

# Audit, Risk and Scrutiny Committee

## Annual Effectiveness Report 1 May 2020 to 31 October 2021



## Contents

	Page
1. Introduction	3
2. The role of the Committee	4
3. Membership of the Committee during 2020/2021	4
4. Membership changes	4
5. Member Attendance	5
6. Meeting Content	5-6
7. Training Requirements	7
8. Code of Conduct – Declarations of Interest	8
9. Civic Engagement	8
10. Officer support to the Committee	8
11. Executive Lead's Comments	8-9
12. Next year's focus	9-10
Appendix 1 - Terms of Reference	11-13
Appendix 2 - LOIP Stretch Outcomes	14

# 1 INTRODUCTION

- 1.1 I would like to thank members of the committee and staff who have helped to support the committee. The business of this committee, like many others, was impacted by the restrictions put in place in the wake of the Covid-19 pandemic. Working together with our partners, the committee continued to ensure appropriate oversight over the Council's control environment and I look forward to building on this through during the remainder of 2021-2022.
- 1.2 I would also like to take this opportunity to thank Colin Harvey for stepping in on an interim basis as Chief Internal Auditor. Colin's contribution to the work of the committee has been greatly valued.



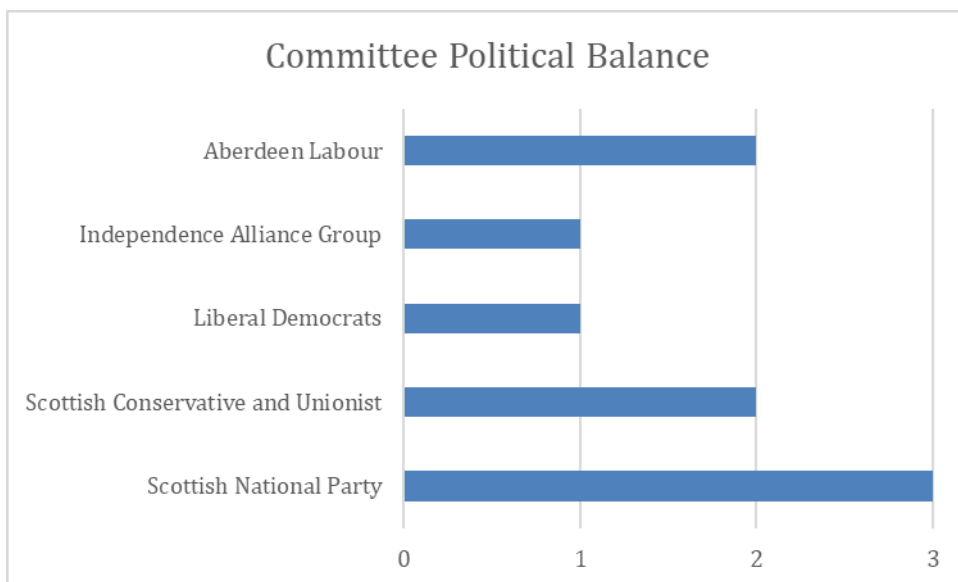
**Councillor Alex Nicoll**  
Convener, Audit, Risk and Scrutiny Committee

## 2 THE ROLE OF THE COMMITTEE

- 2.1 The role of the Audit, Risk and Scrutiny Committee is to provide assurance to the Council that it has in place robust arrangements in place for good governance, maintaining an effective control environment and financial and performance reporting. It monitors compliance with these arrangements through, for example, the receipt of reports from internal and external auditors. It completes the process by ensuring that recommendations flowing from internal and external audits are implemented where appropriate.
- 2.2 The Terms of Reference for the Committee as approved by Council in March 2021 are appended to the report.

## 3 MEMBERSHIP OF THE COMMITTEE DURING 2020/2021

- 3.1 The Audit, Risk and Scrutiny Committee has 9 Elected Members.



## 4 MEMBERSHIP CHANGES

- 4.1 At the Scottish Parliament Elections in May 2021, Councillor’s Jackie Dunbar and Douglas Lumsden were elected as MSPs and stood down from the Committee. Councillor Jackie Dunbar was replaced by Councillor Allard and Councillor Lumsden was replaced by Councillor Mason.
- 4.2 At the September 2021 meeting Councillor Cross replaced Councillor Mason.

## 5 MEMBER ATTENDANCE

Member	Total Anticipated Attendances	Total Attendances	Substitutions	Nominated Substitute
Alex Nicoll	7	7		
Ian Yuill	7	7		
Christian Allard	3	3		
Sarah Cross	1	0	1	Ryan Houghton
Jackie Dunbar	4	4		
Sarah Duncan	7	6	1	Barney Crockett
Gordon Graham	7	6	1	Barney Crockett
Douglas Lumsden	4	4		
Avril MacKenzie	7	6	1	Ryan Houghton
Jessica Mennie	7	6	1	Miranda Radley
Tom Mason	2	2		
John Reynolds	7	5	2	Ryan Houghton John Wheeler

## 6 MEETING CONTENT

6.1 During the 2020/2021 reporting period (1 May 2020 to 31 October 2021), the Committee had 7 meetings and considered a total of 74 reports. The meetings of the Committee in May and June 2020 were cancelled as a result of the COVID-19 pandemic. Business critical reports were considered by the Urgent Business Committee. This included an Urgent Business Committee meeting on 6 May 2020 which considered a revised Internal Audit Plan for 2020/21 to take account of changes to the Council's risk profile brought on by the pandemic.

### 6.2 Terms of Reference

Of the 74 reports received the following table details how the reports aligned to the Terms of Reference for the Committee.

Terms of Reference	Number of Reports
General Delegations to Committees 8.5	1
Remit of Committee 1.1	3
Remit of Committee 1.2	3
Remit of Committee 1.3	2
Remit of Committee 1.4	1
Remit of Committee 2.1	2
Remit of Committee 2.2	34
Remit of Committee 2.3	11
Remit of Committee 2.4	6
Remit of Committee 3.1	2
Remit of Committee 3.4	1

Remit of Committee 4.1	3
Remit of Committee 4.2	1
Remit of Committee 4.4	1
Remit of Committee 5.2	5
Remit of Committee 6.2	1
Remit of Committee 6.4	5

6.3 Most of the reports considered related to remit 2.2, consider reports issued by the Internal Auditor.

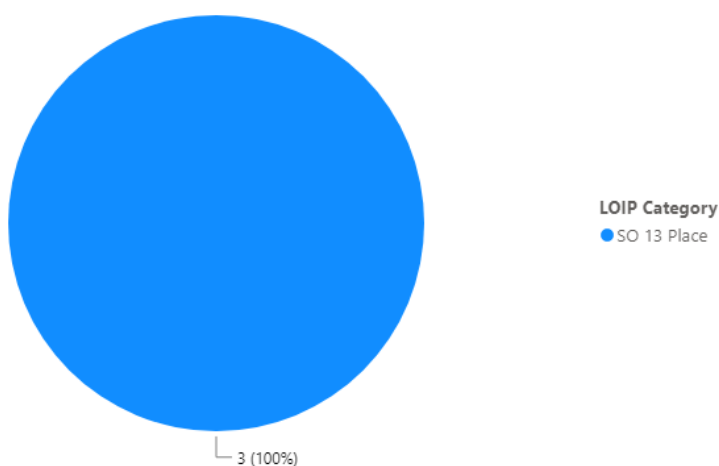
6.4 The majority of the sections of the Committee’s Terms of Reference (ToR) were discharged throughout the course of the reporting period. This would indicate that the Committee has discharged its role as envisaged by Full Council.

6.5 There have been no reports under remits 3.2, 3.3, 4.3, 5.1, 6.1, or 6.3 as there was no cause to report on these.

**6.6 Local Outcome Improvement Plan (LOIP)**

The following table details of the 74 reports how many had a link to the themes of the Local Outcome Improvement Plan.

Reports with links to the LOIP



**6.7 Reports and Committee Decisions**

The following table details the outcome of the Committee’s consideration of the 74 reports presented to it throughout the year.

Terms of Reference	Total	% Total Reports
Confidential	0	0%

Exempt	0	0%
Number of reports where the Committee has amended officer recommendations	0	0%
Number and percentage of reports approved unanimously	74	0%
Number of reports or service updates requested by members during the consideration of another report to provide additional assurance and not in forward planner	0	0%
Service update requested	0	0%
Number of decisions delayed for further information	0	0%
Number of times the Convener has had to remind Members about acceptable behaviour and the ethical values of Public Life	0	0%
Number of late reports received by the Committee (i.e. reports not available for inspection by members of the public at least three clear days before a meeting)	2	3%
Number of referrals to Council, or other Committees in terms of Standing Order 33.1	0	0%

## 6.8 Notices of Motion, Suspension of Standing Orders, Interface with the Public

Number of notices of motion	None
Number of times Standing Orders were suspended and the specific Standing Orders suspended	None
Standing order number (ref)	N/A
Number of deputations or other indicators of interface with the public, i.e. engagement and social media.	There were no requests for deputation during the reporting period.

## 7 TRAINING REQUIREMENTS

- 7.1 Members were invited to attend a Risk Appetite Statement Workshop which introduced them to the concept of a Risk Appetite Statement which enhanced their understanding of the risk management framework.

## 8 CODE OF CONDUCT – DECLARATIONS OF INTEREST

- 8.1 12 declarations of interest were made by Councillors during the reporting period. Information in respect of declarations of interest is measured to evidence awareness of the requirements to adhere to the Councillors' Code of Conduct and the responsibility to ensure fair decision-making.

## 9 CIVIC ENGAGEMENT

- 9.1 The committee's focus, by its very nature, has largely been on monitoring the Council's control environment through compliance with the Council's governance framework. Its focus is on the risks to the institution rather than focus on the risks to the place of Aberdeen. Nonetheless, it has worked in partnership with outside bodies such as the Council's Arm's Length External Organisations (ALEOs) through the ALEO Assurance Hub and external audit.

## 10 OFFICER SUPPORT TO THE COMMITTEE

Officer	Total Anticipated Attendances	Total Attendances	Substitutions
Chief Internal Auditor	7	7	
Chief Officer - Finance	7	4	
Chief Officer - Governance	7	7	
External Auditor	2	2	

## 11 EXECUTIVE LEAD'S COMMENTS

- 11.1 A robust governance framework supported by an effective control environment provides the necessary platform for the Council to be a success. The Audit, Risk and Scrutiny Committee plays a key role by ensuring that the Council's governance arrangements remain appropriate and adhered to. It is therefore reassuring to note that the Best Value Assurance Report published by the Accounts Commission during 2021 noted that the Council exhibits strong and effective governance and continues to conduct self-assessment and identify improvement opportunities. It also noted that members robustly challenge and scrutinise management with a clear focus on the communities and citizens they represent, in respect of governance, process and matters presented for decision.
- 11.2 The committee approved the Council's first ever Risk Appetite Statement. The statement is a key element to the Council's Risk Management Framework and will allow the organisation to establish and embed the culture required to become a 'risk intelligence organisation.' It provides staff and members with guidance on the types and levels of risk the Council is willing to accept in the pursuit of its strategic outcomes.
- 11.3 During 2020/21, the Council's control environment was impacted by the Covid-19 pandemic. There were delays to planned internal audit activity and third-party inspections. The Council's Urgent Business Committee agreed on 6 May 2020 to revise



the Council's Internal Audit Plan 2020/21 to ensure that it remained relevant to the changes to the Council's risk profile. Internal audit activity was focused on those areas that posed the greatest risk to the Council. This, together with other factors such as staff turnover, led to delays in the completion of the 2020/21 internal audit plan and in turn the 2021/22 internal audit plan.

11.4 Work is already underway to develop the 2022/23 audit plan and careful consideration will be given to the number of internal audit reports scheduled to match the capacity available to deliver new audit reports together with those that are overdue from previous years' audit plans.

11.5 The committee appears to be working constructively and transparently, noting that:

- all reports were approved unanimously; and
- all reports were considered in public.

11.6 The Committee on 8 October 2020, deferred the 2019/20 Internal Audit Summary Report to a Special Meeting of the Committee on 4 November 2020 to enable members to consider the full audit reports;

11.6 The total number of recommendations made by the Council's internal audit team was as follows:

- 2016-17: 340
- 2017-18: 274
- 2018-19: 159
- 2019-20: 218
- 2020-21: 114

11.7 The total number of outstanding recommendations was as follows:

- February 2018: 45
- March 2019: 17
- March 2020: 67
- March 2021: 37

11.8 The number of recommendations made by internal audit has reduced. This was to be anticipated because the impact of the Covid-19 pandemic led to fewer audits than the previous year being carried out. In turn the number of outstanding audit recommendations has reduced. This is pleasing to see.

## 12 NEXT YEAR'S FOCUS

12.1 The development of an internal audit plan for 2022/2023 is already underway. This will seek to reflect the risks to the Council and avoid any unnecessary duplication with third party activity (for example, inspections by regulators). It is also proposed that the internal audit plan give an overview of areas for possible audit during 2023/2024 and 2024/2025. This will seek to reflect the emerging risks to the Council and help provide additional context for next year's audit plan.

At the February 2022 meeting of the Audit, Risk and Scrutiny Committee, it is anticipated that the committee will receive:

- Corporate Risk Registers;

- Cluster Assurance Maps;
- Internal Audit Plan 2022-23;
- External Audit Strategy 2022-23;
- ALEO Assurance Hub Plan 2022;
- External Inspections Planner 2022-23;
- Local Area Network Plan 2022-23; and
- A Review of the Council's Risk Appetite Statement.

12.2 Through this suite of documents, the committee will be able to identify those risks which pose the greatest threat to Council and the system of internal and external activity planned to monitor those risks. This will set the tone for much of the assurance that will be presented back to the committee during 2022-2023.

## Appendix 1

### Audit Risk and Scrutiny Committee Terms of Reference Approved by Council in March 2021

#### PURPOSE OF COMMITTEE

To ensure that the Council has robust arrangements for:

- Good governance including information governance, surveillance, fraud, bribery and corruption;
- Maintaining an effective control environment through an effective approach to risk management; and
- Reporting on financial and performance reporting.

The Committee will also monitor the effectiveness of the Internal Audit function and the Council's implementation of its recommendations, as well as the implementation of the recommendations of its external auditors.

#### REMIT OF COMMITTEE

##### 1. Risk Management

The Committee will ensure the effectiveness of the Council's risk management system and will:

- 1.1 receive an annual review of the system of risk management and an annual report on the corporate risk register and related action plans;
- 1.2 monitor the implementation of the Council's ALEO Assurance Framework by receiving reports from the ALEO Assurance Hub on the monitoring and mitigation of risks to the Council associated with its ALEOs;
- 1.3 receive an annual report in respect of the Council's information governance;
- 1.4 approve all relevant policies.

##### 2. Internal Audit

The Committee will:

- 2.1 approve the Internal Audit Annual Plan;
- 2.2 consider reports prepared by Internal Audit (with the exception of reports related to Pensions);
- 2.3 monitor compliance with Internal Audit recommendations (with the exception of reports related to Pensions);
- 2.4 monitor the performance of Internal Audit.

##### 3. External Audit

The Committee will:

- 3.1 consider reports prepared by the Council's External Auditor;
- 3.2 monitor the Council's relationship with the External Auditor;
- 3.3 receive reports from the Local Area Network; and
- 3.4 monitor compliance with External Audit recommendations.

#### 4. Governance, Accounts and Finance

The Committee will:

- 4.1 approve the Council's Annual Report and Annual Accounts;
- 4.2 approve the annual governance statement;
- 4.3 approve and monitor the Council's Code of Corporate Governance and approve such action as appropriate; and
- 4.4 monitor the integrity of financial reporting, and governance processes and internal control functions and approve such action as appropriate.

#### 5. Legal obligations

The Committee will:

- 5.1 consider reports in respect of the whistle blowing policy; and
- 5.2 monitor the Council's compliance with its statutory obligations relating to surveillance, information governance, bribery, corruption and fraud, including the approval of all relevant policies.

#### 6. Scrutiny

The Committee will:

- 6.1 once a matter, process or practice has been the subject of a report to Council or committee (including internal and external audits) and the consideration of the matter concluded by Council or said committee action (with the exception of quasi judicial matters and the Appeals, Business Rates Appeals and Community Asset Transfer Review Sub Committees), the committee, to ensure good practice, can determine that further consideration is required. It will not prevent, or alter, any decision being taken and will only review the effectiveness of decision making, or monitoring and may make recommendations to the relevant committee or Council;
- 6.2 on occasion, where appropriate and as it sees fit, seek information from partner organisations, contractors or other stakeholders such as Community Councils or groups of interest on any particular issue;
- 6.3 request, where appropriate and in terms of any contract or agreement, representatives of external organisations to attend and contribute to meetings; and

- 6.4 receive reports from regulatory bodies and those providing external assurance such as the Scottish Public Services Ombudsman and Inspector of Crematoria, ensure that the Council responds appropriately and monitor compliance with recommendations.

Executive Lead: Chief Officer – Governance

## Appendix 2

### LOIP stretch outcomes

#### Economy

1. 10% increase in employment across priority and volume growth sectors by 2026.
2. 90% of working people in Living Wage employment by 2026.

#### People

3. 95% of children (0-5 years) will reach their expected developmental milestones by the time of their child health reviews by 2026.
4. 90% of children and young people will report that they feel mentally well by 2026.
5. 95% of care experienced children and young people will have the same levels of attainment in education, emotional wellbeing, and positive destinations as their peers by 2026.
6. 95% of children living in our priority localities will sustain a positive destination upon leaving school by 2026.
7. Child Friendly City which supports all children to prosper and engage actively with their communities by 2026.
8. 25% fewer young people (under 18) charged with an offence by 2026.
9. 25% fewer people receiving a first ever Court conviction each year by 2026.
10. 2% fewer people reconvicted within one year of receiving a community or custodial sentence by 2026.
11. Healthy life expectancy (time lived in good health) is five years longer by 2026.
12. Rate of harmful levels of alcohol consumption reduced by 4% and drug related deaths lower than Scotland by 2026.

#### Place

13. No one in Aberdeen will go without food due to poverty by 2026.
14. Addressing climate change by reducing Aberdeen's carbon emissions by 42.5% by 2026 and adapting to the impacts of our changing climate.
15. 38% of people walking and 5% of people cycling as main mode of travel by 2026

