

AUDIT, RISK AND SCRUTINY COMMITTEE

ABERDEEN, 28 July 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 Buchanan), McLellan, Nicoll (as substitute for Councillor Massey) and van Sweeden (as substitute for Councillor McRae).

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 AND 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 9.1 (ALEO Assurance Hub) 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 8 MAY 2025

2. The Committee had before it the minute of its meeting of 8 May 2025.

The Committee resolved:-

- (i) in relation to article 7 (Use of Investigatory Powers Quarter 1 report), to note that officers were still compiling the requested information relating to the Enterprise Act 2002 – Information Disclosure, and that this would be circulated to Members outwith the meeting; and
- (ii) to approve the minute as a correct record.

COMMITTEE BUSINESS PLANNER

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

The Committee resolved:-

to note the content of the business planner.

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ALEO ASSURANCE HUB - CORS/25/168

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.

The report recommended:-

that the Committee -

- (a) note 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;
- (b) note that the ALEO Assurance Hub would 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
- (c) 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.

In response to a question relating to the two governance arrangements which were marked as not applicable to BP Joint Venture (BPJV) and whether this would change in future, the Assurance Manager advised that the ALEO Assurance Hub had recognised that BPJV was at a different stage to the other ALEOs and reassurance requirements would be reviewed at a later date to ensure that the governance and compliance required was in place, and this would be reflected in a future workplan to Committee in the first half of 2026, at which point it was anticipated that the ask of BPJV would have changed.

In response to a question on the Economic Crime and Corporate Transparency Act 2023, the requirement of most ALEOs to comply with the legislation and whether this had caused the risk to rise to 'medium' for certain organisations, the Assurance Manager advised that the Hub did not have the required assurance at present that preparations were in place and it was therefore proposed that the Fraud Team would provide support and a briefing to ALEOs to assist them to put controls in place. Until that assurance was in place, the risk would remain as medium.

In response to a question on medium-term financial planning, the fact that certain ALEOs had shorter-term financial plans, and whether this could limit the reassurance provided to the Council, the Chief Officer – Finance advised that while single-year financial arrangements could be somewhat challenging in terms of managing the medium-term financial position, due to contact through the Hub and as group entities, there was constant dialogue about the ALEOs' finances and future funding arrangements, including discussions early in the financial year about the next financial year.

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In response to a question on why only three ALEOs were listed in section 3.5 of the report as requiring a Counter Terrorist Security Advisor assessment, the Assurance Manager advised that this was because those organisations had public buildings.

Finally, in response to a question on how organisations reported on cyber security, the Assurance Manager advised that the Hub had sought assurance on this matter last year and an update would be provided on this in the report to the November meeting of the Committee.

The Committee resolved:-

- (i) to note that officers would include headings for each appendix on future reports; and
- (ii) to approve the recommendations.

PROCUREMENT COMPLIANCE AUDIT UPDATE - CORS/25/170

5. With reference to article 14 of the minute of its meeting of 28 November 2024, the Committee had before it a report by the Executive Director of Corporate Services which presented an update on improvements implemented in relation to Procurement Compliance, following the previous Internal Audit report on the matter.

The report recommended –

that the Committee note the information in relation to improvements implemented contained within the report and appendices.

In response to a question as to the next steps and whether there would be a further report back, the Chief Internal Auditor advised that no further action was required, however there were always procurement reviews in each audit plan, and so there would be updates on processes at that point.

In response to a question on the Assurance Reporting Indicators on page 58 of the report and the fact that assessments would be graded as high, medium or low where red, amber, green (RAG) was used in other Council reports, the Strategic Commercial Manager advised that the high, medium and low assessments did equate to the RAG status, and as the procurement service was shared across partners, reporting also had to fit with requirements of other organisations, however she would look at linking these to RAG status in future.

In response to a question relating to the arrangements made to calculate the key indicators, how much work this would entail and whether this would be distributed across clusters, the Strategic Commercial Manager advised that a template had been devised to collate data to be entered into PowerBI, but that at this stage it was not clear how many hours this would take. While Procurement would collate the information, there would be collaboration with other clusters through reporting to the Risk Board and engaging with services in terms of improvement actions, as well as with colleagues in Internal Audit.

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Finally in response to a question on the delegated procurement authority training undertaken by Chief Officers, the Strategic Commercial Manager advised that Chief Officers had been required to undertake this training and had oversight of a number of delegated procurers within their cluster.

The Committee resolved:-

- (i) to note that officers would try to link Assurance Reporting Indicators to RAG status in future reports; and
- (ii) to otherwise note the report.

SCOTTISH PUBLIC SERVICES OMBUDSMAN DECISIONS AND INSPECTOR OF BURIAL, CREMATION AND FUNERAL DIRECTORS COMPLAINT DECISIONS - CORS/25/167

6. With reference to article 8 of the minute of its previous meeting, the Committee had before it a report by the Executive Director of Corporate Services which presented provided information on all Scottish Public Services Ombudsman (SPSO) and Inspector of Burial, Cremation and Funeral Directors decisions made in relation to Aberdeen City Council since the last reporting cycle, to provide assurance to Committee that complaints and Scottish Welfare Fund applications were being handled appropriately.

The report recommended:-

that the Committee note the report.

In response to a question to the change of decision in respect of a Community Care Grant application dated 18 February 2025, and whether officers agreed with the explanation, the Customer Service Manager advised that the applicant had not provided all the information at the initial stage to the Council, and that as the decision had been based on new information provided at the review stage, officers were content.

The Committee resolved:-

to note the report.

INTERNAL AUDIT PROGRESS REPORT - IA/25/009

7. The Committee had before it a report by the Chief Internal Auditor which provided an update on the work of Internal Audit since the last update to Members. The report contained details of progress against the approved Internal Audit plans, audit recommendations follow ups, and other relevant matters for the attention of the Committee.

The report recommended:-

that the Committee –

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

In response to a question relating to AC2511 – Pre-School Commissioned Places, the change of due date from April 2025 to May 2026, and whether the necessary work to address cost pressures would be undertaken, the Chief Officer – Finance advised that all Chief Officers were now working on the budget process and the particular recommendation about modelling would be addressed as part of the 2026/27 budget processes.

In response to a question about the 10 recommendations which had been marked for completion in June 2025, and the 2 recommendations with a July 2025 due date, and whether these had not been completed, the Chief Internal Auditor advised that as the report had been prepared prior to the completion dates outlined in the paper, no updates would have been sought on the recommendations at that time, and updates would therefore be provided at the September Committee.

Finally in response to a question on AC2418 – Biodiversity and the Natural Environment, and the due dates changing for the two recommendations from April 2025 to May 2026, the Chief Internal Auditor advised that the extension had been requested based on available team resources, and Internal Audit had been assured that the new due dates would be met.

The Committee resolved:-

to approve the recommendations.

HOUSING ALLOCATIONS AND CHOICE BASED LETTINGS - AC2517

8. The Committee had before it a report by the Chief Internal Auditor which presented the planned Internal Audit report on Housing Allocations and Choice Based Letting.

The report recommended:-

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

In response to a question as to whether officers agreed with the risks highlighted by Internal Audit, the Team Leader Housing Options and Allocations advised that the team agreed with the findings however noted the many variables as to why different applications took different time to process.

In response to a question about void properties being empty for an extended period of time, as well as the upkeep of gardens at those properties, the Chief Officer – Corporate

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Landlord advised that he would review the policy around the upkeep of such properties and advise Members accordingly, noting the potential cost implications involved.

In response to a question on page 111 of the report and whether the deadline for the introduction of an application checklist to ensure consistent processing of applications would be met, the Team Leader Housing Options and Allocations advised that a checklist had previously existed but there had been an issue with consistency and a digital checklist had now been implemented.

In response to a question on the introduction of Choice Based Letting and whether the Council had perhaps not anticipated the risk of it being so popular, the Team Leader Housing Options and Allocations considered that it had not necessarily increased demand. The Executive Director Corporate Services further noted that the system was introduced to manage the automation of the allocations policy to provide greater reach. He acknowledged that there were still some issues to iron out but that the system was about reducing administration, rather than increasing the amount of applications.

In response to a question as to whether the risks would diminish around the bidding process, the Team Leader Housing Options and Allocations advised that he could give that assurance as customers became more accustomed to the process. He explained that the team had also been on a similar learning curve and so expected that the risks would diminish.

In response to a question as to whether the audit sampling had included properties in Torry which might have been part of a different allocation process as a result of the issues with RAAC, the Team Leader Housing Options and Allocations advised that the RAAC affected households had been part of a separate process, dealt with by a separate team, and so had not been part of the sample. The Executive Director Corporate Services advised that these properties had not been part of the scope of the audit.

In response to a question seeking further information on restructuring within Housing Services, including consideration of the Housing Board and Quality Improvement Framework, the Chief Officer – Corporate Landlord advised that the planned restructure in the Housing team was out for consultation with staff and Trade Unions and was going through the formal negotiation process at present. He explained that within that, there would be a review of the allocations process, roles and responsibilities and the support available to staff. He advised that there had been work undertaken around the QI framework for housing, but that it was too early at this point to provide information on the exact mechanism of the framework as a number of options were being discussed.

In response to a question about where the figures contained within the report (218,000 applications against 6,000 people on the waiting list) sat against the national framework of housing applications, the Executive Director Corporate Services clarified that the 218,000 figure related to bids rather than applications, as applicants would bid on multiple properties. He advised that officers had data available on the number of waiting lists and

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applications per property and could share that benchmarking information with Members outwith the meeting, as well as the local government benchmarking framework.

It was noted that the report advised that some of the data referred to was not reflective of overall housing application processing times which had been reported to Committee in 2024, and a question was raised as to how prevalent the numbers were in terms of the wider situation, and whether this would be part of a further report to the Communities, Housing and Public Protection (CHPP) Committee. The Chief Officer – Corporate Landlord noted the points raised and advised that he could add this to the next Housing Board agenda, which would in turn go through the CHPP Committee. He added that it was important to put the figures in the context of the Council having let more than 2,500 properties in the last year, which was a high percentage of stock to turnover on an annual basis. The Executive Director Corporate Services advised that he would also work with the Team Leader Housing Options and Allocations to ascertain the detail included in the reports due to CHPP Committee, and provide a service update to Members of the Audit, Risk and Scrutiny Committee with any additional information not included in those reports.

In response to a question as to whether the service was confident that the deadlines for actions would be met, the Team Leader Housing Options and Allocations advised that the team was confident of meeting the deadlines, and some procedural and process changes had been made already.

In response to a question as to how many bids people were entitled to make over a fixed period of time, the Team Leader Housing Options and Allocations advised that each applicant was limited to 10 bids per weekly cycle.

In response to a question relating to the current staffing situation within the team, the Team Leader Housing Options and Allocations advised that there were 11 staff within the Allocations and Placement Team, with 1 vacancy. In response to a further question as to what was felt to be the optimum number of staff, the Team Leader advised that demand fluctuated and so it was difficult to quantify, but he noted that the team was working on increasing the digital capability of customers to enable them to provide information to allow the team to deal more quickly with applications.

Finally, in response to a question as to where the data would be presented from the Tenant Satisfaction Survey, it was noted that this would be provided to the Communities, Housing and Public Protection Committee.

The Committee resolved:-

- (i) to note the concerns raised in relation to upkeep of gardens at void properties and that the Chief Officer – Corporate Landlord had undertaken to discuss this with colleagues in Environmental Services outwith the meeting;
- (ii) to note that the Executive Director of Corporate Services would liaise with officers outwith the meeting to review the information due to be presented in reports to the Communities, Housing and Public Protection Committee in respect of the queries

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- raised around the number of waiting lists and applications per property and national benchmarking of these figures, as well as how prevalent the issues raised in the audit were in terms of the wider situation as opposed to the sample data, and that officers would provide a service update to Members on any information which was not due to be covered in a report to the Committee;
- (iii) to note that the Chief Officer – Corporate Landlord had also undertaken to raise the above at the next Housing Board meeting; and
 - (iv) to otherwise note the report.

GROUP STRUCTURE ASSURANCE - AC2508

9. The Committee had before it a report by the Chief Internal Auditor which present the planned Internal Audit report on Group Structure Assurance.

The report recommended:-

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

In response to a question on footnote 1 on page 124 of the report (*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*), and how the Energy from Waste Facility sat within this descriptive, the Assurance Manager advised that it had been reported to Council that the ALEO Assurance Hub would have some oversight of the facility, as it did with BP Joint Venture. The Chief Officer – Finance advised that he would review the assessment of the accounting treatment agreed for the Energy from Waste (EfW) facility. The Executive Director Corporate Services added that if there was an ask from the Committee to consider EfW through the ALEO Assurance Hub, the Assurance Manager could consider this, based on the advice from the Chief Officer – Finance. Following an additional query as to when the Chief Officer – Finance would provide the information to Members, due to the discussion of the EfW facility at the upcoming Special Finance and Resources Committee on 31 July 2025, the Chief Officer – Finance advised that he would circulate information to Members prior to this date.

In response to a question on the line included within footnote 1 "*equal partner in the Glasgow City Integration Joint Board with NHS Greater Glasgow and Clyde, which is termed as a 'joint board'*", the Chief Internal Auditor advised that this was a typographical error and would be remedied.

The Committee resolved:-

- (i) to note that (a) the Chief Officer – Finance had undertaken to review the accounting treatment for the Energy from Waste (EFW) facility, including why it was not part of the group entities considered by the ALEO Assurance Hub, and that if required, the EFW could be considered by the Assurance Hub in future,

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based on the advice from the Chief Officer – Finance; and (b) that the Chief Officer – Finance would endeavour to have this information to Members prior to the Special Finance and Resources Committee on 31 July 2025 where the EFW facility was due to be discussed;

- (ii) to note that the Chief Internal Auditor would correct the footnote on page 124 of the agenda pack (“equal partner in the Glasgow City Integration Joint Board with NHS Greater Glasgow and Clyde, which is termed as a ‘joint board’); and
- (iii) to otherwise note the report.

CORPORATE LANDLORD RESPONSIBILITIES - AC2518

10. The Committee had before it a report by the Chief Internal Auditor which presented the planned Internal Audit report on Corporate Landlord Responsibilities.

The report recommended:-

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

In response to a question as to whether officers were in agreement with the findings of the audit, the Chief Officer – Corporate Landlord noted that management had accepted the recommendations made.

In response to a question relating to the budget for Corporate Landlord, and the fact that the spend on the budget for 2024/25 had been more than 50% over budget, the Chief Officer – Corporate Landlord advised that the audit related to statutory compliance work, but that the budget also covered essential repair and maintenance work, as well as capital work and replacement work. He explained that historically the spend had been approximately 50% on planned maintenance and 50% on reactive maintenance, however due to the construction cost inflation over the last few years, the statutory responsibility work had been undertaken first with less work on planned maintenance, which he acknowledged carried its own risk. This resulted in a portfolio which generally needed more work, and the current target given to the Corporate Landlord was to maintain buildings at a condition C rating until the size of the portfolio could be reduced. He explained that the service had ongoing discussions with Finance colleagues about essential spend outwith statutory responsibility work, and the budget provision was being reviewed at present.

In response to safety issues raised and whether there was an acceptable level of risk, and if not, how much budget was required to address the issues, the Chief Officer – Finance noted that although the budget for the last year had been £3.3m, the spend had been £5m, which highlighted that extra spend had been allocated to address certain issues. The Chief Officer – Corporate Landlord added for the assurance of Members that the statutory compliance work instructed had been undertaken, but the report highlighted that there were some areas where there were higher costs. He gave an example of a contractor who has been instructed to undertake work, but when statutory

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checks had been undertaken, further work was found to be required which then needed to be organised and undertaken. As certification was not done until the end of that process, this could sometimes take 6 to 8 weeks, therefore in the case of a June 2024 certificate, the June 2025 certificate might not be available until August or September due to the additional work required. The Chief Officer – Corporate Landlord further explained that much of the issue stemmed from contract management, and work was underway to look at consolidating external contracts which would mean that more officers could manage fewer contracts, allowing better use of resources.

In response to a question about the level of staffing within the service, the Executive Director Corporate Services advised that the organisation would always carry a level of vacancy but much effort went into trying to fill those vacancies. He noted that there was a lack of availability within the market for some of the vacancies within Corporate Landlord.

In response to a question about the transformation programme to redesign the service, the Chief Officer – Corporate Landlord advised that there were around 18 different workstreams looking at repairs and maintenance across the property estate and therefore officers were looking at how these were prioritised and delivered. One priority was the consolidation of the housing asset management database work, and immediate resource being directed to manage contracts and encourage contractors to upload documentation to Council portals which would free up staff resource. While there were some short term actions being worked on, a number of actions would be taken forward over a longer period of time and officers would look to consolidate these. Following a question relating to whether a new system could assist with addressing some of the issues, the Chief Officer – Corporate Landlord advised of a new module to the Confirm system which had been released which should assist with the process and give more assurance to officers and Members.

In relation to a question as to whether a new specialist contractor for emergency lighting was in place, the Chief Officer – Corporate Landlord advised that this was now the case.

In relation to a question as to whether the Council was at risk of setting standards and budgets where there was a strong likelihood of officers not achieving targets or actions, the Chief Officer – Finance noted that some of the questions asked on this report and the Housing Allocations and Choice Based Lettings audit were very relevant in terms of how the Council could manage and balance growth with savings within the budgets available to Chief Officers, and that he and colleagues would consider these points as part of the budget packs and reporting for 2026/27.

In relation to a question as to whether there were any issues not highlighted in the audit that officers wished to raise with Committee, the Chief Officer – Corporate Landlord reiterated that he wished to provide assurance to the Committee that there was a regime in place for statutory maintenance, as well as a robust process as to how work orders were raised and instructed. He noted that the audit had highlighted a risk around how that information was recorded and actions followed up. He advised that he and the Chief

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Internal Auditor had discussed where an audit might be helpful, and this report was the result of that discussion, therefore he was comfortable with where the service was at present. He noted the particular lack of skills available to the Council around asbestos and the risks this could raise, as well as having external contractors who could decide when they did and did not do work for the Council, however added that such risks were captured within the audit report.

In response to a follow up question about the difficulties with recruitment in specialist areas, the Chief Officer – Corporate Landlord highlighted that he should have nine chartered surveyors but the service currently only had three. This meant that resource had to be bought in, which was expensive and could mean that it was difficult to have a proper handover with permanent staff.

In response to a question as to how it could be evidenced that contracts, procurement and capital work represented best value, the Strategic Commercial Manager advised that a review group had been established at the end of 2024 as there had been a wide range of different framework agreements in place across various capital and building works. Officers had already identified a need to review these, prior to the audit report, to ensure that future iterations of those agreements delivered best value. She advised that an initial report had been produced considering options around future development and, there was ongoing review of framework agreements currently in place within building services which would be going through a procurement process.

The Executive Director Corporate Services proposed that the Chief Officer – Corporate Landlord provide an update back to Committee on the progress of the recommendations, including which actions were budget-related and which were process-related.

The Committee resolved:-

- (i) to note that the Chief Officer – Corporate Landlord would provide information to Members outwith the meeting on the number of staff in the Corporate Landlord cluster and the current level of vacancies in each area;
- (ii) to note that the Chief Officer – Corporate Landlord would provide a report to Committee in two cycles detailing the progress on the audit recommendations, including detail on which matters were related to available budget and which were in relation to the updating and reviewing of procedures; and
- (iii) to otherwise note the report.

INTERNAL AUDIT ANNUAL REPORT 2024/25 - IA/25/010

11. The Committee had before it a report by the Chief Internal Auditor which presented the Internal Audit Annual Report for 2024/25.

The report recommended:-

that the Committee –

- (a) note the Annual Report for 2024/25;

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- (b) note that the Chief Internal Auditor had confirmed the organisational independence of Internal Audit;
- (c) note that there had been no limitation to the scope of Internal Audit work during 2024/25;
- (d) note the outcome of Internal Audit's self-assessment against the requirements of the Public Sector Internal Audit Standards; and
- (e) note the content of Internal Audit's Quality Assurance and Improvement Plan.

In response to a question relating to the small number of recommendations which had not been accepted by management, therefore accepting the risk in not implementing the recommendations, and whether this was an acceptable way of working, the Chief Internal Auditor advised that Internal Audit adopted a risk-based methodology and therefore it was entirely accepted that not all recommendations would be taken forward. He advised that the Chief Executive had specifically asked management to consider the Risk Appetite Statement and not simply accept all recommendations as a matter of course. He explained that he highlighted any recommendations which were not accepted within his reports to Committee which management reasons as to why, and it would be for Members to determine whether they had required assurance from this.

In response to a question on the current team structure within Internal Audit, and whether officers considered there would be any challenges in future, the Chief Internal Auditor advised that the position was stable and he was content with the succession planning within the team.

In response to a question on page 177 of the report in respect of analysing results of audits, and the approach going forward, and whether this work could be reported to the Committee in future, the Chief Internal Auditor advised that he could build in any thematic work being done by officers as part of his regular update report to Committee.

Finally, in response to a question on Key Performance Indicators (section 4.1 of the annual report), the Chief Internal Auditor advised that he acknowledged that the KPIs were not in a good position, however they were not reflective of work on the ground and the good working relationship Internal Audit had with management. He added that the KPIs were a focus in his team and his discussions with Directors and Chief Officers, but that the evidence base was available through the work undertaken by Internal Audit which always allowed him to form an audit opinion for Committee.

The Committee resolved:-

- (i) in relation to section 2.3.2 of the report, and recommendations being designed to be rolled out across the Council thematically, to note that the Chief Internal Auditor had undertaken to build in any thematic work being done by officers as part of his regular update report to Committee; and
- (ii) to approve the recommendations.

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

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