Rating	Conclusion
AC2517 – Housing Allocations and Choice Based Letting	2024/25	Moderate	The level of net risk is assessed as **MODERATE**, with the control framework deemed to provide **REASONABLE** assurance over the Council's approach to Creditors Sub-System Payments. Reasonable assurance was available over the following areas reviewed: Governance, Performance Monitoring, and Appeals and Cancellations. However, the review identified some areas of weakness where enhancements could be made to strengthen the framework of control, specifically: New Applications, Allocations, Deferrals, Tenant Satisfaction, Application Annual Review, and Policies and Procedures. Recommendations have been made to address the above risks, including reviewing the Housing Allocation policy and enhancing the system of control over application assessment and allocations. In addition, recommendations were made to enhance control over deferrals, suspensions and annual reviews and to improve tenant satisfaction where feasible.
AC2508 – Group Structure Assurance	2024/25	Moderate	The level of net risk is assessed as **MODERATE**, with the control framework deemed to provide **REASONABLE** assurance over the Council's approach to Group Structure Assurance. Reasonable assurance was available over the following areas reviewed: Committee Reporting, ALEO Assurance Hub, and Following the Public Pound (FtPP) Guidance. However, the review identified the following areas where enhancements could be made to strengthen the framework of control, specifically: Governance Enhancements, Aberdeen Heat and Power (AH&P_

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[1] NESPF reports are only presented to the Pensions Committee for scrutiny.

Report Title	Assurance Year	Net Risk Rating	Conclusion
			Ltd, Assessment of Fraud Risks, and ALEO Strategic Partnership and Service Leads.
			Recommendations have been made to address the above risks including ensuring all aspects of the ALEO Assurance Framework are operational and related meeting actions are documented; enhancing ALEO Assurance Hub checks in relation to FtPP; formalising assurance arrangements concerning AH&P Ltd; and ensuring fraud risks are adequately monitored.
AC2518 – Corporate Landlord Responsibilities	2024/25	Major	The level of net risk is assessed as **MAJOR**, with the control framework deemed to provide **LIMITED** assurance over the systems in place to provide assurance over compliance with the legal requirements in relation to the Council's Corporate Landlord role for operational properties. If these requirements are not being planned, scheduled, met and adequately evidenced, there is an increased risk to building users' safety, and thereby to the Council's financial resources and reputation.
			The review identified areas of weakness where enhancements are required to be made to improve the framework of control and compliance including: Written Procedures, Contracts, Contractor Performance, Planning and Scheduling, and Documentation.
			Recommendations have been made to address the identified risks including: review and updates to procedures to clearly explain roles and requirements; ensuring contract documentation is on file and procurement regulations are satisfied; reviewing how KPI's are set and monitored; improving processes and reporting to deliver assurance that statutory maintenance is taking place as scheduled, and that safety critical defects/risks are being addressed promptly, and development of an appropriate quality assurance system to confirm corporate landlord responsibilities are being discharged effectively.

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 April 2025 (the baseline for our exercise), 25 audit recommendations were due and outstanding:

- Three rated as Major
- 18 rated as Moderate

- Four rated as Minor

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

- One rated as Major
- Six rated as Moderate

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 the Natural Environment	**Moderate**	1.4a	The planned public and wider stakeholder biodiversity awareness and engagement campaign should be delivered.	Apr-25	May-26	Extension requested due to attrition within the Team and wider capacity issues.	**In Progress**
AC2418 – Biodiversity and the Natural Environment	**Moderate**	1.4b	An engagement and communication plan should be prepared for longer term biodiversity engagement and communication with the public and wider stakeholders.	Apr-25	May-26	Extension requested due to attrition within the Team and wider capacity issues.	**In Progress**
AC2414 – Financial Assessments	**Moderate**	1.3b	Processes should be reviewed to ensure assessments can be completed timeously, within available resource.	Mar-25	Jun-25	Management has progressed the action in relation to this recommendation and are currently working with Internal Audit on evidencing the steps taken. Extended slightly to allow for this to be completed.	**In Progress**
AC2414 – Financial Assessments	**Moderate**	1.3a	The Service should set priorities for completing overdue assessments.	Mar-25	Jun-25	Management has progressed the action in relation to this recommendation and are currently working with Internal Audit on evidencing the steps taken. Extended slightly to allow for this to be completed.	**In Progress**
AC2507 – IJB Budget Setting and Monitoring	**Moderate**	1.6b	Partners / the IJB should engage with government bodies to identify opportunities to improve access to	Mar-25	Jun-25	Management has progressed the action in relation to this recommendation and are	**In Progress**

Report	Grading	Ref	Recommendation	Original Due Date	Current Due Date	Committee Update	Status
			Prescribing data and information on Funding, to aid financial planning.			currently working with Internal Audit on evidencing the steps taken. Extended slightly to allow for this to be completed.	
AC2507 – IJB Budget Setting and Monitoring	**Moderate**	1.6c	The HSCP should define the level of detail and assurance required from budget holders where a variance is anticipated.	Mar-25	Jun-25	Management has progressed the action in relation to this recommendation and are currently working with Internal Audit on evidencing the steps taken. Extended slightly to allow for this to be completed.	**In Progress**
AC2507 – IJB Budget Setting and Monitoring	**Moderate**	1.6a	The HSCP should review forecast accuracy with budget holders and identify areas where further work is required with partners.	Mar-25	Jun-25	Management has progressed the action in relation to this recommendation and are currently working with Internal Audit on evidencing the steps taken. Extended slightly to allow for this to be completed.	**In Progress**
AC2507 – IJB Budget Setting and Monitoring	**Moderate**	1.2	The HSCP should review the support services being provided by partners, against the budget and costs incurred, on an annual basis to ensure it continues to deliver Best Value, in line with provision 6.5 of the Integration Scheme. All revisions to the budget or additional recharges	Mar-25	Jun-25	Management has progressed the action in relation to this recommendation and are currently working with Internal Audit on evidencing the steps taken. Extended slightly to allow for this to be completed.	**In Progress**

Report	Grading	Ref	Recommendation	Original Due Date	Current Due Date	Committee Update	Status
			should be subject to tripartite agreement in advance.				
AC2507 – IJB Budget Setting and Monitoring	**Minor**	1.3	The HSCP should set out its budget/MTFF to more explicitly demonstrate the level of investment planned in delivering each of the Aims set out in the Strategic Plan.	Mar-25	Jun-25	Management has progressed the action in relation to this recommendation and are currently working with Internal Audit on evidencing the steps taken. Extended slightly to allow for this to be completed.	**In Progress**
AC2507 – IJB Budget Setting and Monitoring	**Moderate**	1.4	The HSCP should set out its budget/MTFF to more explicitly demonstrate the level of investment planned in delivering each of the Aims set out in the Strategic Plan.	Mar-25	Jun-25	Management has progressed the action in relation to this recommendation and are currently working with Internal Audit on evidencing the steps taken. Extended slightly to allow for this to be completed.	**In Progress**
AC2507 – IJB Budget Setting and Monitoring	**Moderate**	1.5b	The IJB should review plans with the Council and NHS Grampian for the strategic allocation of its resources between partners and activities in the medium term, setting out the case for change in funding and allocation where required. Agreed changes to the balance of funding should be underlined through issue of a formal Direction from the IJB.	Mar-25	Jun-25	Management has progressed the action in relation to this recommendation and are currently working with Internal Audit on evidencing the steps taken. Extended slightly to allow for this to be completed.	**In Progress**

Report	Grading	Ref	Recommendation	Original Due Date	Current Due Date	Committee Update	Status
AC2507 – IJB Budget Setting and Monitoring	**Moderate**	1.5a	The IJB should review the cost base in detail to ensure the current budget is reflective of its ongoing costs.	Mar-25	Jun-25	Management has progressed the action in relation to this recommendation and are currently working with Internal Audit on evidencing the steps taken. Extended slightly to allow for this to be completed.	**In Progress**
AC2407 – Creditors System	**Moderate**	1.3b	Finance should carry out regular monitoring of supplier standing data amendments. As well as covering 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.	Dec-24	Sep-25	We are looking at sharing the information and then doing a random percentage check - this should be in practice by end Sept 2025.	**In Progress**
AC2408 – Revenue Budget Setting and Financial Strategy	**Minor**	1.4	The medium-term and long-term financial models would benefit from refreshing on a basis that reflects significant changes when they occur, such as progress on the transformation timeline and issues with economic instability, to allow time to mitigate against issues. It would be prudent to do this more frequently in the current climate of change, than is necessary in times of stability. Management Actions.	Mar-25	Mar-26	Aligned closely with the Finance Structure change, resilience is a subject that will get prime attention. This will cover the 4 pillars of Financial Resilience: Getting Routine, Financial management right, Benchmarking, Clear plans for delivering savings options, and Managing Reserves. As the Finance Team Structure is being	**In Progress**

Report	Grading	Ref	Recommendation	Original Due Date	Current Due Date	Committee Update	Status
						changed, the concept is gradually being introduced. Due date in line with Finance Team Structure Change, but must stress this is being promoted / encouraged as the Annual Budget 26-27 discussions kicks in.	
AC2511 – Pre-School Commissioned Places	**Major**	1.5b	Finance should ensure risks are highlighted to Council as part of the budget setting process.	Apr-25	Mar-26	The most recent Budget Holder meeting (20 May 2025) with the Early Years Team has included and emphasized the issue regarding the cost pressures that still needs to be covered (inclusive of the £1.3m pressure from cross boundary charges) and savings options required to meet the Council's overall targets. Savings options to be presented by the EY Service Manager to the CO - Education / Lifelong Learning for onward scrutiny with the CO - Finance during the first stages of the MTFS cycle 26-27.	**In Progress**

Report	Grading	Ref	Recommendation	Original Due Date	Current Due Date	Committee Update	Status
AC2503 – National Fraud Initiative	Minor	1.1b	Recruitment and selection guidance and training should be updated to provide information to managers about when and how to undertake security checks required by staff including BPSS checks.	Apr-25	Jul-25	Service requested short extension to facilitate the completion of the required changes.	In Progress
AC2503 – National Fraud Initiative	Major	1.5	Finance should liaise with Audit Scotland to highlight the potential for improvement in data matching through the NFI process via comparison of payroll employee bank details to bank details used by other payment systems.	Mar-25	Jul-25	As part of the Finance Improvement Plan, 10-point recommendation, we are carrying out the following: DPIA with a view to acquiring a 3rd party data matcher wherein employee data is compared with supplier data to ensure that no employee data is used (misused) for purposes of payment other than what they should be used for. Once the DPIA is completed, we can proceed with the agreement with the 3rd party, i.e., NXG Forensics to carry out this comparison / checks. Separately, we will engage with Audit Scotland.	In Progress
AC2201 – IT Infrastructure Resilience	Minor	2.1.6	Digital and Technology should introduce mandatory online cyber security training.	Mar-25	Sep-25	Content has been created/linked. Work ongoing with P&OD	In Progress

Internal Audit

Report	Grading	Ref	Recommendation	Original Due Date	Current Due Date	Committee Update	Status
			Agreed - P&OD will work with D&T on the mandatory and essential elements of training and seek to ensure training is appropriate to job families. Consideration will be given to including the course as part of existing mandatory training (e.g. Information Governance course).			agreeing the mandatory requirement.	

ABERDEEN CITY COUNCIL

COMMITTEE	Audit, Risk and Scrutiny Committee
DATE	28 July 2025
EXEMPT	No
CONFIDENTIAL	No
REPORT TITLE	Internal Audit Report AC2517 – Housing Allocations and Choice Based Letting
REPORT NUMBER	IA/AC2517
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 Housing Allocations and Choice Based Letting

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 Housing Allocations and Choice Based Letting

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 AC2517 – Housing Allocations and Choice Based Letting

12.　REPORT AUTHOR CONTACT DETAILS

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Internal Audit

Assurance Review of Housing Allocations and Choice Based Letting

Status: Final
Date: 20 May 2025
Risk Level: Corporate

Report No: AC2517
Assurance Year: 2024/25

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	16-Jan-25	16-Jan-25
Scope agreed	23-Jan-25	21-Jan-25
Fieldwork commenced	10-Feb-25	10-Feb-25
Fieldwork completed	04-Apr-25	04-Apr-25
Draft report issued	25-Apr-25	15-Apr-25
Process owner response	16-May-25	20-May-25
Director response	23-May-25	20-May-25
Final report issued	30-May-25	20-May-25
AR&S Committee	26-May-25	

Distribution	
Document type	Assurance Report
Directors	Eleanor Sheppard, Executive Director – Families and Communities
Process Owner	Rachel Harrison, Housing Access & Support Manager
Stakeholders	Jacqui McKenzie, Chief Officer – Housing
	Athelstan Croft, Team Leader Housing Options & Allocations
	Vikki Cuthbert, Interim Chief Officer – Governance*
*Final Only	External Audit*
Lead auditor	Agne McDonald, Auditor

1 Introduction

1.1 Area subject to review

The allocation of social housing in Scotland is governed by the Housing (Scotland) Acts 1987, 2001 and 2014. The Council's Housing Allocation policy has been prepared in accordance with this legislation. Under the policy, Council housing applicants are assessed and prioritised in terms of their housing needs and applicant choices, including letting area(s) and property size selected.

Persons must be aged 16 or over, and not subject to immigration control, to be eligible to apply for Council housing, with preference given to applicants with urgent housing needs, including:

- Persons who are homeless or threatened with homelessness with an unmet housing need.
- Persons living in unsatisfactory housing conditions with an unmet housing need.
- Social landlord tenants considered to be under-occupied.
- Applicants with "extreme medical needs" determined by the Council's Housing Needs Assessment team.
- Young people looked after by the Council.
- Applicants awarded priority by the Communities, Housing and Public Protection Committee or the Chief Officer – Housing.

The Council's Housing Waiting List is categorised as follows:

- Urgent Housing Needs List (relates to the persons described above and community safety, Next Stage care experienced, statutory notice and former armed forces applicants).
- Housing with Support List (Amenity, Sheltered, Very Sheltered, or High Support housing).
- Transfers List (Council tenant, Registered Social Landlord (RSL) tenant within Aberdeen, or Council / RSL in Aberdeen occupying tied accommodation).
- Waiting List (all other eligible housing applicants).

The Council has around 23,500 properties of various sizes and types, including cottages, flats, multi-storey blocks, and sheltered complexes and approximately 350 housing applications are processed by the Council each month. As at 31 December 2024, there were 6,654[1] households on the Council's housing lists (Urgent Housing Needs List 635; Housing with Support List 1,460; Transfers List 2,186; Waiting List 2,672) and in the year to 31 December 2024, 1,895 applicants were housed.

Choice Based Letting

The Council operates a Choice Based Letting system to allocate properties to reduce void rent loss and increase tenant satisfaction levels.

Properties available to let are advertised through the Council's Housing Online system accessed via the Council's website. Applications are ordered based on their assessed priority on the Council's housing lists. To meet the legal obligation and policy objective "to respond quickly to people in acute and urgent housing need", all available properties are considered for applications on the Urgent Housing Needs List in the first instance. If no Urgent Housing Needs List applicants register an interest, the property concerned is considered for Waiting and Transfer List or Housing with Support applicants, based on their housing needs,

Urgent Housing Needs applicants are given 21 days to bid for properties and accept an offer after which their applications are set to "autobid" for properties deemed suitable for their needs. Should an "autobid" offer be rejected the applicant is defaulted to the appropriate non-urgent list. Where an applicant on any non-urgent list rejects an offer, their application is deferred for 12 months before being considered again.

Performance

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[1] The number of households (6,654) is less than the number of households across the list (6,953) as an applicant can be on more than one list.

The Quality Assurance and Performance Management team are responsible for preparing and distributing various key performance indicator reports to Housing officers to facilitate improvement in housing application processing; housing list maintenance; and housing applicant outcomes.

In addition, the Council's Communities, Housing and Public Protection Committee is responsible for monitoring housing key performance indicators (KPIs) in accordance with the Council's Performance Management Framework. Also, the Housing Cluster must report certain statutory housing key performance indicators to the Scottish Housing Regulator, including KPIs relating to relet duration, void losses, and tenant satisfaction.

1.2   Rationale for review

The objective of this audit is to provide assurance that the Housing Waiting List is maintained efficiently, and allocations are made in accordance with policy, including the choice based letting process. This review will also incorporate tenant satisfaction[2].

This has been included in the agreed 2024/25 Internal Audit Plan due to the Council's statutory obligation to maintain a Housing Waiting List and prioritise those with the greatest housing needs. Failure to maintain the Housing Waiting List and manage allocations appropriately increases the risk of housing needs not being met, potentially housing fraud, financial loss should for example those with housing needs require more expensive temporary accommodation, and reputational damage for the Council.

This area was last reviewed in August 2021 through Internal Audit AC2117 Housing Waiting List and Allocations. Recommendations were made to enhance written procedures; support housing decisions; ensure data protection; segregate duties; and to ensure property suitability.

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.

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[2] The review was initially planned to include tenant participation and satisfaction. Discussions with the Chief Officer – Housing provided an understanding that participation is a different area of work and not aligned to Housing Allocations and Choice Based Letting. As such this will be out of scope for this piece of work and picked up as part of future relevant reviews. Tenant satisfaction remains within scope for this review.

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 provide **REASONABLE** assurance over the Council's approach to Creditors Sub-System Payments.

Reasonable assurance was available over the following areas reviewed:

- **Governance** – The Housing Cluster is well structured to address the various stages of the housing application and allocation process. In addition, since March 2024 a Housing Board has been established to monitor the delivery of housing related commissioning intentions and oversee performance against agreed service standards and key performance indicators. The Housing Board is reporting bi-annually to Communities, Housing and Public Protection Committee on improvement activity being progressed. This includes work to improve data management to drive performance improvements generally, testing approaches to increase the number of vulnerable tenants engaging in Choice Based Lettings to improve tenancy outcomes, and reducing homelessness, to name a few priorities.

- **Performance Monitoring** – The Housing Team manages applications and property allocations via various daily, weekly, and monthly reports. In addition, relevant Housing key performance indicators are reported on a quarterly basis to Communities, Housing and Public Protection Committee, including KPIs covering housing application processing times and tenant satisfaction. January 2025 reporting to Committee was as follows, indicating relatively good performance overall where data was available.

KPI	Aug-24	Sep-24	Oct-24	Target
Housing Applications processed 28 days YTD %	96.36%	97.17%	95.91%	100%
% of tenants satisfied with the standard of their home when moving in YTD	84.2%	Data not available		75%
Satisfaction of new tenants with the overall service received (Year to Date)	87.7%	Data not available		80%

- **Appeals and Cancellations** – A sample of five appeals and ten cancellations reviewed were managed appropriately.

However, the review identified some areas of weakness where enhancements could be made to strengthen the framework of control, specifically:

- **New Applications –** The Housing Allocation policy states the Council aims to process applications within 28 days. However, 11 (55%) out of 20 applications reviewed, that were received between 1 April 2024 and 17 February 2025, were processed out with the set target

of 28 days, ranging from 37 days to 228 days, with an average processing time for the sample of 20 reviewed of 72 days. One of the longest application processing times was for an (5%) application reviewed placed on the Waiting List instead of the Transfer List in error. Whilst the processing times for this sample are not reflective of overall housing application processing times reported to Communities, Housing and Public Protection Committee for the three months to October 2024 as above, reasons should be investigated in the interests of processing efficiency and avoiding void rent loss and unnecessary delay housing applicants. Also, application outcome letters were not issued to eight applicants due to a system parameter error identified during this review, risking reputational damage. In addition, more significantly, five applications (25%) were not fully supported with five (25%) lacking applicant identification, and one of this lacking evidence of eligibility of recourse to public funds, risking inappropriate inclusion on a Council housing list and potentially a housing offer to an ineligible applicant.

- **Allocations** – Various gaps in the allocation process were noted on reviewing a sample of 20 individuals recorded in the Housing System as having been housed. Two (10%) applicants were incorrectly classified as housed by the Council when this wasn't the case (i.e. housed by a separate housing association). Signed offer Letters were not available for four applications (22%). A shortlist was not available for two applicants (11%) meaning it was not possible to determine if the allocations were in line with system priority scores. An applicant was bypassed without explanation in one case (6%). Seven applicants in the sample were existing Council tenants and it was noted in six cases (86%) the new tenancies commenced before ending the existing tenancy (23 to 69 days after new tenancy commenced). An offer (6%) was refused for personal preference reasons but not deferred for 12 months in line with policy. In addition, two offers (11%) were misclassified as "refused" by the applicant when the offer should have been "withdrawn" by the Council. Also. no identification was provided for three (17%) applicants and eligibility for recourse to public funds could not be verified in these cases. 13 (72%) Offer Questionnaires used by the Service to ensure continued eligibility to accommodation offered were not completed. In addition, six (33%) Lease Checklists indicating the tenancy agreements had been signed and relevant pre-tenancy checks completed were not signed. Furthermore, a (6%) lease checklist was absent for one allocation. These issues highlight various gaps in the allocation process, risking allocation of housing to ineligible applicants, delayed allocation, unfair allocation decisions, and void rent losses. In addition, where allocation outcomes for housing applicants are inaccurately recorded, this risks a breach of the accuracy principle of data protection legislation and potential enforcement action by the ICO. Also, where lease agreement checklists are not signed, this increases the risk of misunderstanding of tenant responsibilities, and of inappropriate use of Council housing.

- **Deferrals –** Applicants on the Waiting, Transfer, or Housing With Support Lists may defer their application while remaining on the list but must notify the council to reactivate it. In addition, certain applications may be suspended due to housing-related debts, refusal of a reasonable offer, unresolved joint tenancies, or failed property standards checks. A review of ten deferred/suspended applications found nine (90%) to be reasonable and supported. However, one (10%) deferral lacked formal evidence of the applicant's request to defer. Where such records are absent this increases the risk of dispute over decisions to defer housing applications. In addition, in another case (20%), where an appeal was unsuccessful and it appeared the application should have been suspended for 12 months, the Housing System did not reflect the fact a complaint about the decision to suspend the application was upheld, meaning records were incomplete, impeding monitoring.

- **Tenant Satisfaction –** The Scottish Social Housing Charter requires social landlords to report on key tenant satisfaction performance indicators. Whilst many aspects of a tenant's housing experience will inform this position, including beyond the application and allocation process, in 2023/24, the Council reported significantly lower tenant satisfaction (Overall Service: 39.9%, Keeping Tenants Informed: 39.6%, Opportunities to Participate 31.6%) compared to national averages (86.5%, 90.5%, and 87.7%, respectively). This is in contrast to performance reporting to Communities, Housing and Public Protection Committee above which indicates a good tenant satisfaction position for new tenants. The Council's external website indicates the Housing service are continually looking for ways to improve the service and indicates a survey

is available to help with the identification of improvements. However, the link to the only advertised survey (Support Services Temporary Accommodation Survey) on the Council's website related was broken at the time of this review. In addition, 10 (50%) New Tenant Surveys were not distributed as required. Without tenant feedback, the Council may miss valuable insights into reasons for dissatisfaction, service issues, and risk continued poor performance and reputational damage.

- **Application Annual Review** – The Housing Allocation policy requires an annual review of applicants' continued interest in Council housing (or otherwise) and where a response is not received in a timely manner the related application will be cancelled. Five current applications received over 12 months ago were analysed and only one applicant (20%) was sent an annual review letter. Where annual reviews are not conducted this risks inefficiency in the allocation process should individuals without housing needs be considered for housing they do not require.

- **Policies and Procedures** – The Council's Housing Allocation policy was scheduled for review 12 months after implementation and this did not take place, risking improvements to allocation efficiency not being applied as the new policy beds in and lessons are learned.

Recommendations have been made to address the above risks, including reviewing the Housing Allocation policy and enhancing the system of control over application assessment and allocations. In addition, recommendations were made to enhance control over deferrals, suspensions and annual reviews and to improve tenant satisfaction where feasible.

2.3   Severe or major issues / risks

Issues and risks identified are categorised according to their impact on the Council. The following are summaries of higher rated issues / risks that have been identified as part of this review:

Ref	Severe or Major Issues / Risks	Risk Agreed	Risk Rating	Page No.
1.2	**New Applications** – The Housing Allocation policy states: *"Once an application has been submitted, we aim to process it within 28 days and provide written confirmation that the process is complete. At times due to service demand or difficulty gathering information it may take longer than 28 days to process an application".* A review of 20 new applications received between 1 April 2024 and 17 February 2025. 11 (55%) out of 20 applications were processed out with the set target of 28 days, ranging from 37 days to 228 days, with an average processing time for the sample of 20 reviewed of 72 days (ref 1 - 37 days, ref 2 – *205 days,* ref 3 - 228 days, ref 4 - 49 days, ref 5 - 60 days*,* ref 6 - 102 days, ref 7 - 38 days, ref 8 - 225 days, ref 9 - 225 days, ref 10 - 38 days and ref 11 - 136 days). One of the longer application processing times reviewed (205 days) was for an (5%) application placed on the Waiting List instead of the Transfer List in error (existing Council tenant requiring new accommodation due to "Issues" with neighbours).	Y	**Major**	12

Ref	Severe or Major Issues / Risks	Risk Agreed	Risk Rating	Page No.
	Whilst the processing times for this sample of 20 are not reflective of overall housing application processing times reported to Communities, Housing and Public Protection Committee for the three months to October 2024 as detailed in the Executive Summary above, reasons should be investigated in the interests of processing efficiency and avoiding void rent loss and unnecessary delay housing applicants. It was also noted that written confirmation of application outcomes was not issued to eight (40%) applicants – the Service advised this was due to a technical issue with the Housing System identified as a result of this review. In addition *(2294386)*, in one case where the application was processed and made live within 17 days, the Final Registration Letter confirming outcomes was issued late 30 days after receipt of the applications. Also, five applications (25%) were not fully supported with the required documentation, including five (25%) lacking applicant identification, and one of these lacking evidence confirming they have recourse to public funds, risking inappropriate inclusion on Council housing lists and potentially a housing offer to an ineligible applicant.			
1.3	**Allocations** – Under the Council's Housing Allocation policy, Council housing applicants are assessed and prioritised in terms of their housing needs and applicant choices, including letting area(s) and property size selected. A sample of 20 allocations was reviewed from the Council's housing lists (five Waiting List, Five Urgent List, Five Transfer List and Five Housing with Support List). The following exceptions were identified: Two (10%) applicants were incorrectly classified within the Housing System as housed "HSD" by the Council, when they should have been classified as "Cancelled – Rehoused by Other Organisation" since both were housed by separate housing association. Where personal data is incorrectly recorded this risks a breach of the accuracy principle of data protection legislation. The remaining percentages within this risk box are based on a sample of 18 (average	Y	**Major**	14

Ref	Severe or Major Issues / Risks	Risk Agreed	Risk Rating	Page No.
	allocation duration 120 days) excluding the two recording errors above.			
	• Offer Letters were not recorded in the system for four applications (22%).			
	• A shortlist was not available for two applicants (11%).			
	• An applicant was bypassed without explanation in one case (6%).			
	• Seven applicants in the sample were existing Council tenants and it was noted in six cases (86%) the new tenancies commenced before ending the existing tenancy.			
	• One (6%) instance where an applicant refused the offer, and instead of being deferred for 12 months as stated in the policy, was made another offer. In addition, two (11%) offers were inaccurately recorded as being refused by applicants against their housing respective housing records instead of withdrawn by the Council as they should have been.			
	Supporting documents:			
	• No identification was provided for three (17%) applicants and eligibility for recourse to public funds could not be verified in these cases. Furthermore, another applicant's UK residence permit card had expired prior the applicant being housed (Permit expired on 31/12/24, Housed on 06/01/2025) and there was no evidence of subsequent verification of proof of recourse to public funds.			
	• 13 (72%) Offer Questionnaires used by the Service to ensure continued eligibility to accommodation offered were not completed.			
	• Six (33%) Lease Checklists indicating the tenancy agreements had been signed and relevant pre-tenancy checks completed were not signed. Furthermore, a (6%) lease checklist was absent for one allocation.			
	These issues highlight various gaps in the allocation process, risking allocation of housing to ineligible applicants, delayed allocation, unfair allocation decisions, and void rent losses. In addition, where housing lists are inaccurately maintained this risks a breach of data protection legislation and potential enforcement action by the ICO.			

Ref	Severe or Major Issues / Risks	Risk Agreed	Risk Rating	Page No.
	Also, where pre-tenancy checks are absent, this increases the risk of inappropriate use of Council housing, and tenancy disputes.			

2.4 Management response

The allocation of our housing stock in the city is a crucial function provided by Aberdeen City Council, with different parts of the process undertaken across the Housing Cluster. The fundamental aim of our Allocation system is to ensure that our homes are allocated to those households in the greatest housing need ensuring fairness and alignment to our legal duties. The teams who support this process deal with a high volume of applications and offers every year, to give an indication of the operating context in 24/25 5235 offers of accommodation were generated and 2536 households moved into a home. Since our online bidding platform (Choice Based Letting) was introduced in June 2023, we have recorded over 218,000 eligible bids, evidencing a continued demand for homes in the city.

At the heart of our approach is the citizens of this city, and the complexities of the various life events that they can be experiencing, which may mean that they require our support to navigate the housing system. The focus of our teams is on providing a person-centred response and support, which can sometimes mean that our consistency in recording is not always at the level that it should be. This audit has highlighted where there are gaps in our recording of information and consistent application of procedures across over a hundred officers who are involved in the various parts of these processes.

More widely work to increase assurance and governance across the Housing Cluster had already begun with the design of a new Housing Services Quality Improvement Framework to help the Housing Service align working practices with the totality of the regulatory requirements. One of the key purposes of this framework is to ensure that everyone who is involved is clear about their responsibilities and accountabilities for quality control, quality assurance and improvement.

Through our response to this audit and work that has already began we aim to achieve that consistency in application of established procedures and the recording of information and actions on our data base, whilst ensuring continued support to the citizens who require it continues. A number of these actions are underway, including the review of the allocation policy and the implementation of increased monitoring of the various stages of the process. Our level of tenant satisfaction is a key improvement area for the Housing Cluster as highlighted through the work of the Housing Board with planning underway for a tenant satisfaction survey to be undertaken this year.

This audit has provided a reasonable level of overall assurance relating to the various processes that occur from the point of an application being submitted, through to a new tenancy being created and subsequent satisfaction levels shared by tenants in 2023/2024. We welcome the work that has been undertaken by the internal audit team to highlight these areas for improvement.

3 Issues / Risks, Recommendations, and Management Response

3.1 Issues / Risks, recommendations, and management response

Ref	Description	Risk Rating	Minor
1.1	**Written Policies and Procedures** – Comprehensive written policies and procedures, which are easily accessible, can reduce the risk of errors and inconsistency. They provide management with assurance correct and consistent instructions are available, especially in the event of an experienced employee being absent or leaving. Housing Allocation Policy The allocation of social housing in Scotland is governed by the Housing (Scotland) Acts 1987, 2001 and 2014. The Council's Housing Allocation policy has been prepared in accordance with this legislation, and it was approved by the Communities, Housing and Public Protection Committee on 14 March 2023. The policy is clear, aiming to provide clarity for both applicants and staff regarding the decision-making process for housing application assessment and allocations, with housing applications graded according to need, then placed on the appropriate housing list, where they are further prioritised by date of assessment and by property location and type preference. In addition, the most recent revision aligns the policy with the Council's Choice Based Letting allocation system. The policy states: *'"This policy will be monitored regularly with changes made where either there are changes in legislation or there are changes to the supply and demand for our homes. This policy and supporting documentation will be reviewed and updated annually or sooner if there is new legislation or guidance issued".* However, the policy document control also indicated a review was scheduled for 12 months after implementation and this did not take place as scheduled risking allocation efficiency as the new policy beds in, and lessons require to be learned. The Service advised that the policy was under review at the time of the audit; a recommendation is made for tracking purposes.		

IA Recommended Mitigating Actions
The Housing Allocation policy should be reviewed regularly as scheduled.

Management Actions to Address Issues/Risks
The Housing Allocation policy is currently being reviewed as reflected above.

Risk Agreed	Person(s)	Due Date
Yes	Team Leader Housing Options & Allocations	31 October 2025

Ref	Description	Risk Rating	Major
1.2	**Applications** – Persons must be aged 16 or over to be eligible to apply for Council housing, with preference given to applicants with urgent housing needs. Applications are submitted via the Housing Online portal and the application data is automatically transferred to the Council's Housing System, with applicants allocated the appropriate priority within the		

Ref	Description	Risk Rating	Major

relevant Housing List by the Housing System, based on responses to application questions. Each new application is reviewed for completeness. Any missing data should be requested from the applicant as well as any required follow up information/supporting documentation, such as: a housing needs assessment form (applicant declaration describing any health or social issues affected by the current property); a homelessness assessment; proof of identity; and proof of recourse to public funds where the applicant is not a British citizen.

The Housing Allocation policy states:

"Once an application has been submitted, we aim to process it within 28 days and provide written confirmation that the process is complete. At times due to service demand or difficulty gathering information it may take longer than 28 days to process an application".

A review of 20 new applications received between 1 April 2024 and 17 February 2025. 11 (55%) out of 20 applications were processed out with the set target of 28 days, ranging from 37 days to 228 days, with an average processing time for the sample of 20 reviewed of 72 days (ref 1 - 37 days, ref 2 – *205 days,* ref 3 - 228 days, ref 4 - 49 days, ref 5 - 60 days, ref 6 - 102 days, ref 7 - 38 days, ref 8 - 225 days, ref 9 - 225 days, ref 10 - 38 days and ref 11 - 136 days). One of the longer application processing times reviewed (205 days) was for an (5%) application placed on the Waiting List instead of the Transfer List in error (existing Council tenant requiring new accommodation due to "Issues" with neighbours).

Whilst the processing times for this sample of 20 are not reflective of overall housing application processing times reported to Communities, Housing and Public Protection Committee for the three months to October 2024 as detailed in the Executive Summary above, reasons should be investigated in the interests of processing efficiency and avoiding void rent loss and unnecessary delay housing applicants.

It was also noted that written confirmation of application outcomes was not issued to eight (40%) applicants– the Service advised this was due to a technical issue with the Housing System identified as a result of this review. In addition *(2294386),* in one case where the application was processed and made live within 17 days, the Final Registration Letter confirming outcomes was issued late 30 days after receipt of the applications.

Also, five applications (25%) were not fully supported with the required documentation, including five (25%) lacking applicant identification, and one of these lacking evidence confirming they have recourse to public funds, risking inappropriate inclusion on Council housing lists and potentially a housing offer to an ineligible applicant.

IA Recommended Mitigating Actions

a) The system of control should be enhanced to ensure housing applications are fully supported with necessary documentation prior to applicants being included on any of the Council's housing lists, with the application review process fully documented.

b) Applications and associated outcome letters should be processed within established target timeframes and recorded on the correct housing list.

Management Actions to Address Issues/Risks

a) The Service are in the process of fully implementing an application checklist to ensure consistent processing of applications. Of the five applications noted above, one has been appropriately rehoused as evidenced through close partnership working with another cluster, four still have a live application, Officers will seek the required documentation from these applicants.

b) In relation to application outcome letters, system parameter errors have been identified, and we will take action to address these. Certain instances are out with the officer's control where applicants do not provide what is required leading to longer processing times. We will review our approach to the cancellation of these applications. We will also implement a

Ref	Description	Risk Rating	Major
	system of exception monitoring to ensure reasons for delay are identified on an ongoing basis and rectified where feasible.		

Risk Agreed	Person(s)	Due Date
a) Yes	Team Leader Housing Options & Allocations	a) 31 July 2025
b) Yes	Team Leader Housing Options & Allocations	b) 31 July 2025

Ref	Description	Risk Rating	Major
1.3	**Housing Allocations** – As already explained above, under the Council's Housing Allocation policy, Council housing applicants are assessed and prioritised in terms of their housing needs and applicant choices, including letting area(s) and property size selected.		

A sample of 20 allocations was reviewed from the Council's housing lists (five Waiting List, Five Urgent List, Five Transfer List and Five Housing with Support List).

The following exceptions were identified:

- Two (10%) applicants were incorrectly classified within the Housing System as housed "HSD" by the Council, when they should have been classified as "Cancelled – Rehoused by Other Organisation" since both were housed by separate housing association. Where personal data is incorrectly recorded, this risks a breach of the accuracy principle of data protection legislation.

The remaining percentages within this risk box are based on a sample of 18 (average allocation duration 120 days) excluding the two recording errors above.

- Offer Letters were not recorded in the system for four applications (22%) reducing assurance applicants were issued a formal offer letter detailing the whole offer and acceptance process, as well as tenant responsibilities; rent payment requirements; what is a "reasonable offer" for the purposes of refusal; and protocol regarding tenant belongings should the applicant be coming from Council temporary accommodation. . These letters should be signed by both the Council and the applicant and in their absence, there is reduced assurance over acceptance of offer terms and conditions.
- A shortlist was not available for two applicants (11%) meaning it was not possible to determine if the allocations were in line with system priority scores. The Service advised shortlists were created however were not visible to Housing officers or Internal Audit due to a technical issue with the Housing System identified as a result of this review.
- An applicant was bypassed without explanation in one case (6%) risking fairness and transparency in decision making and potential challenge and reputational damage should the bypassed applicant subsequently challenge the decision.
- Seven applicants in the sample were existing Council tenants and it was noted in six cases (86%) the new tenancies commenced before ending the existing tenancy *(Ref 1 - 69 days, Ref 2 - 27 days, Ref 3 - 25 days, Ref 4 - 26 days, Ref 5 - 26 days and Ref 6 - 23 days)* These issues risk delay in subsequent allocation of the properties where tenancies had not been ended in a timely manner.
- Three (16%) instances where applicants refused the offer, and instead of being deferred for 12 months as stated in the policy, were made another offer (two – three offers within three months, and one - two offers in the same month). On investigation it was reasonable to make a further offer in two of these cases, but they were misclassified as "refused" offers since offers should have been classed as

Ref	Description	Risk Rating	Major

"withdrawn" due to subsequent changes to applicant or property suitability. In addition, one application was refused for personal preference reasons and incorrectly classified as a "reasonable" refusal resulting in a further offer being made rather than a 12-month deferral being applied, in breach of policy.

Supporting documents:

- No identification was provided for three (17%) applicants and eligibility for recourse to public funds could not be verified in these cases. Furthermore, another applicant's UK residence permit card had expired prior the applicant being housed (Permit expired on 31/12/24, Housed on 06/01/2025) and there was no evidence of subsequent verification of proof of recourse to public funds. This risks housing being granted to ineligible applicants.
- 13 (72%) Offer Questionnaires used by the Service to ensure continued eligibility to accommodation offered were not completed, again risking housing ineligible applicants.
- Six (33%) Lease Checklists indicating the tenancy agreements had been signed and relevant pre-tenancy checks completed were not signed – two not signed by both parties, three not signed at all by the tenants and one not signed by the Council. Furthermore, a (6%) lease checklist was absent for one allocation. This risks inappropriate use of Council housing / tenancy disputes.

To summarise, these issues highlight various gaps in the allocation process, risking allocation of housing to ineligible applicants, delayed allocation, unfair allocation decisions, and void rent losses. In addition, where allocation outcomes for housing applicants are inaccurate recorded, this risks a breach of the data protection legislation accuracy principle and potential enforcement action by the ICO. Also, where lease agreements are inadequately formalised, this increase the risk of inappropriate use of Council housing, and dispute on tenancies ending e.g. where liability for damage is contested.

IA Recommended Mitigating Actions

a) The housing allocations system of control should be reviewed to ensure housing is only allocated when all necessary checks are completed, applicant eligibility is fully supported and lease checklists signed by all relevant parties.

b) Exception reporting should be introduced where necessary to identify and address any gaps/inaccuracies in Housing System records and any uncompleted allocation checks.

Management Actions to Address Issues/Risks

a) The offer checklist will be reviewed, updated if necessary and fully implemented for consistency ensuring required documentation is sought at offer stage and verified at lease signing stage. As part of the updated procedure staff briefing sessions will be undertaken which will ensure clarity around the application of reasonable/unreasonable refusal reasons and when offers should be withdrawn rather than refused. Staff will be reminded to ensure lease checklists are fully completed and recorded on the system for all lease signings and a system of quality assurance checks which is already in place will be monitored. Through the lease signing checklist a final check of ID will be recorded.

b) A system of quality assurance based on sample review will be introduced to identify gaps. In addition, where feasible quality assurance system reporting will also by implemented to provide a greater level of assurance regarding shortlists, bypasses and housed applicants.

Risk Agreed	Person(s)	Due Date
a) Yes	a) Locality Inclusion Manager	a) 31 July 2025
b) Yes		b) 31 July 2025

Ref	Description	Risk Rating	Major
	b) Team Leader Housing Options & Allocations		

Ref	Description	Risk Rating	Moderate
1.4	**Deferrals and Suspensions** – Waiting, Transfer and Housing With Support applicants may defer their application if they do not wish to receive housing offers while remaining on the respective list. They must notify the Council when they want their application reactivated. In addition, certain applications may be suspended, including those with housing-related debts (until repayment plan is in place), applicants who have refused a reasonable offer (suspended for 12 months), or those with an unresolved joint tenancy. Also, existing tenants must pass a property standards check before receiving an offer and applications may be deferred for damage repairs.		

A review of ten deferred/suspended applications found nine (90%) to be reasonable and supported. However, one case lacked supporting evidence, such as a formal request from the applicant to defer their application or an electronic confirmation to the applicant that they had been deferred. The Service advised that the outcome of a telephone call was not captured in this case which adequately justified the deferral.

Without clear evidence of applicant requests, deferrals may be incorrectly applied, leading to disputes or inconsistencies in decision-making.

Additionally, in another case (20%), where an appeal was unsuccessful and the applicant should have been deferred for 12 months, the applicant was instead offered another property within the same month, in breach of policy. The Service advised that a complaint was received presenting new information relevant to the application, with Housing Management upholding the complaint. The complaint reference was not captured within the Housing System, meaning there was no explanation for the deferral being lifted meaning it appeared the appeals policy had not been applied when this was not the case, impeding monitoring.

IA Recommended Mitigating Actions
The service should ensure all deferrals and suspensions are adequately supported.

Management Actions to Address Issues/Risks
There is presently a system of monitoring in place to identify whether or not deferrals remain valid. Guidance will be issued to staff to remind them of the correct approach to the cases highlighted above i.e. in terms of how these deferments should be input and reviewed.

Risk Agreed	Person(s)	Due Date
Yes	Locality Inclusion Manager	31 July 2025

Ref	Description	Risk Rating	Moderate
1.5	**Tenant Satisfaction** – The Scottish Social Housing Charter requires social landlords to report on key tenant satisfaction performance indicators.		

Whilst many aspects of a tenant's housing experience will inform this position, including beyond the application and allocation process, in 2023/24, the Council reported significantly

Ref	Description	Risk Rating	Moderate

lower tenant satisfaction (Overall Service: 39.9%, Keeping Tenants Informed: 39.6%, Opportunities to Participate 31.6%) compared to national averages (86.5%, 90.5%, and 87.7%, respectively). This is in contrast to performance reporting to Communities, Housing and Public Protection Committee above which indicates a good tenant satisfaction position for new tenants.

The Council's external website indicates the Housing service are continually looking for ways to improve the service and indicates a survey is available to help with the identification of improvements. However, the link[3] to the only advertised survey (Support Services Temporary Accommodation Survey) on the Council's website related was broken at the time of this review. In addition, 10 (50%) New Tenant Surveys were not distributed as required.

Without tenant feedback, the Council may miss valuable insights into tenant satisfaction and service issues, risking continued poor performance and reputational damage.

IA Recommended Mitigating Actions

The Service should actively request feedback from tenants to understand reasons for tenant dissatisfaction where relevant and formalise related improvement actions plans where necessary.

Management Actions to Address Issues/Risks

There is ongoing engagement with our Housing Volunteers who report a feeling of empowerment as they engage through the various tenant participation opportunities. In addition, the Aberdeen Housing Service Review Group has been supported to undertake a review of Tenant & Resident Participation. This wide ranging tenant and resident led audit has identified a number of areas for improvement and a shared Action Plan has been prepared (and will be considered by Communities, Housing & Public Protection Committee on 27 May 2025). The Action Plan will be monitored and updated on a bi-annual basis with progress reported through the established Housing Board Biannual Reports.

We will continue with the existing process to seek feedback from tenants who have moved into a new home. The service is aware that there was a period of time that these surveys were not being issued due to a change in the system, officers took the opportunity to revisit the questions asked as part of this survey, as such an updated survey is now being issued.

The service can advise that the webpage referenced above has been archived as this linked to a historic survey.

In response to the recommended action specifically, we can advise that following the disappointing survey return rate on the Tenant Satisfaction Survey in 2023, an alternative approach to eliciting the voices of our tenants has been developed. Whilst the Scottish Housing Regulator states that social landlords of our size should, as a minimum, undertake 400 surveys, work is underway to commission an independent external partner to undertake 1,300 interviews. This will provide a dataset we can have a high level of confidence in, and we will be able to drill down at housing management levels. Officers have engaged with the Scottish Housing Regulator to agree a timescale for the refreshed Tenant Satisfaction Survey to be undertaken, in light of the 2025 consultation calendar. The survey is anticipated to be undertaken in August / September 2025 with analysis thereafter and the results of which will inform improvement priorities for the Housing Cluster.

Risk Agreed	Person(s)	Due Date
Yes	Senior Housing Strategy Officer	31 December 2025

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[3] Council housing: customer satisfaction surveys | Aberdeen City Council

Ref	Description	Risk Rating	Moderate

Ref	Description
1.6	**Application Annual Review** – The Housing Allocation policy states: *"Applicants who have not been in contact regarding their application will be contacted at least once a year and asked to confirm their application details and whether they still wish to remain on the housing list. Applicants will be asked to respond within 28 days with a further reminder sent 7 days prior to the expiration date. If they do not respond, it is assumed that they no longer wish to be considered for housing, and their housing application will be cancelled."* A review was conducted on a sample of five applications received over 12 months ago, all of which had a current ("CUR") status, to assess whether applicants had been contacted and appropriate action taken. Only one applicant (20%) was sent a letter while the remaining four (80%) were not contacted as required by the policy. Where annual reviews are not conducted this risks inefficiency in the allocation process should individuals without housing needs be considered for housing they do not require.

IA Recommended Mitigating Actions

Housing application annual reviews should be conducted in line with the Housing Allocation policy.

Management Actions to Address Issues/Risks

Following investigation, we have found that the Housing System is not generating annual review letters for all applications for technical reasons. Work is underway to resolve this in collaboration with the system supplier.

Risk Agreed	Person(s)	Due Date
Yes	Team Leader Housing Options & Allocations	31 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.
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 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 review scoping document

5.1 Area subject to review

The allocation of social housing in Scotland is governed by the Housing (Scotland) Acts 1987, 2001 and 2014. The Council's Housing Allocation policy has been prepared in accordance with this legislation. Under the policy, Council housing applicants are assessed and prioritised in terms of their housing needs and applicant choices, including letting area(s) and property size selected.

Persons must be aged 16 or over, and not subject to immigration control, to be eligible to apply for Council housing, with preference given to applicants with urgent housing needs, including:

- Persons who are homeless or threatened with homelessness with an unmet housing need.
- Persons living in unsatisfactory housing conditions with an unmet housing need.
- Social landlord tenants considered to be under-occupied.
- Applicants with "extreme medical needs" determined by the Council's Housing Needs Assessment team.
- Young people looked after by the Council.
- Applicants awarded priority by the Communities, Housing and Public Protection Committee or the Chief Officer – Housing.

The Council's Housing Waiting List is categorised as follows:

- Urgent Housing Needs List (relates to the persons described above and community safety, Next Stage care experienced, statutory notice and former armed forces applicants).
- Housing with Support List (Amenity, Sheltered, Very Sheltered, or High Support housing).
- Transfers List (Council tenant, Registered Social Landlord (RSL) tenant within Aberdeen, or Council / RSL in Aberdeen occupying tied accommodation).
- Waiting List (all other eligible housing applicants).

The Council has around 23,500 properties of various sizes and types, including cottages, flats, multi-storey blocks, and sheltered complexes and approximately 350 housing applications are processed by the Council each month. As at 31 December 2024, there were 6,654[4] households on the Council's housing lists (Urgent Housing Needs List 635; Housing with Support List 1,460; Transfers List 2,186; Waiting List 2,672) and in the year to 31 December 2024, 1,895 applicants were housed.

Choice Based Letting

The Council operates a Choice Based Letting system to allocate properties to reduce void rent loss and increase tenant satisfaction levels.

Properties available to let are advertised through the Council's Housing Online system accessed via the Council's website. Applications are ordered based on their assessed priority on the Council's housing lists. To meet the legal obligation and policy objective "to respond quickly to people in acute and urgent housing need", all available properties are considered for applications on the Urgent Housing Needs List in the first instance. If no Urgent Housing Needs List applicants register an interest, the property concerned is considered for Waiting and Transfer List or Housing with Support applicants, based on their housing needs,

Urgent Housing Needs applicants are given 21 days to bid for properties and accept an offer after which their applications are set to "autobid" for properties deemed suitable for their needs. Should an "autobid" offer be rejected the applicant is defaulted to the appropriate non-urgent list. Where an applicant on any non-urgent list rejects an offer, their application is deferred for 12 months before being considered again.

Performance

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[4] The number of households (6,654) is less than the number of households across the list (6,953) as an applicant can be on more than one list.

The Quality Assurance and Performance Management team are responsible for preparing and distributing various key performance indicator reports to Housing officers to facilitate improvement in housing application processing; housing list maintenance; and housing applicant outcomes.

In addition, the Council's Communities, Housing and Public Protection Committee is responsible for monitoring housing key performance indicators (KPIs) in accordance with the Council's Performance Management Framework. Also, the Housing Cluster must report certain statutory housing key performance indicators to the Scottish Housing Regulator, including KPIs relating to relet duration, void losses, and tenant satisfaction.

5.2 Rationale for review

The objective of this audit is to provide assurance that the Housing Waiting List is maintained efficiently, and allocations are made in accordance with policy, including the choice based letting process. This review will also incorporate tenant satisfaction[5].

This has been included in the agreed 2024/25 Internal Audit Plan due to the Council's statutory obligation to maintain a Housing Waiting List and prioritise those with the greatest housing needs. Failure to maintain the Housing Waiting List and manage allocations appropriately increases the risk of housing needs not being met, potentially housing fraud, financial loss should for example those with housing needs require more expensive temporary accommodation, and reputational damage for the Council.

This area was last reviewed in August 2021 through Internal Audit AC2117 Housing Waiting List and Allocations. Recommendations were made to enhance written procedures; support housing decisions; ensure data protection; segregate duties; and to ensure property suitability.

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:

- Governance
- Policies, Procedures and Training
- Applications and Housing List Maintenance
- Allocations
- Fraud Prevention, Detection and Resolution
- Performance (including Tenant Satisfaction)

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, and guidance.

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.

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[5] The review was initially planned to include tenant participation and satisfaction. Discussions with the Chief Officer – Housing provided an understanding that participation is a different area of work and not aligned to Housing Allocations and Choice Based Letting. As such this will be out of scope for this piece of work and picked up as part of future relevant reviews. Tenant satisfaction remains within scope for this review.

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, Risk and Scrutiny Committee (final only)
  - External Audit (final only)

5.6 IA staff

The IA staff assigned to this review are:

- Agne McDonald, Auditor **(audit lead)**
- Andy Johnston, 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:

- Eleanor Sheppard, Executive Director – Families and Communities
- Rachel Harrison, Locality Inclusion Manager **(process owner)**
- Jacqui McKenzie, Chief Officer – Housing
- Jane Hogg, Locality Inclusion Manager

5.8 Delivery plan and milestones

The key delivery plan and milestones are:

Milestone	Planned date
Scope issued	16-Jan-25
Scope agreed	23-Jan-25
Fieldwork commences	10-Feb-25
Fieldwork completed	04-Apr-25[6]
Draft report issued	25-Apr-25
Process owner response	16-May-25
Director response	23-May-25
Final report issued	30-May-25

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[6] Dates revised due to technical difficulties accessing document management system during course of review.

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ABERDEEN CITY COUNCIL

COMMITTEE	Audit, Risk and Scrutiny Committee
DATE	28 July 2025
EXEMPT	No
CONFIDENTIAL	No
REPORT TITLE	Internal Audit Report AC2508 – Group Structure Assurance
REPORT NUMBER	IA/AC2508
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 Group Structure Assurance

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 Group Structure Assurance

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 AC2508 – Group Structure Assurance

12.   REPORT AUTHOR CONTACT DETAILS

Name	Jamie Dale
Title	Chief Internal Auditor
Email Address	Jamie.Dale@aberdeenshire.gov.uk
Tel	(01467) 530 988

Internal Audit

Assurance Review of Group Structure Assurance

Status: Final　　　　　　　　　　**Report No:** AC2508
Date: 29 May 2025　　　　　　　　**Assurance Year:** 2024/25
Risk Level: Corporate

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	07-Jan-25	07-Jan-25
Scope agreed	14-Jan-25	13-Jan-25
Fieldwork commenced	27-Jan-25	27-Jan-25
Fieldwork completed	21-Feb-25	28-Mar-25
Draft report issued	14-Mar-25	14-Apr-25
Process owner response	04-Apr-25	14-May-25
Director response	11-Apr-25	28-May-25
Final report issued	18-Apr-25	29-May-25
AR&S Committee	26-Jun-25	

Distribution	
Document type	Assurance Report
Directors	Andy MacDonald, Executive Director – Corporate Services
Process Owner	Vikki Cuthbert, Interim Chief Officer – Governance
Stakeholders	Craig Innes, Chief Officer – Commercial and Procurement Services
	Bernie Bularan, Deputy Chief Finance Officer
	Lesley Fullerton, Finance Operations Manager
	Amy Jones, Senior Accountant
	Jonathan Belford, Chief Officer – Finance*
*Final Only	External Audit*
Lead auditor	Lyndsay Jarvis, Auditor

1 Introduction

1.1 Area subject to review

Arms-Length External Organisations (ALEOs) are companies, charities and other bodies that are separate from the Council but subject to its control or influence. Local authorities may elect to provide services through ALEOs to achieve Best Value. Typically, ALEOs are used to retain greater control and influence when compared with a standard commercial contractual arrangement, while bringing the benefits associated with the use of a separate and independent organisation.

Group Accounts

Where the Council has a material interest in an ALEO, these entities are required to be included within the Council's Group Accounts. Depending on the level of control that the Council exerts over these entities, these are classified as subsidiaries, joint ventures, or associates as follows.

Group Entities	Classification	ACC Control %
Aberdeen Exhibition & Conference Centre Ltd	Subsidiaries[1]	100
Sport Aberdeen Ltd		100
Bon Accord Care Ltd		100
Bon Accord Support Services Ltd		100
Aberdeen Heat & Power Ltd		100
Common Good[2]		100
Trust Funds[1]		100
Aberdeen Sports Village Ltd	Joint Ventures[1]	50
BP Aberdeen Hydrogen Energy Ltd		50
Integration Joint Board[3]		50
Grampian Valuation Joint Board	Associates[1]	39

ALEO Assurance Hub

The Council's ALEO Assurance Hub (the Hub) forms part of the Council's ALEO Assurance Framework. The Hub provides high level, strategic oversight over six of the Council's higher risk ALEOs (Aberdeen Heat and Power; Aberdeen Performing Arts; Aberdeen Sports Village; Bon Accord Care; Sport Aberdeen; and the BP Joint Venture), all of which are included within the Council's Group Accounts, with the exception of Aberdeen Performing Arts. The Hub's workplan, which is reported annually to Audit, Risk and Scrutiny Committee, covers governance arrangements; risk management; and financial matters.

Other ALEO / Group Entity Oversight and Support Arrangements

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[1] Subsidiaries are Group entities where the council has a 'controlling interest' i.e. greater than 50%. Joint Ventures are agreements between two or more entities whereby each "partner" shares equally in the related risks and benefits. Associates are entities the Council has a "significant interest" in but less than controlling or joint interest.
equal partner in the Glasgow City Integration Joint Board with NHS Greater Glasgow and Clyde, which is termed as a 'joint board'.
[2] This review will not cover Common Good or Trust Funds since these were subject to a standalone review in December 2024 as part of Internal Audit report AC2510 Trusts and Common Good Fund.
[3] The Aberdeen City IJB will not be covered either as part of this review since the IJB is subject to its own separate agreed Internal Audit plan.

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The remaining Assurance Framework elements offering oversight and support to ALEOs / Group entities include:

1. Annual monitoring of the performance of "Tier One" ALEOs by Full Council. Tier One ALEOs are organisations whose annual results are included in the Council's Group Accounts or receive cumulative funding from the Council greater than £7m.
2. Quarterly financial performance reporting to Finance and Resources Committee covering the financial performance of Group entities.
3. The ALEO Strategic Partnership is scheduled to meet every six weeks to discuss strategic matters, such as business planning and horizon scanning, in line with the Medium-Term Financial Strategy (MTFS).
4. Representatives of the Head of Commercial and Procurement, known as Service Leads, act as the Council's primary liaison officers with ALEOs and undertake regular contact with ALEOs to discuss strategic, operational and performance matters.
5. The Director of Corporate Services acts as a key strategic liaison for all ALEOs.

1.2   Rationale for review

The objective of this audit is to ensure the Council's approach to its Group structure provides appropriate assurance and the necessary control framework is in place, both overall and for individual bodies.

This area has been included in the agreed 2024/25 Internal Audit Plan due to the material interest the Council has in its Group entities, financial or otherwise. The Council remains ultimately responsible for the related service provision delivered on its behalf by Group entities. It is therefore essential adequate scrutiny of Group entities' governance, risk management and financial controls is in place, to avoid mismanagement, financial loss and reputational damage.

Internal Audit AC2306 ALEOs – Performance and Payments, completed in March 2023, covered some related matters. Recommendations were agreed as part of this review to enhance Following the Public Pound compliance oversight; address absent or poorly defined ALEO funding agreements; and establish performance monitoring arrangements over Aberdeen Heat and Power Ltd.

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 provide **REASONABLE** assurance over the Council's approach to Group Structure Assurance.

Reasonable assurance was available over the following areas reviewed:

- **Committee Reporting** – Audit, Risk and Scrutiny Committee is receiving reports bi-annually on the adequacy of the Tier One Group entities' governance, risk management, and financial management arrangements, at a strategic level. In addition, Finance and Resources Committee receives quarterly reports on the financial performance of Group entities. Furthermore, except for Aberdeen, Heat and Power Ltd, Full Council is receiving annual performance reports for Tier One Group entities.

- **ALEO Assurance Hub** – The ALEO Assurance Hub's Terms of Reference and workplan are being reviewed annually by Audit, Risk and Scrutiny (AR&S) Committee, most recently in May 2024. In addition, the Hub is meeting regularly and engaging with ALEOs under its remit to inform bi-annual reporting to AR&S Committee on the adequacy of ALEO governance, risk management and financial controls. Also, in the Hub's opinion, the ALEOs under its remit, which includes Tier One Group entities, are in the main managing risks as required, and where risks exceed desired ratings, the Hub has either identified necessary corrective action or described follow up monitoring arrangements.

- **Following the Public Pound (FtPP) Guidance** – The Council's Financial Regulations requires compliance with the Council's FtPP guidance. The FtPP guidance was approved most recently by Finance and Resources Committee in November 2024 and is comprehensive, covering grant application assessment; approval; recording; payment; funding agreement; and monitoring requirements, including for Tier One ALEOs forming part of the Council's Group Structure.

However, the review identified the following areas where enhancements could be made to strengthen the framework of control, specifically:

- **Governance Enhancements** – Whilst the ALEO Assurance Hub (the Hub) is fulfilling its remit under its Terms of Reference, it was noted action notes or minutes are not formalised for Hub meetings, potentially risking clarity over decision making or outstanding actions, such as follow up assurance required from ALEOs. In addition, whilst Finance checks assessed by the Hub are relevant, they did not fully cover the requirements under the Council's FtPP guidance, including for example checks of cash balances; material sources of funding; subsidy control, and outstanding debts. This potentially risks a gap in FtPP compliance being overlooked and related financial loss.

- **Aberdeen Heat and Power (AH&P) Ltd** – AH&P Ltd is a Tier One Group entity, in accordance with the Council's FtPP, since it is an organisation of significant size over which the Council exercises substantial control, with its annual results included in the Council's Group Accounts. As such the Tier One requirements of the Council's FtPP guidance apply. However, unlike the other Tier One Group entities, a detailed annual performance report for AH&P Ltd is not being reported to Full Council, or Finance and Resources Committee, in line with FtPP monitoring and reporting requirements for Tier One Group entities. Also, whilst Service Lead meetings are taking place, the ALEO Strategic Partnership does not cover AH&P Ltd. This reduces the opportunity to identify and scrutinise any poor performance, risking strategic outcomes, Best Value, delay with any necessary corrective action, and potentially reputational damage.

- **Assessment of Fraud Risks** – The Assurance Hub discuss and review ALEO risk reporting but does not specifically consider the risk of fraud or the forthcoming introduction of the corporate offence of failure to prevent fraud, under the Economic Crime and Corporate Transparency Act 2023, due to come into force on 1 September 2025. Under this legislation large organisations may be criminally liable where an employee, agent, subsidiary, or other "associated person", commits a fraud which benefits the organisation (e.g. the Council), and the organisation did not have reasonable fraud prevention procedures in place. "Reasonable procedures" are described in the Act and include top level commitment to fraud prevention; risk assessment; proportionate procedures; due diligence; training and communication; and monitoring and review. In certain circumstances, the offence will also apply where it is committed with the intention of benefitting a client of the organisation. It does not need to be demonstrated that directors or senior managers ordered or knew about the fraud. If the Council is prosecuted under the Act and fails to prove that reasonable prevention procedures were in place, the offence is punishable by a potentially unlimited fine. Working with ALEOs to address this would provide greater assurance that fraud risks are being appropriately mitigated.

- **ALEO Strategic Partnership and Service Leads –** The Council's ALEO Assurance Framework requires senior Council and ALEO representatives to meet every six weeks, via the ALEO Strategic Partnership, to discuss high level strategic issues, such as business planning and horizon scanning. Except for AH&P Ltd, management assurance was provided that meetings are taking place for Tier One ALEOs. However, evidence provided indicated meetings are taking place less frequently than planned in Hub Terms of Reference reported to Audit, Risk and Scrutiny Committee (quarterly rather than six weekly). Also, based on September 2024 meeting notes made available, whilst relevant strategic matters are being discussed, this did not cover all Tier One Group entities and like ALEO Service Lead meetings, SMART actions were not always recorded, increasing the risk strategic, operational and performance issues may not be identified and acted upon as required.

Recommendations have been made to address the above risks including ensuring all aspects of the ALEO Assurance Framework are operational and related meeting actions are documented; enhancing ALEO Assurance Hub checks in relation to FtPP; formalising assurance arrangements concerning AH&P Ltd; and ensuring fraud risks are adequately monitored.

2.3 Management response

The audit has recognised the consistent efforts of the ALEO Assurance Hub in maintaining oversight of the stewardship arrangements in place within each ALEO and the Council's management teams' relationship with ALEOs which remains consistent and supportive. Management are supportive of the improvements identified through this audit and are confident that the timescales will be met.

3 Issues / Risks, Recommendations, and Management Response

3.1 Issues / Risks, recommendations, and management response

Ref	Description	Risk Rating	Minor
1.1	**Governance Documentation** – The ALEO Assurance Hub's Terms of Reference and workplan are being approved annually as required by Audit, Risk and Scrutiny (AR&S) Committee, most recently in May 2024. In addition, areas of assurance which must be covered for each ALEO are clearly documented with commentary on checks undertaken and related outcomes that form the basis of risk rating assessments reported to Audit, Risk and Scrutiny Committee.		

However, whilst the ALEO Assurance Hub (the Hub) is fulfilling its remit under its Terms of Reference, action notes or minutes are not formalised for Hub meetings, potentially risking clarity over decision making or follow up of outstanding actions, such as assurance required from ALEOs in relation to high-risk scores.

In addition, whilst Finance checks assessed by the Hub are relevant, they did not fully cover the requirements under the Council's FtPP guidance, including checks of cash balances; material sources of funding; subsidy control, and outstanding debts, payment schedules, and the adequacy of funding agreements. This potentially risks a gap in FtPP compliance being overlooked and related financial loss.

IA Recommended Mitigating Actions

a) Governance should keep formal records of ALEO Assurance Hub meetings and actions arising.

b) Finance should align checks of each ALEO with the Council's Following the Public Pound guidance requirements and report these into the ALEO Assurance Hub

Management Actions to Address Issues/Risks

a) Records of actions are included in the "action file" which is issued to ALEOs. This is updated based on their returns and the Hub's assessment. For completeness, Copilot will be used to record a note of the Hub's discussions and retained as part of our records.

b) Finance will undertake checks of ALEOs currently reporting to the Council's ALEO Hub to ensure they are in line with the Following the Public Pound policy requirements, and report these into the ALEO Hub annually.

Risk Agreed	Person(s)	Due Date
a) Yes	a) Assurance Manager	a) June 2025
b) Yes	b) Finance Operations Manager	b) October 2025

Ref	Description	Risk Rating	Moderate
1.2	**Aberdeen Heat and Power Company (AH&P) Ltd** – AH&P Ltd is a Tier One Group entity, in accordance with the Council's FtPP guidance, since it is an organisation of significant size over which the Council exercises substantial control, with its annual results included in the Council's Group Accounts. As such the Tier One requirements of the Council's FtPP guidance apply.		

Ref	Description	Risk Rating	Moderate

As with all Tier One ALEOs under its remit, the ALEO Assurance Hub is monitoring the adequacy of governance, risk management and finance arrangements for AH&P twice annually. In addition, Finance is reporting quarterly to Finance and Resources Committee on AH&P's financial position at a high level, most recently in February 2025 indicating a deficit of £440k is forecast for 2024/25.

Management assurance was provided that regular meetings are taking place between the relevant designated Service Lead officer within Corporate Landlord and AH&P Ltd via weekly meetings and attendance at AH&P Board meetings where strategic, operational and performance matters are discussed.

However, unlike the other Tier One Group entities, a detailed annual performance report for AH&P is not being reported to Full Council, or Finance and Resources Committee, in line with FtPP monitoring and reporting requirements for Tier One Group entities and ALEO Strategic Partnership meetings do not cover AH&P Ltd.

C&PSS advised the reporting arrangements for AH&P Ltd reflects the fact direct funding is not provided to AH&P Ltd as with other ALEOs and there is less need for detailed performance reporting and monitoring based on the nature and extent of operational arrangements.

However, AH&P Ltd meets the requirements for performance reporting in line with other Tier One group entities and despite the Council not providing funding by the same means as it does for other ALEOs, it is ultimately liable for any financial losses and should AH&P Ltd fail to deliver for its customers and the Council as expected, this risks reputational damage for the Council.

IA Recommended Mitigating Actions

Performance reporting and monitoring arrangements should be established for Aberdeen Heat and Power in line with the Council's Following the Public Pound guidance.

Management Actions to Address Issues/Risks

Performance reporting and monitoring arrangements will be established for Aberdeen Heat and Power in line with the Council's Tier 1 ALEOs.

Risk Agreed	Person(s)	Due Date
Yes	Chief Officer, Commercial & Procurement	October 2025

Ref	Description	Risk Rating	Moderate
1.3	**Assessment of Fraud Risks** – The Scottish Government has a commitment to protecting public resources from the risk of fraud, bribery and corruption, as set out in its Protecting Public Resources in Scotland strategy. In addition, under the Economic Crime and Corporate Transparency Act 2023, due to come into force on 1 September 2025, large organisations such as the Council, may be criminally liable where an employee, agent, subsidiary, or other "associated person", commits a fraud intended to benefit the organisation or a client of the organisation, in the absence of reasonable fraud prevention procedures.		

"Reasonable procedures" are described in the Act and include top level commitment to fraud prevention; risk assessment; proportionate procedures; due diligence; training and communication; and monitoring and review. It does not need to be demonstrated that directors or senior managers ordered or knew about the fraud. If the Council is prosecuted

Ref	Description	Risk Rating	Moderate
	under the Act and fails to prove that reasonable prevention procedures were in place, the offence is punishable by a potentially unlimited fine.		
	The ALEO Assurance Hub discuss and review ALEO risk reporting but do not specifically consider the risk of fraud or the forthcoming corporate offence under the Economic Crime and Corporate Transparency Act 2023. Working with ALEOs to address this would provide greater assurance that fraud risks are being appropriately mitigated and reduce any potential risks of prosecution for failing to prevent fraud.		

IA Recommended Mitigating Actions

The ALEO Assurance Hub should work with ALEOs to obtain assurance over fraud risks and to help ensure compliance with the incoming Economic Crime and Corporate Transparency Act 2023.

Management Actions to Address Issues/Risks

Agreed. The ALEO Assurance Hub will report to the Audit, Risk and Scrutiny Committee in June and this will include assurance on levels of fraud risk including the extent to which ALEOs are prepared for this legislation.

Risk Agreed	Person(s)	Due Date
Yes	Assurance Manager	June 25

Ref	Description	Risk Rating	Moderate
1.4	**ALEO Strategic Partnership and Service Leads** – The ALEO Assurance Framework includes a forum for senior Council and ALEO representatives, known as the ALEO Strategic Partnership, which should meet six weekly to discuss high level strategic issues. In addition, the ALEO Assurance Hub Terms of Reference requires each ALEO to be assigned a Service Lead from C&PSS, to act as primary liaison and to make regular contact to discuss strategic, operational and performance matters.		

ALEO Strategic Partnership

Summary agendas for what are described as "quarterly" meetings with the Chief Officer - C&PSS, the Executive Director - Corporate Services, the Chief Officer - Finance, and representatives of ALEOs were supplied by email and indicate that relevant high level strategic issues are being discussed, including budgets, charters, delivery models and service level agreements. However, only four of the ALEOs monitored by the Hub were noted as regular attendees, with Aberdeen Heat & Power (AHP) Ltd not covered as described at 1.2 above. In addition, email notes available for the September 2024 meeting were high level, did not cover all Tier One Group entities, and not all actions had a designated responsible officer and implementation due date.

Service Leads

Management assurance was provided, that Service Leads have been designated and that necessary meetings are taking place. However, the officers advised as fulfilling the Service Lead role for Tier One group entities are senior managers within the Council, rather than C&PSS representatives as indicated in the ALEO Assurance Hub Terms of Reference reported to Audit, Risk and Scrutiny Committee. In addition, except for AH&P Ltd, it was noted the meetings are not formally recorded or reported.

Conclusions

Whilst some assurance is available over the operation of these aspects of the ALEO Assurance Framework, at the time of review it is not clear the ALEO Strategic Partnership meetings, are taking place as frequently as planned and meetings do not include all required attendees (AH&P Ltd). Also, in relation to Service Lead meetings, the use of senior officers, including Chief Officers, to conduct this role, is potentially an inefficient use of senior officer time, when it was originally planned for C&PSS representatives to fulfil this role.

In addition, more generally, in the absence of SMART meeting records, there is a greater risk strategic, operational and performance actions will not be adequately identified and progressed as required.

IA Recommended Mitigating Actions

a) The ALEO Strategic Partnership meetings and Service Leads should be aligned with the ALEO Assurance Hub Terms of Reference, or the Terms of Reference should be revised and Audit, Risk and Scrutiny Committee updated.

b) SMART actions should be recorded for ALEO Strategic Partnership and ALEO Service Lead meetings for follow up purposes.

Management Actions to Address Issues/Risks

The ALEO Strategic Partnership meetings and Service Leads should be aligned with the ALEO Assurance Hub Terms of Reference. SMART actions will be recorded for ALEO Strategic Partnership and ALEO Service Lead meetings for follow up purposes.

Risk Agreed	Person(s)	Due Date
Yes	Chief Officer, Commercial & Procurement	October 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.
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 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 review scoping document

5.1 Area subject to review

Arms-Length External Organisations (ALEOs) are companies, charities and other bodies that are separate from the Council but subject to its control or influence. Local authorities may elect to provide services through ALEOs to achieve Best Value. Typically, ALEOs are used to retain greater control and influence when compared with a standard commercial contractual arrangement, while bringing the benefits associated with the use of a separate and independent organisation.

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Aberdeen Heat & Power Ltd		100
Common Good[5]		100
Trust Funds[1]		100
Aberdeen Sports Village Ltd	Joint Ventures[1]	50
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Other ALEO / Group Entity Oversight and Support Arrangements

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[4] Subsidiaries are Group entities where the council has a 'controlling interest' i.e. greater than 50%. Joint Ventures are agreements between two or more entities whereby each "partner" shares equally in the related risks and benefits. Associates are entities the Council has a "significant interest" in but less than controlling or joint interest.
equal partner in the Glasgow City Integration Joint Board with NHS Greater Glasgow and Clyde, which is termed as a 'joint board'.
[5] This review will not cover Common Good or Trust Funds since these were subject to a standalone review in December 2024 as part of Internal Audit report AC2510 Trusts and Common Good Fund.
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The remaining Assurance Framework elements offering oversight and support to ALEOs / Group entities include:

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5. The Director of Corporate Services acts as a key strategic liaison for all ALEOs.

5.2 Rationale for review

The objective of this audit is to ensure the Council's approach to its Group structure provides appropriate assurance and the necessary control framework is in place, both overall and for individual bodies.

This area has been included in the agreed 2024/25 Internal Audit Plan due to the material interest the Council has in its Group entities, financial or otherwise. The Council remains ultimately responsible for the related service provision delivered on its behalf by Group entities. It is therefore essential adequate scrutiny of Group entities' governance, risk management and financial controls is in place, to avoid mismanagement, financial loss and reputational damage.

Internal Audit AC2306 ALEOs – Performance and Payments, completed in March 2023, covered some related matters. Recommendations were agreed as part of this review to enhance Following the Public Pound compliance oversight; address absent or poorly defined ALEO funding agreements; and establish performance monitoring arrangements over Aberdeen Heat and Power Ltd.

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:

- **ALEO Assurance Hub** – Oversight of ALEOs' governance arrangements, risk management, and financial matters, in accordance with agreed the Hub's workplan and Terms of Reference.

- **ALEO Strategic Partnership** – Partnership is meeting six-weekly to undertake its duties in accordance with its Terms of Reference and relevant matters are progressed / escalated where necessary.

- **Commercial and Procurement Service Leads** – Service Leads have regular contact with Group entities to discuss strategic, operational and performance matters.

- **Following the Public Pound Compliance –** Central assurance FtPP Code of Practice requirements are being complied with.

- **Financial and Performance Reporting and Monitoring –** Accurate and informed reporting of Group entities' financial position to Finance and Resources Committee and performance to Full Council / IJB.

Whilst it understood individual services are responsible for certain elements of the ALEO/Group structure assurance and control framework, this review is focused on the central controls and the second line assurance arrangements. As such, whilst we recognise many different stakeholders are involved in the process, any recommendations made will be directed centrally.

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, and guidance.

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:
    - o Council Key Contacts (see 1.7 below)
    - o Audit, Risk and Scrutiny Committee (final only)
    - o External Audit (final only)

5.6 IA staff

The IA staff assigned to this review are:

- Lyndsay Jarvis, Auditor **(audit lead)**
- Andy Johnston, 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, Executive Director – Corporate Services
- Vikki Cuthbert, Interim Chief Officer – Governance **(process owner)**
- Craig Innes, Chief Officer – Commercial and Procurement Services
- Jonathan Belford, Chief Officer – Finance

5.8 Delivery plan and milestones

The key delivery plan and milestones are:

Milestone	Planned date
Scope issued	07-Jan-25
Scope agreed	14-Jan-25
Fieldwork commences	27-Jan-25
Fieldwork completed	21-Feb-25
Draft report issued	14-Mar-25
Process owner response	04-Apr-25

Milestone	Planned date
Director response	11-Apr-25
Final report issued	18-Apr-25

ABERDEEN CITY COUNCIL

COMMITTEE	Audit, Risk and Scrutiny Committee
DATE	26 June 2025
EXEMPT	No
CONFIDENTIAL	No
REPORT TITLE	Internal Audit Report AC2518 – Corporate Landlord Responsibilities
REPORT NUMBER	IA/AC2518
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 Corporate Landlord Responsibilities.

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 Corporate Landlord Responsibilities.

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 AC2518 – Corporate Landlord Responsibilities

12.   REPORT AUTHOR CONTACT DETAILS

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Internal Audit

Assurance Review of Corporate Landlord Responsibilities

Status: Final
Date: 16 June 2025
Risk Level: Cluster

Report No: AC2518
Assurance Year: 2024/25

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	19-Mar-25	19-Mar-25
Scope agreed	24-Mar-25	24-Mar-25
Fieldwork commenced	31-Mar-25	31-Mar-25
Fieldwork completed	02-May-25	02-May-25
Draft report issued	23-May-25	26-May-25
Process owner response	13-Jun-25	07-Jun-25
Director response	20-Jun-25	16-Jun-25
Final report issued	27-Jun-25	16-Jun-25
AR&S Committee	26-Jun-25	

Distribution	
Document type	Assurance Report
Director	Eleanor Sheppard, Executive Director, Families & Communities
Process Owner	Scott Mathieson, Assistant Operations Manager
Stakeholder	Stephen Booth, Chief Officer
	Graham Williamson, Operations Manager
	Malcolm Brown, Contract Manager
	Keith Michie, Contract Manager
*Final only	Colin Leaver, Corporate Health & Safety Lead
	Craig Innes, Chief Officer, Commercial and Procurement Services
	Vikki Cuthbert, Interim Chief Officer – Governance*
	Jonathan Belford, Chief Officer – Finance*
	External Audit*
Lead auditor	Debbie Steele, Auditor

1 Introduction

1.1 Area subject to review

Aberdeen City Council as a Corporate Landlord has accountability to ensure that all buildings under its control comply with the appropriate statutory, regulatory and corporate standards. The Cluster, led by the Chief Officer - Corporate Landlord, is part of the Families and Communities Function.

Redesign of Property Management and Maintenance is part of the Council's transformation programme as part of the Target Operating Model (TOM) 1.2. The Programme Manager explained:

"Our project goal is to create a new operational model for how we manage and maintain our Council properties including public buildings, schools, learning and community centres, visitor attractions, depots, office accommodation, health and social care buildings and homes".

The project will redesign the service to make it more efficient and contribute to required savings.

As at March 2025 the Transformation Hub shows the Corporate Landlord operational portfolio comprises 271 non-housing properties. The Cluster consolidates all property activities, including health and safety, management of commercial and non-commercial land and property assets, hard facilities management, asset and contract management across the council stock. Information on these properties is held centrally, and includes valuations, operational costs and outcomes of condition surveys. The Uniform System is used to hold data for asset management, Confirm is the System used for planning and coordination of work, and the Modus System holds asbestos management plans.

To meet relevant legal and health and safety requirements, landlords must make sure that the equipment for supplying water, gas and electricity is kept in safe working order. Safeguards must be put in place over fire safety, emergency lighting, lift maintenance, hoists, legionella, intruders and the management of asbestos. In addition, public buildings over 250 square metres must display current Energy Performance Certificates. Effective reporting mechanisms are required to this end.

The budget for Corporate Landlord repair and maintenance work for 2024/25 is £3.3m. The Service has stated that this budget has been static at this level for a number of years having previously been in excess of £4 million. Spend in 2024/25 was over budget at £5m, due to the need to stay compliant with an ageing portfolio. Repair and Maintenance works are on an essential works only basis and the service standard in relation to repairs is to maintain buildings in condition C. Cluster staffing costs include a significant number of posts that are vacant due to challenges in recruiting technical and professional skill sets such as Chartered Surveyors.

1.2 Rationale for review

The objective of this audit is to ensure that the Council has systems in place that provide assurance over compliance with the legal requirements in relation to its Corporate Landlord role for operational properties. If these requirements are not being planned, scheduled, met and adequately evidenced, there is an increased risk to building users' safety, and thereby to the Council's financial resources and reputation.

The Corporate Landlord Risk Register highlights five Cluster risks:

1) Statutory non-compliance for Council properties.
2) Failure to deliver asset valuations (should be within 5-10 year periods).
3) Inadequate Asset Management planning.
4) The declining condition of operational property estate, with impact on repair, maintenance and management costs along with higher risk of building failure.
5) Delivery of capital and revenue income.

The area was previously audited in September 2017. The main findings were that:

- Procedures to demonstrate compliance with Corporate Landlord Responsibilities and cyclical maintenance activities required formalisation and defined management.
- Asset Management and the Health & Safety Team should collaborate to align Service and Corporate Policies.
- A programme and procedures for ensuring Energy Performance Certificate (EPC) compliance should be set out, progress with its implementation coordinated and monitored.
- Contractors and Council representatives should sign all paperwork.
- Data regarding Corporate Landlord Responsibilities should be maintained centrally, accurately and up to date.

The current audit will seek to obtain assurance these points have been addressed, and that systems and processes have been designed and are operating effectively to address the relevant risks.

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
Cluster	This issue / risk level impacts a particular Service or Cluster. Mitigating actions should be implemented by the responsible Chief Officer.

2.2 Assurance assessment

The level of net risk is assessed as **MAJOR**, with the control framework deemed to provide **LIMITED** assurance over the systems in place to provide assurance over compliance with the legal requirements in relation to the Council's Corporate Landlord role for operational properties. If these requirements are not being planned, scheduled, met and adequately evidenced, there is an increased risk to building users' safety, and thereby to the Council's financial resources and reputation.

The review identified areas of weakness where enhancements are required to be made to improve the framework of control and compliance including:

- **Written Procedures** – The Corporate Landlord's role and remit for management of operational buildings and the statutory maintenance responsibilities is generally clear. However, not all processes are documented and there is a high level of reliance on experienced employees understanding of the requirements and their application, at both operational and administrative levels. Procedures rarely explain why tasks are being completed with reference to specific legislation, standards and codes of practice - users are expected to separately familiarise themselves with this. This presents a high risk, both at a professional and administrative level. Risks have also been flagged internally regarding succession planning. This risk is higher due to the absence of clear, up to date explanatory procedures. If procedures are incomplete, out of date, or not fully understood, there is a greater risk of their inconsistent application in practice, impacting on efficiency and compliance. If the Council cannot demonstrate compliance with its legal responsibilities, and duties of care, it will be at greater risk of fines/penalties and reputational damage.

- **Contracts** – There are compliant framework agreements in place covering delivery of planned statutory maintenance requirements, which set the overall requirements and specifications for services to be provided, at a high level. However, although the frameworks have been in place for three years, no call-off contracts have been recorded on the Council's contracts register system, in breach of the Council's procurement regulations.

- **Contractor Performance** – Whilst in practice the Service is meeting with suppliers and discussing performance, there is limited assurance that risks and issues are being resolved timeously. Minutes indicated variable meeting recurrence, and repeated issues which may not have been addressed. Key performance indicators are being produced and reviewed but are not all up to date. Success is being confirmed in cases where records indicate tasks have been completed up to 30 days after they were due. If statutory maintenance is being completed after it falls due, there is a risk that requirements are not being met. More regular review would give more assurance over value for money, budget management, and allow for management

intervention where necessary. Understanding performance, expectations, and costs will be essential for future procurement planning.

- **Planning and Scheduling** – Written procedures do not clearly set out the planning and scheduling requirements in full, but there are processes and systems in place to plan work at relevant frequencies. There is extensive manual duplication of data between systems and spreadsheets, which are reliant on experienced staff and localised knowledge for keeping them up to date. The maintenance management system is not being fully utilised to plan statutory maintenance tasks, and reports are not being produced from it and reviewed regularly to provide assurance that tasks are being planned, scheduled and delivered on time. There is a recurring rota of building inspections, which allow for in-depth review at site level, but this provides partial and retrospective, rather than comprehensive real-time assurance over compliance at the corporate level. There is a risk that issues presenting risks to health and safety may not be identified and addressed timeously.

- **Documentation** – Without comprehensive documentation the Service will be unable to fully demonstrate that compliance activities are being suitably planned, have taken place as planned, and that the results are acceptable. Review of a sample of documentation held in respect of operational properties identified that certification is not always being retained / held on file where expected, reducing assurance it is being obtained when required. Where certification was held on file, there is limited assurance that it had been reviewed and acted upon, or a decision recorded not to do so. There is no external assurance for operational properties and certification to ensure statutory compliance requirements are being met. Although the majority of work is 'contracted' out, responsibility for compliance rests with the Corporate Landlord. If the Service cannot demonstrate that it has completed and reviewed the results of testing, and implemented recommendations, or justified not doing so, there is a greater risk of non-compliance and risks to health and safety.

Recommendations have been made to address the identified risks including: review and updates to procedures to clearly explain roles and requirements; ensuring contract documentation is on file and procurement regulations are satisfied; reviewing how KPI's are set and monitored; improving processes and reporting to deliver assurance that statutory maintenance is taking place as scheduled, and that safety critical defects/risks are being addressed promptly, and development of an appropriate quality assurance system to confirm corporate landlord responsibilities are being discharged effectively.

2.3   Severe or major issues / risks

Issues and risks identified are categorised according to their impact on the Council. The following are summaries of higher rated issues / risks that have been identified as part of this review:

Ref	Severe or Major Issues / Risks	Risk Agreed	Risk Rating	Page No.
1.2	**Contracts** – Framework agreements are in place to set the overall requirements and specifications for services to be provided, at a high level. Suppliers meeting relevant criteria were admitted to Lots within the framework covering the relevant supplies/services required, on a single year basis with an option to extend for up to three periods of one year each. The frameworks themselves are compliant with procurement requirements. However, although the frameworks have been in place for three years, no call-off contracts have been recorded on the Council's contracts register system. This is a breach of the Council's Procurement Regulations.	No	**Major**	13

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Ref	Severe or Major Issues / Risks	Risk Agreed	Risk Rating	Page No.
	Although suppliers' bids to enter the framework were ranked by cost and quality, no requirements were set to select and award work to suppliers on this basis. In some cases, a lower ranked (higher cost) supplier is being used. The Service selects a supplier for each activity based largely on previous experience. Best value may be at risk through short-term measures. There is a mismatch between the way the Service manages suppliers, work, and its application of procurement governance. The Service considers each individual job to be a 'contract', for planning and recording purposes, and therefore considers it impractical to record over 30,000 separate contracts, each of which is unlikely to exceed the Council's £10k threshold on the contracts register. At the same time, the Service manages KPI's at a contractor and maintenance category level, and awards work directly and regularly, as if there were overarching contracts with each supplier. Work is being managed with reference to the framework specifications. However, in the absence of overall contracts these are not specific enough in each case to provide the Council with full assurance over compliance.			
1.4	**Planning and Scheduling** – A spreadsheet is used as the core record for forward planning of statutory and other maintenance, indicating the relevant requirements and frequency of inspections / maintenance for each operational building. There is a risk in using a spreadsheet, as records may be inadvertently changed by any user at any time, and changes/errors may not be identified or attributable to specific users. Although the process is helpful as it provides a visual representation of the work being planned, it may not be the most efficient method: information is duplicated from a separate maintenance management system, which is not well utilised for planning and scheduling work. Records of when work took place are on this system, and are updated, with certification, when the work is invoiced. The Service stated that invoices are not paid until certification has been received and checked. However, there is limited capacity within the Service to fully review all certification. Remedial works are also ordered and confirmed on the system,	Yes	**Major**	15

Ref	Severe or Major Issues / Risks	Risk Agreed	Risk Rating	Page No.
	however there is currently limited assurance that safety critical work is being highlighted to management, planned and undertaken promptly. Review of a sample of records indicated that visits were not being undertaken within the month/period planned. Where a fixed maintenance/inspection period is set by law, this presents a substantial risk of non-compliance. As subsequent inspections are scheduled based on planned rather than actual prior visits, there is a higher risk of recurring variation. Reports are not routinely run from the system to demonstrate that statutory maintenance is taking place as scheduled, and that defects presenting risks are being addressed promptly. The Service therefore has limited assurance that maintenance and health and safety risks are being adequately managed. Building inspections are carried out periodically and include confirmation that relevant certification has been completed and is held on site. Records indicated inspections are being planned including checking statutory maintenance is up to date for boilers, controls, legionella, and firefighting equipment. Although checks took place and relevant findings were summarised, there were no supporting records to fully detail the electrical checks that had taken place in the last two years. Gaps in the records also indicated variations between planned and completed inspections, reducing assurance these are all being completed as required. Whilst inspections allow for in-depth review at site level, this provides partial and retrospective, rather than comprehensive real-time assurance over compliance at the corporate level. There is a risk that issues presenting risks to health and safety may not be identified timeously.			
1.5	**Documentation** – Without comprehensive documentation the Service will be unable to fully demonstrate that compliance activities are being suitably planned, have taken place as planned, and that the results are acceptable. Review of a sample of documentation held in respect of operational properties identified that certification is not always being retained / held on file where	Yes	**Major**	17

Ref	Severe or Major Issues / Risks	Risk Agreed	Risk Rating	Page No.
	expected, reducing assurance it is being obtained when required. Where certification was held on file, there is limited assurance that it had been reviewed and acted upon, or a decision recorded not to do so. Building inspections review a proportion of buildings and statutory maintenance at a high level. There is no external assurance for operational properties to ensure statutory compliance requirements are being met. Although the majority of work is 'contracted' out, responsibility for compliance rests with the Corporate Landlord. If the Service cannot demonstrate that it has completed and reviewed the results of testing, and implemented recommendations, or justified not doing so, there is a greater risk of non-compliance and risks to health and safety.			

2.4   Management response

The Cluster welcome the support and overview provided by internal audit in looking at the processes and works undertaken in our buildings and look forward to working with internal audit colleagues in delivering improvement.   The Report highlights a number of areas of improvement which are acknowledged by the Service who are currently working on a transformation project around property repair and maintenance requirements which will lead to changes in operational structure, service delivery mechanisms and significant issues which have been highlighted around the access to data and certification thereof.

The service has spent significant resource (with others) in moving forward with a new digital repair and maintenance platform for Housing assets (NEC Housing) which has drawn significant resource and will create a compliance platform for Housing assets which will address many of the issues this report highlights for non-housing assets. On completion of this work in 2026 further work will be required to better digitise this area although this will require a staff and digital resource not currently available. Current processes are manual in many areas, with many areas also reliant on external contractors' portals.

The Service acknowledges the nature of the risks identified and agree with the advice of Internal Audit that the report identifies a Major risk within the overall area.

In relation to individual sections within the Report the service would respond as follows:

Written procedures

The service acknowledge that written procedures should be reviewed and stored in a more accessible manor and that this is a moderate risk. The service acknowledge that it is reliant in many parts on the knowledge, capability and experience of key leads in each area and that this adds risk in the consistent delivery of works.

Contract

The audit was undertaken prior to implementation of actions in response to a recent audit into procurement processes.

In general terms the spend has been aggregated in the establishment of the framework agreement with the contract notice published based on overall estimated (aggregate) value and there is an entry on the contract register which includes the total estimated spend.

All contracts have a defined mechanism for call off under the framework which is being utilised with appropriate terms and conditions which is being used to hold suppliers to account if required.

It should be noted that this is a first iteration of this framework and a review group has been established to look at framework requirements across Building Services, Capital etc. to look at the most appropriate procurement routes to ensure delivery of best value in future iterations including more defined methods of call off where appropriate.

To be fully compliant will require a change in system and resource allocation.

Planning and scheduling

The findings of the audit highlight the lack of an overall single source database for the recording of these works to operational buildings with a reliance on spreadsheets. Significant investment will be required to create this not currently available and in the meantime management procedures need to be improved. There are Building inspections – however not all information is available is held on site, only those required by regulation. Information is held on various databases.

Scheduling of work is currently undertaken on a 12 month basis which results in certification appearing to be out of date if works are required as a result of inspections where certification will only be available on the completion of works or jobs being schedule by the month of requirement rather than to the day. Options will be considered to move scheduling to a 10 or 11 month pattern to reduce this risk, albeit at a higher overall cost.

Documentation

Issues in relation to documentation are acknowledged and reflect the required improvement activity noted above in relation to scheduling and planning.

3 Issues / Risks, Recommendations, and Management Response

3.1 Issues / Risks, recommendations, and management response

Ref	Description	Risk Rating	Moderate
1.1	**Written Procedures** – Historically, 'policy' documents set out the requirement for compliance across various corporate landlord activities (e.g. legislation / regulations), a commitment to compliance, and an overview of practical compliance activity / procedure. Whilst this remains the standard for corporate Health and Safety policies, it is intended that clusters have their own procedures for their staff to apply, reflecting relevant variations in tasks and requirements.		

There is no need for a separate 'policy' where there is a statutory requirement – as there is no option but to comply. This is the case for most Corporate Landlord responsibilities. However, clear guidance and instructions are required to ensure relevant staff across the Council will understand, comply and meet its Health and Safety obligations, statutory and regulatory obligations and internal governance requirements. Logical and structured procedures should promote consistency and reduce the risk of error or omission in task completion and record keeping, providing assurance to management over the process.

Where procedures are in place, document ownership is reasonably clear – there is a distinction for example between corporate health and safety requirements, and cluster procedures. There is also clarity over Corporate Landlord's role and remit for management of operational buildings and the statutory maintenance responsibilities. However, there is limited version control evident, reducing assurance over their current status. Some of the internal requirements are also not up to date *(e.g. Legionella management policy 2010 pre-dates changes in 2013 to the code of practice requirements).*

There is a high level of reliance on experienced employees understanding of the requirements and their application, at both operational and administrative levels. Procedures rarely reference specific legislation and standards – users are meant to separately familiarise themselves with this and relevant advice/codes of practice. This presents a high risk, both at a professional and administrative level. Risks have been flagged internally regarding succession planning, but it is unclear that there is a plan for resolving this in the short to medium term. This risk is higher due to the absence of clear up to date explanatory procedures.

Processes are not well interlinked between Clusters *(i.e. Corporate Landlord, Building Services, Business Services),* and there is limited information on why tasks are being completed, or what to do if they do not produce the correct result. For example, planning and scheduling processes are clearly set out to follow for setting up most statutory maintenance tasks on the system and raising orders, but the need for these is not clear, and there is no guidance for escalating issues if the process cannot be followed.

Legionella testing schedules did not have a written procedure supporting the spreadsheet process in place. Procedures for testing were also not up to date. There was no written guidance on whether risk assessments (RA's) should be updated periodically. The Service has noted that updated RA's are only required when a significant alteration/upgrade to the hot and cold-water systems. Legislation does not require periodic inspections.

There were also no procedures for monitoring and performance management for any of the corporate landlord responsibilities. At a contract level, KPI's are held by Building Services/ contract managers, but there is no overarching guidance for this or at a corporate landlord level.

If procedures are incomplete, out of date, or not fully understood, there is a greater risk of their inconsistent application in practice, impacting on efficiency and compliance. If the

Ref	Description	Risk Rating	Moderate

Council cannot demonstrate compliance with its legal responsibilities, and duties of care, it will be at greater risk of fines/penalties and reputational damage.

IA Recommended Mitigating Actions

The Service should review and update its set of procedures to ensure the practical application of all corporate landlord requirements are clearly explained. Procedures should be scheduled for periodic review.

Management Actions to Address Issues/Risks

The recommendations are accepted by Corporate Landlord and the Audit highlights risk around succession planning. Current knowledge is in place and responsibilities understood and carried out by all monitoring. Given the change in senior personnel (the three main employees working within this area have all left the council in the last 12 months) and the risk this has highlighted, this needs to be shared to wider staff groups and held centrally.

Risk Agreed	Person(s)	Due Date
Yes	Operations Manager	December 2025

Ref	Description	Risk Rating	Major
1.2			

Contracts – The Service stated that multiple contracts were in place covering delivery of planned statutory maintenance requirements. Two framework agreements were set up in 2022 covering Multi-trade (£10.7m), and Specialist Maintenance and Repairs (£3.8m). These set the overall requirements and specifications for services to be provided, at a high level. Suppliers meeting relevant criteria were admitted to lots within the framework covering the relevant supplies/services required, on a single year basis with an option to extend for up to three periods of one year each.

For the purposes of Committee approval and tendering, costs were aggregated at framework level, and these were therefore compliant with procurement requirements. However, although the frameworks have been in place for three years, no call-off contracts have been recorded on the Council's contracts register system. This is a breach of the Council's Procurement Regulations.

Although suppliers' bids to enter the framework were ranked by cost and quality, no requirements were set to select and award work to suppliers on this basis. In some cases, a lower ranked (higher cost) supplier is being used. The Service selects a supplier for each activity based largely on previous experience. Best Value may be at risk through short-term measures.

There is a mismatch between the way the Service manages suppliers, work, and its application of procurement governance. The Service considers each individual job to be a 'contract', for planning and recording purposes, and therefore considers it impractical to record over 30,000 separate contracts, each of which is unlikely to exceed the Council's £10k threshold on the contracts register. At the same time, the Service manages KPI's at a contractor and maintenance category level, and awards work directly and regularly, as if there were overarching contracts with each supplier. Work is being managed with reference to the framework specifications. However, in the absence of overall contracts these are not specific enough in each case to provide the Council with full assurance over compliance. For example, supplier competency (e.g. professional qualifications/registrations) is included in the tender specifications but there is no assurance this has been tested, given the absence

Ref	Description	Risk Rating	Major

of specific contract documentation. This was only found on file separately for one of seven contractors reviewed by Internal Audit.

IA Recommended Mitigating Actions

The Service should ensure appropriately detailed call off contracts are in place for planned expenditure in respect of all of its statutory maintenance requirements.

The Service should ensure all call-off contracts are formally recorded on the contracts register system.

The Service should ensure it has documentary evidence demonstrating contractors have appropriate certification in line with contract specifications.

Management Actions to Address Issues/Risks

There is a compliant framework in place which is being used to call off requirements which does offer the Council protection. As a first iteration of this agreement, it is recognised that there are lessons to be learned to improve recording/review. A review group has been established to look at framework requirements across Building Services, Capital etc. to look at the most appropriate procurement routes to ensure delivery of best value in future iterations including more defined methods of call off where appropriate.

Risk Agreed	Person(s)	Due Date
No	Operations Manager	April 2026

Ref	Description	Risk Rating	Moderate
1.3	**Contractor Performance** – As noted at 1.1 above, there are no procedures for contract and performance management. Whilst in practice the Service is meeting with suppliers and discussing performance, there is limited assurance that risks and issues are being resolved timeously. Minutes indicated variable meeting recurrence, and repeated issues which may not have been addressed.		

It may be more difficult to hold suppliers to account without reference to specific contract details (see 1.2). Lack of a contract places compliance requirements (standards and regulations) at risk of not being met due to lack of direction from the buyer, and potential for misinterpretation of requirements by the contractor, or client expectations not being met as planned. If planned tasks are not completed within necessary timescales the Council may be at risk.

The maintenance frameworks set out an expectation that contractor KPI's will be set and monitored regularly, and include broad themes around e.g. service levels, response times, and communication. A consistent template is being provided to contractors and data is being received and checked. However, issues were identified with the data:

- The information on file was not fully up to date. The most recent data varied by contractor, from July to November 2024 (when reviewed in May 2025).
- The Service has set a KPI target of 30 days from the 'service due' date in every case. This means that services completed up to 30 days overdue are being counted as compliant.[1]

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[1] If the recorded 'service due date' is in advance of expiry, this risk may be lower. However, the KPI data does not include another date to allow this to be measured.

Ref	Description	Risk Rating	Moderate
	- Of 1425 tests listed, only 138 (10%) were completed on the due date, and 104 (7%) were completed in advance. 1157 (81%) were completed after the due date, and 26 were not completed (2%). - This contrasts with the KPI data which shows 27 were outwith KPI (2%), 26 were not completed (2%), and 1372 (96%) within KPI. If statutory maintenance is being completed after it falls due, there is a risk that requirements are not being met. In the event of an incident occurring after certification has expired, there could be a significant reputational and legal risk to the Council. Spend is being monitored annually - and has to be analysed in detail to remove e.g. capital spend with the same suppliers not related to statutory maintenance. More regular review would give more assurance over value for money, budget management, and allow for management intervention where necessary. Understanding performance, expectations, and costs will be essential for future procurement planning.		

IA Recommended Mitigating Actions

The Service should review how KPI's are set and managed to ensure these provide assurance statutory timescales are being met.

The Service should ensure spend and performance is monitored on a regular basis at a contract level. Issues should be addressed or escalated as appropriate.

Management Actions to Address Issues/Risks

Agreed in full but resources, appropriate method and frequency of review to be considered with colleagues in Commercial & Procurement.

There are regular contract meetings with contractors to review performance and hold suppliers to account. This process was reviewed in February 25 and is being further developed in line with refreshed contract management guidance published by Commercial & Procurement in March 2025. KPI's have been problematic and unreliable and consistent recording has been sporadic. Will require further investment in contract management systems to improve albeit service looking to implement further oversight and control in the short term.

Risk Agreed	Person(s)	Due Date
Yes	Operations Manager	December 2025

Ref	Description	Risk Rating	Major
1.4	**Planning and Scheduling** – As noted at 1.1 above, written procedures do not clearly set out the planning and scheduling requirements in full, but there are processes and systems in place to plan work at relevant frequencies. There is a core record of all operational assets held on Uniform, which is used as an asset register. An extract was provided but it was not possible to obtain access to the system to fully interrogate it for the purposes of the audit[2]. However, information pertinent to the audit is largely held on the maintenance management system (Confirm). A spreadsheet is used for forward planning of statutory and other maintenance. This is kept up to date by administrative staff. It indicates the relevant requirements and frequency of		

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[2] The software was not available for use in the virtual desktop environment used by Internal Audit as it had not been packaged and tested. Digital and Technology, in conjunction with Corporate Landlord, prioritised access to the Confirm system where the majority of data relevant to the audit is held.

Ref	Description	Risk Rating	Major

inspections/maintenance for each operational building. A new spreadsheet is set up for each financial year. There is a risk in using a spreadsheet, as records may be inadvertently changed by any user at any time, and changes/errors may not be identified or attributable to specific users. Although the process is helpful as it provides a visual representation of the work being planned, it may not be the most efficient method.

This information is duplicated on the Confirm System, which has set frequencies of inspection (e.g. monthly, quarterly, annual) for each property[3]. Administrative staff liaise with operational teams to keep this up to date, further underlining reliance on experienced staff as discussed at 1.1 above. However, the system is not used to schedule visits automatically – each inspection or maintenance activity is raised individually as a separate works order on the system, and the job number is recorded on the spreadsheet to confirm it has been booked. The system is updated at this point to provide an indicative date for the next inspection, based on the declared frequency.

Although the scheduling spreadsheet indicates that work has been ordered, it does not record when it took place, what the results were, and whether any unsatisfactory results have been acted on. Records of when work took place are on Confirm, and are updated, with certification, when the work is invoiced. The Service stated that invoices are not paid until certification has been received and checked. However, there is limited capacity within the Service to fully review all certification.

Remedial works are also ordered and confirmed on Confirm. Approvals and competitive quotations are required to be obtained where required works are over specified values (£250). Below this threshold, contractors are authorised to carry out and recharge for this work directly. There is currently limited assurance (see 1.5 below for examples) that safety critical work is being highlighted to management, planned and undertaken promptly.

Review of a sample of records indicated that visits were not being undertaken within the month/period planned (see 1.5 below for examples). Where a fixed maintenance/inspection period is set by law, this presents a substantial risk of non-compliance. As subsequent inspections are scheduled based on planned rather than actual prior visits, there is a higher risk of recurring variation.

Reports are not routinely run from Confirm to demonstrate that statutory maintenance is taking place as scheduled, and that defects presenting risks are being addressed promptly. The Service therefore has limited assurance that maintenance and health and safety risks are being adequately managed.

Building inspections are carried out periodically and include confirmation that relevant certification has been completed and is held on site. Records indicated inspections are being planned including checking statutory maintenance is up to date for boilers, controls, legionella, and firefighting equipment. Although checks took place and relevant findings were summarised, there were no supporting records to fully detail the electrical checks that had taken place in the last two years. Gaps in the records also indicated variations between planned and completed inspections, reducing assurance these are all being completed as required. Whilst inspections allow for in-depth review at site level, this provides partial and retrospective, rather than comprehensive real-time assurance over compliance at the corporate level. There is a risk that issues presenting risks to health and safety may not be identified timeously.

IA Recommended Mitigating Actions

The Service should ensure management has comprehensive assurance that statutory maintenance is taking place as scheduled, and that safety critical defects/risks are being addressed promptly.

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[3] Electrical (fixed wiring) testing is on a five year cycle, and this is not managed using Confirm.

Ref	Description	Risk Rating	Major
	The Service should review the efficiency and effectiveness of operating multiple systems / processes for the same purpose and consider integration/automation where possible.		

Management Actions to Address Issues/Risks
As noted at 1.1 the knowledge and monitoring of requirements is in place, and procedures will be further documented and shared. The concerns raised will be taken forward by Corporate Landlord within Service re-design and the property repair and maintenance transformation project. Workstream to look at structure around public buildings and use of external contracts is being brought forward to consider the most effective delivery method in the medium term.

Risk Agreed	Person(s)	Due Date
Yes	Operations Manager	April 2026

Ref	Description	Risk Rating	Major
1.5	**Documentation** – Without comprehensive documentation, the Service will be unable to fully demonstrate that compliance activities are being suitably planned, have taken place as intended, and that the results are acceptable. Review of a sample of documentation held in respect of operational properties identified that certification is not always being retained/held on file where expected, reducing assurance it is being obtained when required. Whilst the Service has noted it focuses on compliance rather than full documentation, where certification relating to the audit sample was held on file, there is limited assurance that it had been reviewed and acted upon, or a decision recorded not to do so:		

Gas Safety

- Six of 13 (46%) properties' boiler servicing took place more than 12 months after the previous check.
- Two of 13 (15%) properties' boiler servicing took place in advance of expiry, and this was not reflected in subsequent scheduling.
- Four of 13 (30%) properties' certification noted the same faults which had not been addressed for three years running.
- One property's records (8%) had not been retained/held on file for two years as required.

Fire Safety

- One of eight properties' quarterly fire alarm system checks was completed two months in advance (12%). This could impact on costs, and assurance that checks continue to be completed quarterly. Invoices were also delayed by up to nine months.
- Two of eight (25%) firefighting equipment checks took place more than 12 months after the previous checks. Another (12%) had two checks within nine months.
- Two property files (25%) had no previous years' records.

Electrical Safety

- One of eight properties (12%) fixed electrical installation testing was completed five months late.
- Four electrical certificates (50%) indicated remedial work was required. Only one of the four (25%) indicated work was attempted and charged, but it was not completed due to access and asbestos concerns.

Ref	Description	Risk Rating	Major

- One electrical certificate indicated follow up inspections should be brought forward from the statutory (five year) period to two years, which could indicate higher risks had been identified, but no changes were made to the schedule. Another was scheduled for three years, with no documentation on file to indicate why this was required.
- Two of eight (25%) Portable Appliance Tests were completed more than 12 months after the previous check.
- Two of eight (25%) Portable Appliance Tests took place in advance of expiry, and this was not reflected in subsequent scheduling.
- Monthly Emergency Lighting test records were not all held on file in five of eight (62%) cases reviewed.
- Three of eight (38%) emergency lighting inspection tests indicated faults which were not addressed before the next inspection.
- One emergency lighting inspection (12%) was signed off by an apprentice rather than qualified staff.

Lifts

- In one of two properties reviewed where lifts / hoists were included, an item had been removed but was still being scheduled and attended for inspection by contractors.

Water Safety

Although there is no fixed period set by legislation or the Health and Safety Executive (HSE), Legionella risk assessments carried out by independent contractors generally indicated they should be reviewed within two years. The Service allows up to 10 years unless there is a significant change to the water system, with central records indicating 24 of 151 properties (16%) dated back to 2016, and only 18 (12%) updated in the last two years. These records were incomplete, with 66 properties (44%) having no record of when a risk assessment was last completed:

- In three of 13 cases reviewed in more detail (23%) the dates were different from documentation held on file, and in one case (8%) there was no assessment on file.
- Monthly temperature testing records are being maintained by staff, and variations highlighted, but records indicated these were recurring with no indication they are being acted on.
- Control of Substances Hazardous to Health (COSHH) risk assessments in relation to Legionella treatments were out of date, had out of date hazard identification markings, which were also incompletely recorded, and related to a different chemical to that used in the current product.

Energy Performance Certificates (EPC)

An EPC is only valid for 10 years. EPCs are held on the ACC website and can also be accessed via a national portal.

- From a sample of 13 buildings, only nine (69%) had a published EPC.
- Five of nine (55%) EPCs were over 10 years old. The Service estimated over 100 buildings / two thirds of the portfolio require an update. This would be resource intensive.

As noted at 1.4 above, internal building inspections review a proportion of buildings and statutory maintenance at a high level. There is no external assurance for operational properties to ensure statutory compliance requirements are being met.

Although the majority of work is 'contracted' out, responsibility for compliance rests with the Corporate Landlord. If the Service cannot demonstrate that it has completed and reviewed the results of testing, and implemented recommendations, or justified not doing so, there is

Ref	Description	Risk Rating	Major

a greater risk of non-compliance and risks to health and safety. See Appendix 3 for examples of risks and relevant legislation/requirements.

IA Recommended Mitigating Actions

The Service should develop and implement an appropriate quality assurance system to ensure documentation is being reviewed in sufficient detail to provide assurance corporate landlord responsibilities are being discharged effectively.

Management Actions to Address Issues/Risks

The Cluster are currently as a matter of urgency implementing additional oversight in this area and will consider the options, benefits and costs of developing a Quality Assurance system in the medium term.

Issues have been highlighted with servicing being undertaken in the month required rather than to dates in month and final certificates only being provided on completion of any identified works rather than the date of first inspection. The timetable for review is being considered and whether greater assurance would be provided by moving to say 10 or 11 month testing cycles. In very general terms only essential wind and watertight and essential health and safety works are being undertaken within the capacity of current available budgets for all repair and maintenance works. As such some advisory works will not be undertaken mid-year across the estate. Issues within report noted in relation to the scheduling of works and differentiating between inspections and works being completed. In general terms advisory works are not always undertaken. All Levels of requirement, advisory work may or may not be carried out – dependant on the fault/issue.

For Emergency Lighting, a new specialist contractor is now being put in place.

The 2 lifts noted require removal, are isolated and no longer visited by specialist contractor.

For Water safety there is no requirement for regular re-inspection, specialist contractors raise this to encourage RA's to be carried out when not required. All buildings have been risk assessed. Monthly testing are only acted on if they are regularly out of the permitted temperature range.

Risk Agreed	Person(s)	Due Date
Yes	Operations Manager	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.
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 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 Review Scoping Document

5.1 Area subject to review

Aberdeen City Council as a Corporate Landlord has accountability to ensure that all buildings under its control comply with the appropriate statutory, regulatory and corporate standards. The Cluster, led by the Chief Officer - Corporate Landlord, is part of the Families and Communities Function.

Redesign of Property Management and Maintenance is part of the Council's transformation programme as part of the Target Operating Model (TOM) 1.2. The Programme Manager explained:

"Our project goal is to create a new operational model for how we manage and maintain our Council properties including public buildings, schools, learning and community centres, visitor attractions, depots, office accommodation, health and social care buildings and homes".

The project will redesign the service to make it more efficient and contribute to required savings.

As at March 2025 the Transformation Hub shows the Corporate Landlord operational portfolio comprises 271 non-housing properties. The Cluster consolidates all property activities, including health and safety, management of commercial and non-commercial land and property assets, hard facilities management, asset and contract management across the council stock. Information on these properties is held centrally, and includes valuations, operational costs and outcomes of condition surveys. The Uniform System is used to hold data for asset management, Confirm is the System used for planning and coordination of work, and the Modus System holds asbestos management plans.

To meet relevant legal and health and safety requirements, landlords must make sure that the equipment for supplying water, gas and electricity is kept in safe working order. Safeguards must be put in place over fire safety, emergency lighting, lift maintenance, hoists, legionella, intruders and the management of asbestos. In addition, public buildings over 250 square metres must display current Energy Performance Certificates. Effective reporting mechanisms are required to this end.

The budget for Corporate Landlord repair and maintenance work for 2024/25 is £3.3m and the Service has indicated £5m has been spent due to the ageing portfolio. Cluster staffing costs include a significant number of posts that are vacant due to challenges in recruiting technical and professional skill sets such as Chartered Surveyors.

5.2 Rationale for review

The objective of this audit is to ensure that the Council has systems in place that provide assurance over compliance with the legal requirements in relation to its Corporate Landlord role for operational properties. If these requirements are not being planned, scheduled, met and adequately evidenced, there is an increased risk to building users' safety, and thereby to the Council's financial resources and reputation.

The Corporate Landlord Risk Register highlights five Cluster risks:

6) Statutory non-compliance for Council properties.
7) Failure to deliver asset valuations (should be within 5-10 year periods).
8) Inadequate Asset Management planning.
9) The declining condition of operational property estate, with impact on repair, maintenance and management costs along with higher risk of building failure.
10) Delivery of capital and revenue income.

The area was previously audited in September 2017. The main findings were that:

- Procedures to demonstrate compliance with Corporate Landlord Responsibilities and cyclical maintenance activities required formalisation and defined management.

- Asset Management and the Health & Safety Team should collaborate to align Service and Corporate Policies.
- A programme and procedures for ensuring Energy Performance Certificate (EPC) compliance should be set out, progress with its implementation coordinated and monitored.
- Contractors and Council representatives should sign all paperwork.
- Data regarding Corporate Landlord Responsibilities should be maintained centrally, accurately and up to date.

The current audit will seek to obtain assurance these points have been addressed, and that systems and processes have been designed and are operating effectively to address the relevant risks.

5.3   Scope and risk level of review

This review will offer the following judgements:

- An overall **net risk** rating at the **Cluster** 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:

- Property Asset Information.
- Safety and Compliance – including how statutory compliance requirements and safety is managed across all areas and documented.
- Work and Contract Management – including how work is requested, prioritised, tracked and managed to completion.
- Compliance monitoring and assurance.
- Reporting.

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.

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:
  - o Council Key Contacts (see 1.7 below)
  - o Audit Committee (final only)
  - o External Audit (final only)

5.6   IA staff

The IA staff assigned to this review are:

- Debbie Steele **(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:

- Stephen Booth, Chief Officer,
- Scott Mathieson, Assistant Operations Manager, **(process owner)**
- Graham Williamson, Operations Manager
- Malcolm Brown, Contract Manager
- Keith Michie, Contract Manager
- Colin Leaver, Corporate Health & Safety Lead

5.8   Delivery plan and milestones

The key delivery plan and milestones are:

Milestone	Planned date
Scope issued	19-Mar-25
Scope agreed	24-Mar-25
Fieldwork commences	31-Mar-25
Fieldwork completed	02-May-25
Draft report issued	23-May-25
Process owner response	13-Jun-25
Director response	20-Jun-25
Final report issued	27-Jun-25

6 Appendix 3 – Risks

6.1 Risk categories

The following are examples of the risk categories and elements of legislation which controls should be designed to address and provide assurance over in respect of Corporate Landlord statutory maintenance responsibilities.

Gas Safety

Failure to carry out employer duties and maintain gas appliances, flue or installations as per Gas Safety (installation and use) Regulations 1998 would place the Council at risk of non-compliance with section 35 of the Regulations. Lack of certification or inaccurate documentation risks the Council not meeting regulated requirements. (Annual CP 12 certificate for Gas 36 (3) (c)).

Fire Safety

Failure to carry out fire safety duties with regards to fire safety measures could place employees/ contractors/ members of the public at risk of death or serious injury, and the Council at risk of an offence as per section 73 of the Fire (Scotland) Act 2005.

Electrical Safety

In the absence of electrical system and equipment checks the Council may not meet its obligations as per The Electricity at Work Regulations 1989 *"to prevent, as far as reasonably practicable, danger"*.

Water Safety (Legionella)

In the absence of controls to assess, prevent and provide information, instruction and training regarding the risk of exposure to the legionella bacteria the Council may not meet the requirements of the H & S Act 1974 and COSHH Regulations 2002.

Asbestos

In the absence of a management plan that identifies how risk involving exposure to asbestos will be mitigated when works are undertaken places the contractor/ employees / members of the public at risk of exposure which could lead to lifelong injuries/ life changing injuries/ fatality. Failure in the statutory duty to manage the risks of asbestos by having a plan which identifies its location, condition, managing the risk when undertaking works, communicated to those at risk of exposure and regular review of the plan would place the Council at risk of breaching The Control of Asbestos Regulations 2012(section 4).

Lifts

Failure to meet the LOLER Regulatory requirements imposed on employers places the Council at risk of breaches with the Lifting Operations and Lifting Equipment Regulations 1998. Failure to record defects risks the defect not being rectified and the defect worsening to the point where it fails and poses a risk to employees, contractors and members of the public and the operation of the premises and service provision. In the absence of management plans being reviewed, there is a risk to public safety, asset safety, security, noncompliance, fines and reputational damage to the Council.

Accidents / Incidents

Failure to record workplace related accidents / incidents that are connected to the Council being non-compliant with the statutory requirement to report on specified injuries, diseases and dangerous occurrences as per the Reporting of Injuries, Diseases, Dangerous Occurrences Regulations 2013 (RIDDOR).

Energy Performance Certificates (EPC)

The Scottish Government requires public authorities to complete and display an EPC for all public buildings which exceed 250m^2 floor area. An individual EPC will only be valid for 10 years. In the case

of public buildings, the EPC would have to be renewed immediately after the 10 year period has elapsed. Building owners who fail to provide EPCs could be subject to a penalty charge notice (minimum £500) in each case.

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ABERDEEN CITY COUNCIL

COMMITTEE	Audit, Risk and Scrutiny Committee
DATE	26 June 2025
EXEMPT	No
CONFIDENTIAL	No
REPORT TITLE	Internal Audit Annual Report
REPORT NUMBER	IA/25/010
DIRECTOR	N/A
REPORT AUTHOR	Jamie Dale
TERMS OF REFERENCE	2.3

1. PURPOSE OF REPORT

1.1 The purpose of this report is to provide the Committee with Internal Audit's Annual Report for 2024/25.

2. RECOMMENDATIONS

It is recommended that the Committee:

2.1 Note the Annual Report for 2024/25;

2.2 Note that the Chief Internal Auditor has confirmed the organisational independence of Internal Audit;

2.3 Note that there has been no limitation to the scope of Internal Audit work during 2024/25; and

2.4 Note the outcome of Internal Audit's self-assessment against the requirements of the Public Sector Internal Audit Standards.

2.5 Note the content of Internal Audit's Quality Assurance and Improvement Plan.

3. BACKGROUND / MAIN ISSUES

3.1 Public Sector Internal Audit Standards require that Internal Audit produce an annual report on the adequacy and effectiveness of the Council's framework of governance, risk management and control. It

is one of the functions of the Audit, Risk and Scrutiny Committee to review the activities of the Internal Audit function, including its annual work programme.

3.2   This report is designed to meet three objectives; to present to the Audit, Risk and Scrutiny Committee, and through them, the Council:

- A formal opinion on the adequacy and effectiveness of the Council's arrangements for:

  o Governance
  o Risk management
  o Internal control

- A narrative over the key strategic and thematic findings from the assurance work undertaken by IA during 2024/25, drawing out key lessons to be learned.

- An account of the assurance activities and resources of IA during the period 2024/25.

3.3   This report covers the period from 1 April 2024 to 31 March 2025 and any work finalised during the 2024/25 assurance period. It also takes account of work undertaken up to the date of the issue of this report. The report is grounded in the whole activity and work of IA, whether in terms of formal audit evidence and work, management assurance and consultancy activity, or evidence gathered throughout wider engagement across the Council.

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 that are agreed with management. Those not implemented by their agreed due date are detailed in the attached appendices.	M	**Yes**
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	L	**Yes**

		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.		
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 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**
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	L	**Yes**

		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.		
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 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**
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,	L	**Yes**

		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 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. APPENDICES

10.1 Appendix A – Internal Audit Annual Report for the year ended 31 March 2025.

11. REPORT AUTHOR DETAILS

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Internal Audit

Annual Assurance Report and Chief Internal Auditor's Opinion 2024/25

Contents

1 Executive Summary

1.1 Introduction and background

Internal Audit's (IA) 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 presented when finalised to the Audit, Risk and Scrutiny Committee. Along with other evidence, these reports are used in forming an annual opinion on the adequacy of risk management, control, and governance processes.

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

Public Sector Internal Audit Standards set the mission of IA as to enhance and protect organisational value by providing risk-based and objective assurance, advice, and insight.

1.2 Purpose of this report

Public Sector Internal Audit Standards require that IA produce an annual report on the adequacy and effectiveness of the Council's framework of governance, risk management and control. It is one of the functions of the Audit, Risk and Scrutiny Committee to review the activities of the IA function, including its annual work programme.

This report is designed to meet three objectives: to present to the Audit, Risk and Scrutiny Committee, and through them, the Council:

- A formal opinion on the adequacy and effectiveness of the Council's arrangements for:
  - o Governance
  - o Risk Management
  - o Internal Control

- A narrative over the key strategic and thematic findings from the assurance work undertaken by IA during 2024/25, drawing out key lessons to be learned.

- An account of the assurance activities and resources of IA during the period 2024/25.

This report covers the period from 1 April 2024 to 31 March 2025, and any work finalised during the 2024/25 assurance period. It also takes account of work undertaken up to the date of the issue of this report. The report is grounded in the

whole activity and work of IA, whether in terms of formal audit evidence and work, management assurance and consultancy activity, or evidence gathered throughout wider engagement across the Council.

1.3 Conclusion

The overall Chief Internal Auditor's opinion is:

> In my opinion the Council had an adequate and effective framework for governance, risk management and control, covering the period 1 April 2024 to 31 March 2025.

For further commentary see the Annual Assurance Opinion section of this report.

1.4 Action requested of the Audit, Risk and Scrutiny Committee

The Audit, Risk and Scrutiny Committee is requested to note the contents of this report and the assurance opinion, to inform its annual report and its review of the Council's financial statements, in particular the Annual Governance Statement.

2 Annual Assurance Opinion

2.1 Basis of annual assurance opinion

In accordance with the Public Sector Internal Audit Standards, IA's assessment, and opinion over the framework of governance, risk management and control is based upon the whole activity and work of IA including:

- The results of internal audits completed (in final or draft) up to the date of this report.

- Any follow-up action taken in respect of audits from previous periods.

- The effects of any significant changes in the Council's control environment.

- Matters arising from previous annual reports to the Council.

- Any limitations that may have been placed on the scope of IA – there are no restrictions to declare in this report.

- Reports issued by External Audit.

- IA's knowledge of the Council's governance, risk management and performance monitoring arrangements.

- The assessment of risk completed during the formation of the 2025-26 Audit Plan and the work on risk in general led by the Council.

- The results of other assurance activities completed during the year.

The Standards also require that IA confirms to the Committee, at least annually, that it is organisationally independent. The organisational independence of IA is established through Financial Regulations (approved by full Council) and the Internal Audit Charter (approved by the Audit, Risk and Scrutiny Committee). Other factors that help ensure Internal Audit's independence are that: the IA Plan is approved by the Audit, Risk and Scrutiny Committee; and IA reports its outputs to Committee in the name of the Chief Internal Auditor. The Chief Internal Auditor considers that IA is organisationally independent.

2.2 Annual assurance opinion 2024/25

IA is satisfied that sufficient audit and assurance work has been undertaken to allow a reasonable conclusion to be drawn as to the adequacy and effectiveness of the Council's framework for governance, risk management and control. Aberdeen City Council had an adequate and effective framework for governance, risk management and control, covering the period 1 April 2024 to 31 March 2025.

2.3 Rationale for the opinion

2.3.1 Overview

The Council has faced a challenging year, with several issues having to be addressed. These have primarily been financial, such as the pressures being faced across all local authorities and the Public Sector, operationally, such as the response to RAAC, legal challenges, and a recent review of working arrangements, but also politically. The

latter has resulted in a year made up of requisitioned meetings, Full Council agendas having to be heard over multiple days, and a recognition of poor working relations between members of the different political groups. Where the impact on the Audit, Risk and Scrutiny, the Committee that Internal Audit reports to, has been minor compared to other committees and Full Council, there have been wider impacts. Across the year Internal Audit has noted increased delays in Management responding to the Internal Audit process. Analysis of the reasoning, primarily discussions with Management, has highlighted the extra workload because of the additional and extended meetings, which have created a need for officers to prioritise this at the expense of other workstreams, including Internal Audit reviews. Where Internal Audit recognises the political nature of the Council and the need for officers to prioritise other workstreams on occasion, a continuing trend, as has been seen in 2024/25, could risk the assurance that is able to be provided and could have a negative impact on Internal Audit's Annual Opinion in future years. In recognising this risk, Internal Audit has engaged with Governance officers and also made recommendations to the Council's Governance Reference Group on how to ensure effective scrutiny of reports.

2.3.2 Internal Control

It is the responsibility of the Council's Senior Management to establish an appropriate and sound system of internal control and to monitor the continuing effectiveness of that system. It is the responsibility of the Chief Internal Auditor to provide an annual overall assessment of the robustness of the internal control system.

The main objectives of the Council's internal control systems are to:

- Ensure adherence to management policies and directives to achieve the organisation's objectives.
- Safeguard assets.
- Ensure the relevance, reliability, and integrity of information, so ensuring as far as possible the completeness and accuracy of records.
- Ensure compliance with statutory requirements.

Any system of control can only ever provide reasonable and not absolute assurance that control weaknesses or irregularities do not exist or that there is no risk of material errors, losses, fraud, or breaches of laws or regulations. Accordingly, the Council is continually seeking to improve the effectiveness of its systems of internal control.

On balance, most of the audited areas were operating as anticipated. Areas of good practice, improvement, and procedural compliance have been identified, and these have been detailed in individual assignment reports to the Committee.

However, during the year, IA identified Major risks across eleven (2023/24: eight) reviews in the following areas[1]:

- **Procurement Compliance** – Delegated Procurement Authority, Procurement Documentation, Approvals, Tenders and Quotations, and Direct Awards.

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[1] Some areas will include more than one recommendation.

- **Social Care Financial Assessments** – Charging Policy, Written Procedures, and Supporting Records.
- **Recruitment** – PVG Dispensation.
- **National Fraud Initiative** – Security Checks, and Payment Fraud Controls.
- **Trusts and Common Good Fund** – Payments and Monitoring.
- **ELC Funded Provider Places** – Contracts, and Budget Monitoring.
- **Adoption, Fostering and Kinship** – Adoption Allowance, and Payments.
- **Creditors Sub-System Payments** – Delegated Authority.
- **Right to Work in the UK** – Verifying Original Documents, and Incomplete Documentation.
- **Housing Allocations and Choice Based Letting** – New Applications, and Allocations.
- **Corporate Landlord Responsibilities** – Contracts, Planning and Scheduling, and Documentation.

Full details of the risks are presented to the Committee in individual audit reports.

Most other recommendations made during the year were around reinforcing application of existing controls, the improvement of efficiency and the drive for Best Value. Common trends in IA's recommendations were also around governance, systematising processes, or the need to better evidence and document the operation of controls.

When analysing the results of the individual reviews, it is clear that the Council, on the whole, has designed controls effectively and instead where issues emerge it is in the operation. This is particularly the case where there is a dedicated second line team that is reliant on first line services across the council e.g. hiring managers carrying out recruitments or officers providing responses to Freedom of Information requests. To support the strengthening of operations, Internal Audit has looked at making recommendations that can be rolled out across the Council thematically, whilst recognising issues within individual services. This will be the approach going forward, along with Internal Audit engaging with Management outwith the standard review process to support the strengthening of the operation of controls and maintenance of their design.

2.4 Areas of risk for future IA focus

In addition to the points above continuing to be areas of focus for the Council, in the year there will be significant new risk areas for us to consider. The specific risk and control areas in the upcoming year that IA intend to focus on to a greater degree, determined primarily as part of planning, include:

- RAAC Response
- Governance
- Carbon Budgeting
- Corporate Responsibilities
- Digital and Technology
- Other emerging risks identified during the year.

2.5 Follow up of audit recommendations

Public Sector Internal Audit Standards require that IA 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.

Progress made by officers in implementing recommendations is monitored by Internal Audit and reported to the Audit, Risk and Scrutiny Committee each cycle within the Chief Internal Auditor's Progress Report. In 2024/25, 144 actions were completed in year (compared to 99 in 2023/24) and as at year end, 118 audit recommendations were open (compared to 123 in 2023), 48 of which were due for implementation and the remaining 70 due in the future (either as the original planned date of implementation or through an agreed extension which has been reported to the Committee). The vast majority of these recommendations were rated as either Minor (17) or Moderate (79), with the remaining recommendations (22) being in the more significant Major space. These numbers include the HSCP work but exclude the IJB and Pension Fund. Management have highlighted in update reports that, where necessary, progress with implementing actions has continued but some have taken longer than expected due to factors such as resourcing and delivery of other priority areas.

3 Audit Results

3.1 In year audit results

Across the year, irrespective of the period initially planned for the review, IA issued 20 audit reports (2023/24: 20). These reviews span the entire breadth of the Council's operations, touching on not just individual services but also cross-Council areas, and IA's work with the Aberdeen City IJB and the North East Scotland Pension Fund.

This section highlights the results of our work in 2024/25, including finalisation of reviews. It should however be noted that:

- Previous years' work, issued in the current year, is considered for and factors into IA's annual assurance opinion.
- Work in progress, where the report is at a draft stage, is also considered for and factors into IA's annual opinion.
- The same is considered for consultancy work, which also factors into IA's annual assurance opinion.
- For all assurance reviews, IA ensured that they were at the work in progress stage by year end. The majority are beyond this stage and draft reports are being finalised with the process owners for the areas under review.

Summaries are also included of fraud assurance, consultancy and other work performed by IA.

3.1.1 Previous year reviews finalised in 2024/25

Directorate	Audit Area	Overall Rating
Corporate Services	Procurement Compliance	**Major**
HSCP	Social Care Financial Assessments	**Major**
Corporate Services	Recruitment	**Moderate**
Corporate Services	Creditors System	**Moderate**
Families & Communities	Private Sector Housing	**Minor**
Corporate Services	Prevent	**Moderate**
Corporate Services	Revenue Budget Setting and Financial Strategy	**Minor**

3.1.2 2024/25 reviews finalised in year

Directorate	Audit Area	Overall Rating
Corporate Services	Allowances	**Minor**
Corporate Services	National Fraud Initiative	**Moderate**
Corporate Services	Financial Controls Improvement Plan	**N/A**
Families & Communities	SEEMiS	**Moderate**
IJB	IJB Budget Setting and Monitoring	**Moderate**
IJB	IJB Counter Fraud	**Moderate**

Directorate	Audit Area	Overall Rating
Corporate Services	Councillors Induction and Development	**Moderate**
Families & Communities	Resettlement Governance	**Moderate**
Families & Communities	ELC Funded Provider Places	**Moderate**
Corporate Services	Trusts & Common Good Fund	**Moderate**
Corporate Services	Risk Management	**Moderate**
Families & Communities	Adoption, Fostering and Kinship	**Major**
Corporate Services	Creditors Sub-System Payments	**Moderate**

3.2   Post year end assurance

The information presented in the above table, concerning audit work, covers the period 1 April 2024 to 31 March 2025. However, consideration has been given to any work during the period until the issue of this report. Since year end, IA has issued a further seven reports, completing the Internal Audit Plan for 2024/25:

3.2.1   2024/25 reviews finalised in 2025/26

Directorate	Audit Area	Overall Rating
HSCP	HSCP Commissioning	**Moderate**
Corporate Services	Freedom of Information and Subject Access Requests	**Moderate**
Corporate Services	Right to Work in the UK	**Moderate**
NESPF	Pension Fund Payroll	**Moderate**
Families & Communities	Housing Allocations and Choice Based Letting	**Moderate**
Corporate Services	Group Structure Assurance	**Moderate**
Families & Communities	Corporate Landlord Responsibilities	**Major**

3.3   Consultancy and other work by IA

In addition to planned assurance work, IA has also supported several services across the year. This has either been through requests for support or structured management assurance pieces of work, including but not limited to Service Standards, Rent Assistance Scheme, the Performance Board, the City Region Deal/Investment Zone.

This is an overview of the more substantial pieces of work delivered during the year; however it should be noted that other informal advice was provided on an adhoc basis and will continue as IA looks to further support the Council overall.

3.4   Counter Fraud

IA does not have a dedicated responsibility across the Council to lead on Counter Fraud activities; this is instead within the remit of a separate inhouse team. The potential for fraud is however considered as part of all reviews carried out by IA from a control framework perspective.

4 IA Performance

4.1 Key Performance Indicators

Key Performance Indicator (KPI) results could be better, and this is recognised by IA, whilst also acknowledging the impact engagement from Council Management can have on the delivery of audit work. However, the results show that IA still in a better position than recent years. Also, where the KPIs, which are an important tool for IA Management, are not at the levels desired, the strong assurance base, which is used for annual reporting purposes, is a positive output from the year.

Description	Target	2022/23	2023/24	2024/25	Commentary
Percentage of planned audits commenced where the Service was given advance notice of commencement of field work.	100%	100%	100%	100%	All audits were agreed with Management in advance.
Percentage of current year audits (as adjusted through consideration of subsequent year's plan) where draft report issued by deadline.	90%	50%	33.33%	8.33%	Across the year, IA was not successful in issuing draft reports as per the agreed timescale. Analysis of the individual engagements show a mix or reasons, partly down to the work of IA but also through the availability of Management to provide the required information, access to systems, and engage with the process overall.
Percentage of current year audits (as adjusted) completed by end of current year.	65%	55.56%	68.18%	60%	Work was carried out in the previous year to ensure a minimal number of audits was carried forward and this facilitated strong performance, but the target has not been met overall. However, only one review has not been able to be completed in advance of year end reporting to the June Committee.
Percentage of previous year audits (as adjusted) completed by end of current year.	100%	100%	100%	100%	All previous year audits were completed within 2024/25.
Percentage of current year audits (as adjusted) that were completed in the year within 110% of planned time allocated.	90%	80%	35.71	33.33%	Across the year, IA was not successful in completing work within the planned timescale. Analysis of the individual engagements show a mix or reasons, partly down to the work of IA but also through the availability of Management to provide the required information,

Description	Target	2022/23	2023/24	2024/25	Commentary
					access to systems, and engage with the process overall.
Percentage of previous year audits (as adjusted) that were completed within 110% of planned time allocated.	90%	50%	40%	14.29%	Across the year, IA was not successful in completing work within the planned timescale. Analysis of the individual engagements show a mix or reasons, partly down to the work of IA but also through the availability of Management to provide the required information, access to systems, and engage with the process overall.
Percentage of planned time taken for current year audits that were completed in the year.	90 - 110%	88.30%	145.98%	133.04%	This shows that current year audits are being completed slower on the whole. However, analysis of the underlying data does highlight variances (both over and under) across individual reviews.
Percentage of planned time taken for all previous year audits completed by end of current year.	90 - 110%	129.51%	133.11%	211.60%	Across the year, IA was not successful in completing work within the planned timescale. Analysis of the individual engagements show a mix or reasons, partly down to the work of IA but also through the availability of Management to provide the required information, access to systems, and engage with the process overall.
Percentage of recommendations accepted by management.	95%	97.97%	98.15%	97.85%	Small number of recommendations not accepted in year, which is expected in line with the new risk based methodology.
Where management has not agreed recommendation, percentage who accept risk.	100%	100%	100%	100%	In the small number of cases where recommendations were not accepted by Management, they accepted the risk.

Based on the current year results, where efforts will be made across all KPIs, the completion of work within the budgeted time, specifically, the issue of reports, both in draft and final, will be a priority for IA.

4.2 Quality assurance and improvement plan

The Public Sector Internal Audit Standards (PSIAS) require that the annual report must also include a statement on conformance with the PSIAS and the results of the quality assurance and improvement programme (QAIP).

In previous reports IA has updated the Committee on the work to address previously noted issues; the main driver for these being the internal quality assessment, any external quality assessments and recommendations made by External Audit.

IA is pleased to confirm an external review of the control framework was concluded in the previous year and found that IA fully conforms with PSIAS, with no recommendations due for implementation in 2024/25. An internal review of the control framework concluded that IA still fully conforms with PSIAS, with work underway to ensure full compliance with the recently published Global Internal Audit Standards from 2025/26.

4.3 Staffing

At present IA is operating with a 12.8 FTE, 0.2 FTE under budget due to flexible working arrangements across the Team.

5 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 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.