Audit, Risk and Scrutiny Committee Annual Effectiveness Report 2022/2023

ABERDEEN
CITY COUNCIL

Contents

1. Introduction from Convener

1.1 I am pleased to present the annual effectiveness report for the Audit, Risk and Scrutiny Committee. The annual effectiveness reports have been in place since 2017, following a recommendation made by CIPFA in their review of the Council's governance arrangements, namely that Committees review the extent to which they had operated within their Terms of Reference, through an annual report. The annual effectiveness report represents good practice in governance and also informs the annual review of the Council's Scheme of Governance, enabling officers to identify if any changes are required, for example, to the Committee Terms of Reference.

1.2 As we look forward as an organisation, it is essential that Council has confidence in the way it scrutinises its business. As Convener of Audit, Risk and Scrutiny, it is incumbent upon me to ensure that we receive assurance from management, internal audit, and external audit on the effectiveness of our systems, particularly where there is any risk of weakness in our controls. This will allow the Council to learn lessons from previous control failures.

1.3 I want to see the Council make better use of the Committee to improve council services and I would like the public to have confidence that we will do so. The Committee has overseen a reduction in the number of overdue internal audit recommendations this year and has worked closely with the Chief Internal Auditor to complete their internal audit plan, which will bring about improvements in our services. I look forward to receiving the Internal Audit Plan for 2024/25 in February, alongside our Risk Appetite Statement. Both are key tools for us to have confidence in our system of risk management.

1.4 Finally, I have instructed a management assurance report to the February meeting of the Committee on the Council's compliance with the requirements under the Equalities Act 2010 to meet our Public Sector Equality Duty. It is then the role of our auditors to undertake their own scrutiny through internal and external reports. Together, these will help us to understand the extent of any control weaknesses in relation to the closing of libraries and Bucksburn pool, and provide assurance to that we are transparent about lessons to be learned as a result.

Councillor M. Tauqeer Malik
Convener – Audit, Risk and Scrutiny Committee

2. The Role of the Committee

Purpose of the 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 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 the 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 receive assurance that services are maintaining and reviewing Business Continuity Plans in accordance with the priorities allocated to them;
1.3 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;
1.4 receive an annual report in respect of the Council's information governance; and
1.5 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); and
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.

3. Membership of the Committee during 2022/2023

3.1 Audit, Risk and Scrutiny Committee has 13 members.
3.2 The Committee composition is presented below:-
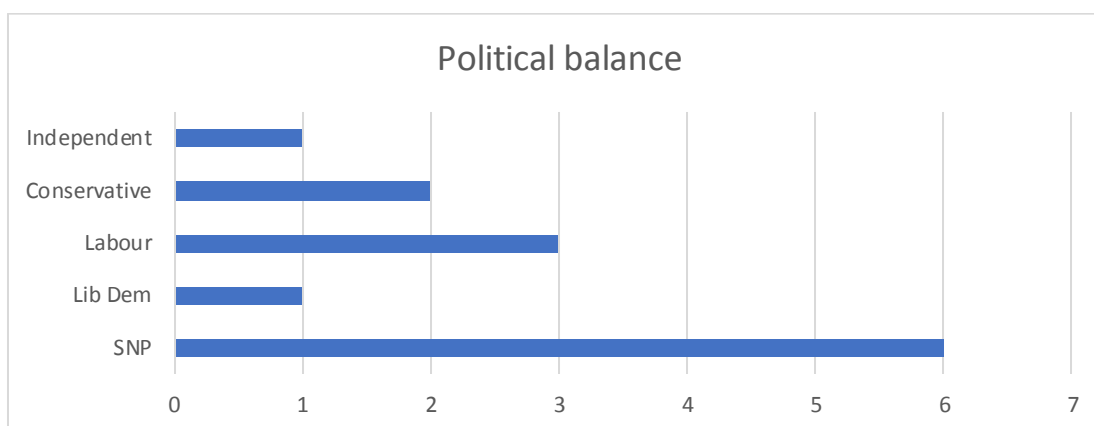
4. Membership Changes

4.1 Councillor Macdonald was appointed as the Convener of the Committee until 22 February 2023.
4.2 Councillor Crockett was appointed as the Convener of the Committee from 22 February until 27 June 2023 however due to Cllr Crockett's resignation from the Labour Group, Cllr Malik became Convener a day earlier than had been anticipated.
4.3 Councillor Malik was appointed as the Convener of the Committee officially from 28 June 2023 however was voted as Convener for the meeting on 27 June 2023.
4.4 Councillor Nicoll was replaced by Councillor McRae from the 11 May 2023 Committee.
4.5 Councillor Ali was replaced by Councillor Graham from the 14 September 2023 Committee.

5. Member Attendance

Member	Total Anticipated Attendances	Total Attendances	Substitutions
Councillor Macdonald	2	2	
Councillor Crockett	2	2	
Councillor Malik	3	3	
Councillor Houghton	7	4	Councillors Farquhar and Kusznir
Councillor Ali	6	6	
Councillor Allard	7	6	Councillor MacGregor
Councillor Bonsell	7	7	
Councillor Bouse	7	6	Councillor Yuill
Councillor Fairfull	7	7	
Councillor Graham	1	1	
Councillor McLellan	7	6	Councillor Copland
Councillor McRae	3	2	Councillor Henrickson
Councillor Massey	7	6	Councillor Farquhar
Councillor Nicoll	4	4	
Councillor Radley	7	6	Councillor Al-Samarai
Councillor Mrs Stewart	7	6	Councillor Crockett
Councillor van Sweeden	7	5	Councillors Yuill and Hutchison

6. Meeting Content

6.1 During the 2022/2023 reporting period (14 October 2022 to 14 October 2023), the Committee had seven meetings and considered a total of 50 reports.

6.2 **Terms of Reference**

6.2.1 The following chart details how reports aligned to the Terms of Reference (set out at section 2 above) for the Committee.
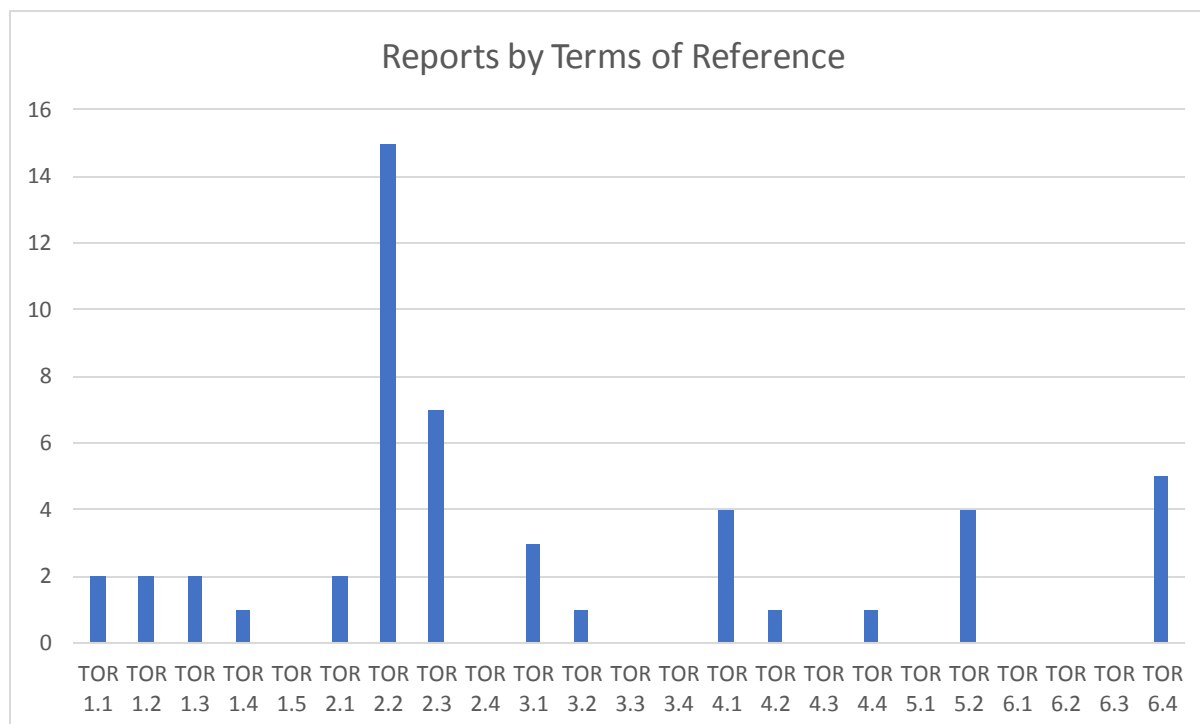
6.2.2 During the course of 2022/2023 the Committee received reports under the main Terms of Reference which indicates that the Committee has discharged its role effectively throughout the course of the reporting period.

6.2.3 Following the June 2023 Scheme of Governance review, one change was made to the Committee Term's of Reference which was to incorporate reporting on Business Continuity Planning. This was previously reported to the Public Protection Committee.

6.2.4 The majority of reports fell under Terms of Reference 2.2, which were the Internal Audit reports presented by the Chief Internal Auditor. These reports provide independent and objective assurance on the Council's risk management, control and governance processes across all of its functions.

6.2.5 There were no reports under Terms of Reference 1.5, 2.4, 3.3, 3.4, 4.3, 5.1, 6.1, 6.2 or 6.3 as there was no cause to report on these or reporting was incorporated in other reports. On 2.4, internal audit performance is included in the Chief Internal Auditor's progress report. On 3.3 (Local Area Network), Committee was advised that these reports are no longer produced and as such the terms of reference will be amended within the next Scheme of Governance review. On 3.4, external audit recommendations are monitored via the Annual Governance Statement. On 4.3, this

is now incorporated into the Scheme of Governance, so will also be removed from the terms of reference.

7.   Reports and Decisions

7.1   The following information relates to the committee reports and Notices of Motion presented to Committee throughout the reporting period, as well as the use of Standing Orders and engagement with members of the public.

7.2   During the reporting period there was one report was voted on and referred to Council which is the first time in the Committee's operation.

	Total	Total Percentage of Reports
Confidential Reports	0	
Exempt Reports	0	
Number of reports where the Committee amended officer recommendations		
Number of reports approved unanimously	49	98%
Number of reports or service updates requested during the consideration of another report to provide additional assurance and not in business planner	0	
Number of reports delayed for further information	0	
Number of times the Convener has had to remind Members about acceptable behaviour in terms of the Code of Conduct	0	N/A
Late reports received (i.e. reports not available for inspection at least 3 clear days before the meeting)	0	
Number of referrals to Council under SO 34.1	1	

Notices of Motion, Suspension of Standing Orders, Interface with the Public	
Number of Notices of Motion to Committee	None
Number of times Standing Orders suspended	None
Specific Standing Orders suspended	Not applicable
Number of deputations requested	None
Number of deputations heard	Not applicable
Number of petitions considered	None

8.   Reports with links to the Local Outcome Improvement Plan

8.1   The following table details of the 50 reports how each report linked to the Local Outcome Improvement Plan (LOIP Stretch Outcomes are appended to this report for reference at Appendix 1). As can be seen from the chart below only one stretch outcome has been referenced.

8.2 It should be noted that the stretch outcome selected should be number 1 rather than 13. The reports that reference the stretch outcome refer to the Scottish Welfare Fund which would contribute to the reduction of poverty.
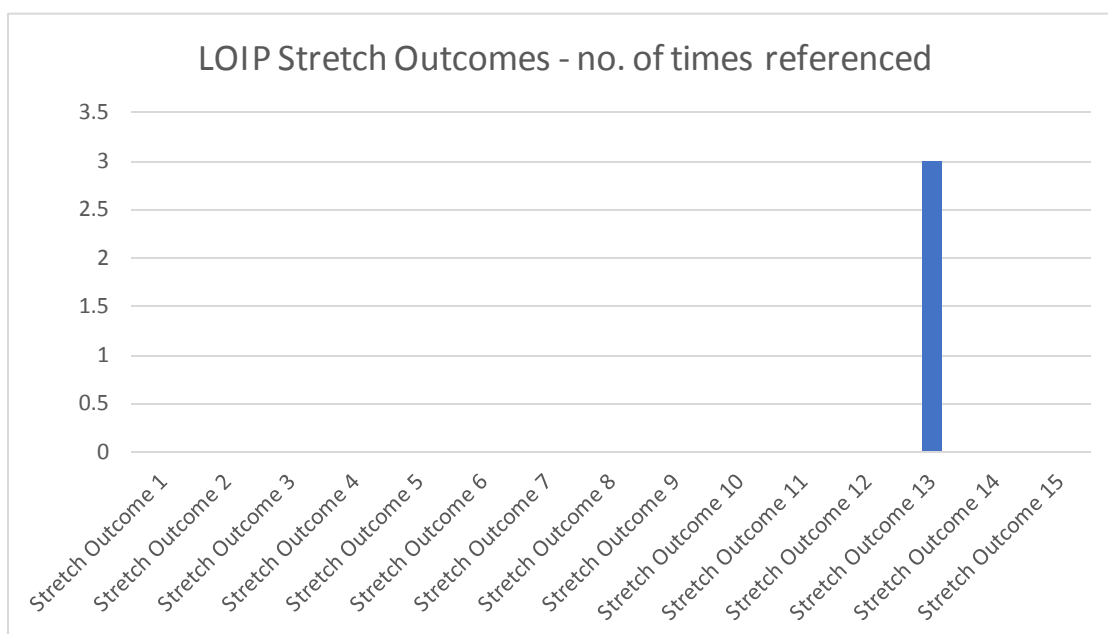
9. **Training and Development**

9.1 Training opportunities for Members during the reporting period were as follows:-
   - Convener training on the role of the Committee 2 March 2023 and 10 July 2023
   - Internal Audit reporting methodology on 13 December 2023

9.2 Further development opportunities will be considered for next year based on Committee business throughout the year, Executive Lead proposals and Member feedback on what may be required to assist them in performing their roles. In particular, training on "How to Scrutinise" is planned for committee members.

10. **Code of Conduct Declarations and Transparency Statements**

10.1 There were no declarations of interest and seven transparency statements were made by Members during the reporting period. Information in respect of declarations of interest and transparency statements is measured to evidence awareness of the requirements to adhere to the Councillors' Code of Conduct and the responsibility to ensure fair decision-making.

11. **Civic Engagement**

11.1 Due to the nature of the Audit, Risk and Scrutiny Committee business, there are fewer opportunities for civic engagement, however if appropriate, elements of civic engagement would be introduced.

11.2 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. It's focus is on the risks to the organisation 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.

12.   Executive Lead to the Committee - Commentary

12.1   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 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 revised 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 intelligent 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   The total number of recommendations made by the Council's internal audit team was as follows:
- 2019-20:   218
- 2020-21:   114
- 2021-22:   104
- 2022-23   148

11.4   The total number of outstanding recommendations was as follows:
- March 2020:   67
- March 2021:   37
- March 2022:   17
- March 2023:   23

13.   The Year Ahead

13.1   The Committee's terms of reference were adjusted in March 2023 to incorporate reporting on Business Continuity Planning, which had previously reported to the Public Protection Committee. In accordance with the usual practice of an annual review of the Scheme of Governance, the Terms of Reference will be reviewed and officers will reflect on whether any areas require further refinement moving forward to ensure the continued efficient operation of the Committee. Two are noted at paragraph 6.2.5 above.

13.2   The Committee will continue to receive reports from the Chief Internal Auditor in relation to the approved Internal Audit Plan.

Appendix 1 – Local Outcome Improvement Plan Stretch Outcomes

Economy	
1.	No one will suffer due to poverty by 2026
2.	400 unemployed people supported into fair work by 2026
3.	500 people skilled/ reskilled to enable them to move into, within and between economic opportunities as they arise by 2026
People (Children & Young People)	
4.	95% of children will reach their expected developmental milestones by their 27-30 month review by 2026
5.	90% of children and young people report they feel listened to all of the time by 2026
6.	By meeting the health and emotional wellbeing needs of our care experienced children and young people they will have the same levels of attainment in education and positive destinations as their peers by 2026
7.	95% of children living in our priority neighbourhoods (Quintiles 1 & 2) will sustain a positive destination upon leaving school by 2026
8.	83.5% fewer young people (under 18) charged with an offence by 2026
9.	100% of our children with Additional Support Needs/disabilities will experience a positive destination
People (Adults)	
10.	25% fewer people receiving a first ever Court conviction and 2% fewer people reconvicted within one year 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.	Addressing climate change by reducing Aberdeen's carbon emissions by at least 61% by 2026 and adapting to the impacts of our changing climate
14.	Increase sustainable travel: 38% of people walking and 5% of people cycling as main mode of travel by 2026
15.	Addressing the nature crisis by protecting/ managing 26% of Aberdeen's area for nature by 2026
Community Empowerment	
16.	100% increase in the proportion of citizens who feel able to participate in decisions that help change things for the better by 2026