

## **AUDIT, RISK AND SCRUTINY COMMITTEE**

ABERDEEN, 12 February 2024. Minute of Meeting of the AUDIT, RISK AND SCRUTINY COMMITTEE. Present:- Councillor Houghton, Vice-Convenor; and Councillors Allard, Bonsell, Bouse, Copland (as substitute for Councillor McLellan), Graham, Henrickson, Massey and Radley.

Councillor Mrs Stewart was also in attendance.

**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.**

### **DETERMINATION OF EXEMPT BUSINESS**

1. The Convener proposed that the Committee consider item 10.2 (Council Tax Financial Controls) with the press and public excluded from the meeting.

#### **The Committee resolved:-**

in terms of Section 50A(4) of the Local Government (Scotland) Act 1973, to exclude the press and public from the meeting during consideration of the above item so as to avoid disclosure of information of the class described in the following paragraph of Schedule 7(A) to the Act:- article 18 (paragraph 14).

### **DECLARATIONS OF INTEREST OR TRANSPARENCY STATEMENTS**

2. There were no declarations of interest or transparency statements made.

### **MINUTE OF PREVIOUS MEETING OF 23 NOVEMBER 2023**

3. The Committee had before it the minute of their previous meeting of 23 November 2023.

#### **The Committee resolved:-**

to approve the minute as a correct record.

### **COMMITTEE BUSINESS PLANNER**

4. The Committee had before it the Committee Business Planner as prepared by the Interim Chief Officer – Governance (Assurance).

Comments were made in relation to item 5 (SPSO Decisions, Inspector of Crematoria Complaint Decisions) as to whether there was another way to record a standing item not being reported.

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In response to a question relating to items 13 (External Audit Annual Report) and 14 (Best Value Thematic Report), the External Auditor advised that there had been some resource pressures in the first year of their appointment which had resulted in some slippage with the thematic report and the annual report, both of which would be submitted to the April meeting.

In response to a question relating to item 15 (ALEO Assurance Hub Workplan and Terms of Reference), the Interim Chief Officer – Governance (Assurance) advised that this report was one for noting therefore other reports were given priority.

### **The Committee resolved:-**

- (i) to agree to defer item 18 (Public Sector Equality Duty (item 9.4 on today's agenda)) to the next meeting of the Committee;
- (ii) in relation to item 5 (SPSO Decisions, Inspector of Crematoria Complaint Decisions) to note that this was a standing item for the Committee and that the comments would be noted and picked up during the Governance review;
- (iii) in relation to items 13 (External Audit Annual Report), 14 (Best Value Thematic Report) and 15 (ALEO Assurance Hub Workplan and Terms of Reference) to note the update provided from officers; and
- (iv) to otherwise note the content of the business planner.

### **BUSINESS CONTINUITY ANNUAL REPORT - COM/24/007**

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

#### **The report recommended:-**

that the Committee note the activities undertaken in 2023 and planned in 2024 to review, exercise and improve the Council's Business Continuity arrangements.

#### **The Committee resolved:-**

to approve the recommendation contained in the report.

### **CORPORATE RISK REGISTER, CLUSTER ASSURANCE MAPS, AND INSPECTIONS PLANNER - COM/24/008**

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

#### **The report recommended:-**

that the Committee -

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- (a) note the Corporate Risk Register set out in Appendix A and the summary of movements in risk scores set out in the table at section 3.6;
- (b) note the Cluster Assurance Maps provided at Appendix B; and
- (c) note the Inspections Planner provided at Appendix C, note that this is unlikely to include all external scrutiny requirements for 2024 for the reason explained in item 9.5 (Assurance Reporting) on today's agenda and note that this limits the Councils visibility on the balance of management, internal and external assurance required to manage our risk environment.

In response to a question relating to the increase in the Financial Sustainability score, the Chief Officer – Finance advised that looking at the financial settlement for 2024/25, noting the continued single year financial settlement and the Scottish Government's medium term financial documents, the future and sustainability of the local government financial landscape would continue to bring challenges. He further advised that the Council were going through robust financial management processes, working with budget holders and with internal and external audit to ensure that the governance was followed. He stated that the Council were focusing on their financial resilience framework which would be updated and reported as part of the budget process.

In response to a question relating to target dates set for the end of March 2024 and whether these were achievable, the Interim Chief Officer – Governance (Assurance) advised that the risk owners were working towards the target dates and that she was confident that they would either be met or that dates would be updated within the risk registers.

In response to a question relating to risks associated with Supply Chain, the Strategic Commercial Manager advised that there were some procurement pressures with materials, vehicle parts and food and that the market continued to be monitored with the risk score amended where appropriate.

In response to a question relating to the increase in the risk score for Resettlement and Asylum and whether the demand for services would be stabilising or continuing, the Interim Director of Children's and Family Services advised that within education they were seeing a steadying situation in one area and escalating situations in another which were being managed as best as possible.

**The Committee resolved:-**

- (i) to instruct the Chief Officer – Early Intervention and Community Empowerment to provide an update by email on the risk associated with the Resettlement and Asylum demand ensuring that the differing groups of people were recorded separately; and
- (ii) to otherwise approve the recommendations contained in the report.

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**RISK APPETITE STATEMENT - ANNUAL REVIEW - COM/24/009**

7. The Committee had before it a report by the Director of Commissioning which presented the Council's updated Risk Appetite Statement.

**The report recommended:-**

that the Committee -

- (a) approve the updated Risk Appetite Statement, attached at Appendix A; and
- (b) note the progress made towards embedding the Risk Appetite Statement during 2023 and the training and engagement activities planned for 2024.

**The Committee resolved:-**

- (i) in relation to the Overarching Statement, under Compliance, to note that approvals in advance would be included; and
- (ii) to otherwise approve the recommendations contained in the report.

**PUBLIC SECTOR EQUALITY DUTY - COM/24/005**

8. In relation to the decision taken at article 4, resolution (i) above, this item had been deferred to the April Committee meeting.

**ASSURANCE REPORTING - COM/24/006**

9. The Committee had before it a report by the Director of Commissioning which provided information on the requirements for audit and scrutiny activities in 2024 and of the associated pressures on Council resources.

**The report recommended:-**

that the Committee -

- (a) instruct the Interim Chief Officer – Governance (Assurance) to seek a schedule of external audit reporting in 2024/25 from Audit Scotland by 31<sup>st</sup> March 2024, including dates for reporting the audited annual accounts and Best Value reports, in order that officers can plan for resourcing these activities, update committee business planners and ensure the requirements to notify the London Stock Exchange are fully met;
- (b) instruct the Interim Chief Officer – Governance (Assurance) to write to the chair of the Strategic Scrutiny Group, comprising Scotland's main public sector scrutiny bodies, to seek a schedule of external scrutiny in 2024/25 to allow Council resources to be allocated accordingly; and
- (c) note the management proposals on the Internal Audit Plan 2024/25 and seek the views of the Chief Internal Auditor on these proposals when considering the Plan at a later point in this agenda.

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In response to questions relating to recommendation (a) above and whether there would be a delay in reporting to the London Stock Exchange (LSE) if the schedule was not provided, the Interim Chief Officer – Governance (Assurance) advised that the timeframes required to be clarified in order for the Council to meet the requirements of reporting for the LSE. The Chief Officer – Finance advised that there were requirements for reporting to the LSE and that there was a significant resource requirement from both the Council and External Audit, therefore it was important that there was a clear reporting structure in place. The External Auditor advised that at the next meeting in April, the Committee would be presented with the Annual Audit Plan which sets out the audit of the 2023/24 accounts.

In response to a question relating to the suggested internal audits which could be delayed or removed from this years Internal Audit Plan and why they were selected, the Interim Chief Officer – Governance (Assurance) advised that those audits were not focusing on the financial controls of the organisation and would be the audits that management would recommend to be removed.

**The Committee resolved:-**

to approve the recommendations contained in the report.

**USE OF INVESTIGATORY POWERS - ANNUAL REPORT 2023 - COM/24/010**

10. The Committee had before it a report by the Director of Commissioning which provided an overview of the Council's use of investigatory powers during 2023, particularly focussing on the Committee's role in respect of assurance and sought agreement that the Use of Investigatory Powers Policy remained fit for purpose.

**The report recommended:-**

that the Committee -

- (a) note the overview of the Council's use of investigatory powers during the calendar year 2023 as set out in the report; and
- (b) agree that the Use of Investigatory Powers Policy remained fit for purpose.

In response to questions relating to the increased number of authorised applications, specifically around age restricted products, and whether these were likely to continue in 2024 and if so whether there were sufficient resources to minimise the impact, Ms Johnstone, Solicitor advised that there was an increasing trend and where Protective Services deem it necessary, they would continue to carry out investigations. She confirmed that there was sufficient resources to undertake the investigations.

**The Committee resolved:-**

to approve the recommendations contained in the report.

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**INTERNAL AUDIT CHARTER - IA/24/003**

11. The Committee had before it a report by the Chief Internal Auditor which sought agreement for the continuing use of the current Internal Audit Charter.

**The report recommended:-**

that the Committee approve the Internal Audit Charter as presented which included minor amendments following the recommendations made as part of the External Quality Assessment.

**The Committee resolved:-**

to approve the recommendation contained in the report.

**INTERNAL AUDIT PROGRESS REPORT - IA/24/001**

12. With reference to article 10 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 had made with implementing recommendations agreed in Internal Audit reports.

**The Committee resolved:-**

to approve the recommendations contained in the report.

**IJB COMPLAINTS HANDLING - AC2402**

13. The Committee had before it a report by the Chief Internal Auditor which presented an audit on Integrated Joint Board Complaints Handling which was undertaken to ensure that the complaints procedures were being complied with for all matters and that data generated was used by Management to monitor and improve performance.

**The report recommended:-**

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

**The Committee resolved:-**

to endorse the agreed recommendations for improvement as contained in the internal audit report.

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**ATTENDANCE MANAGEMENT - AC2411**

14. The Committee had before it a report by the Chief Internal Auditor which presented an audit on Attendance Management which was undertaken to obtain assurance that controls in this area were designed and operating effectively and to determine whether the Council's Absence Improvement Plan was having a positive impact on attendance.

**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 regarding whether benchmarking had been undertaken with other organisations, the Interim Chief Officer – People and Organisational Development advised that benchmarking had taken place to look at practice which would be more visible if audited in the future.

In response to a question regarding whether there had been any improvements due to other policies and procedures being implemented, the Interim Chief Officer – People and Organisational Development advised that there had been a significant reduction in statistics following a data cleanse allowing alerts to be issued to managers and preventing multiple records for employees. She explained that advisers had been assigned to hotspots across the organisation to assist managers and that a toolkit for managers had been issued.

In response to a question regarding the statistics and whether these contributed to the performance reports discussed at service committees, the Interim Chief Officer – People and Organisational Development advised that the statistics were produced in the management system and linked into the system used for producing the performance reports.

In response to questions relating to Mental Health and Wellbeing and whether work was being done, specifically for employees working at home where there may be issues identified, the Interim Chief Officer – People and Organisational Development advised that each case would be dealt with individually with a range of tools available to managers to ensure that the best option for the employee was in place.

**The Committee resolved:-**

to endorse the agreed recommendations for improvement as contained in the internal audit report.

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**COVID-19 SPENDING - AC2409**

15. The Committee had before it a report by the Chief Internal Auditor which presented an audit in relation to COVID-19 Spending which was undertaken to obtain assurance over key spending decisions and financial payments in relation to COVID-19.

**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 questions relating to the different streams of funding and what was the best way to manage similar funds in the future, the Chief Officer – Finance advised that each funding stream had criteria in which it could be used and that although flexibility in some areas was welcome, having very specific criteria was helpful to be able to manage those funds appropriately. He further advised that if a similar situation occurred in the future that the organisation would be able to deploy staff to the areas requiring additional support.

**The Committee resolved:-**

to endorse the agreed recommendations for improvement as contained in the internal audit report.

**VEHICLE AND DRIVER COMPLIANCE - AC2401**

16. The Committee had before it a report by the Chief Internal Auditor which presented an audit on Vehicle and Driver Compliance which was undertaken to obtain assurance that adequate procedures were in place to effectively manage the Council's vehicle and driver records, to comply with licence and insurance requirements.

**The report recommended:-**

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

In response to questions relating to the contracts not in place and the risk to the Council, the Chief Officer – Operations and Protective Services advised that for tyres, this was a joint arrangement with Aberdeenshire Council and that discussions were ongoing with the Head of Commercial and Procurement Service to ensure what was in place was compliant. He stated that some suppliers were used for specific vehicle parts and some were in relation to warranties therefore it was challenging to get one supplier for all parts. He explained that the frameworks in place for vehicles don't include the parts therefore a separate framework would be required.

It was noted that updates in relation to this audit would be presented in the Internal Audit Progress report to this Committee and included in the performance reports for the Net Zero, Environment and Transport Committee.



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**The Committee resolved:-**

to endorse the agreed recommendations for improvement as contained in the internal audit report.

**INTERNAL AUDIT PLAN 2024-2027 - IA/24/002**

17. The Committee had before it a report by the Chief Internal Auditor which presented the Internal Audit plan for 2024-2027.

**The report recommended:-**

that the Committee approve the attached Internal Audit Plan for 2024-2027.

In response to a question relating to where the Council were in relation to the number of internal audits, compared to other local authorities, the Chief Internal Auditor advised that other local authorities had different operational models with Aberdeen having a direct comparison with Aberdeenshire and Dundee.

In response to a question as to whether there was flexibility in the number of audits that could be completed, the Chief Internal Auditor advised that the plan presented was comprehensive and that dates for completion of the audits were always agreed with management in advance. He further advised that the Internal Audit progress report would provide the overall progress with the agreed audits.

**The Committee resolved:-**

to approve the recommendation contained in the report.

**In accordance with the decision taken at Article 1 of this minute, the following items were considered with the press and public excluded.**

**COUNCIL TAX FINANCIAL CONTROLS UPDATE**

18. The Committee had before it a report by the Director of Resources which provided information in relation to Council Tax financial controls.

**The report recommended:-**

that the Council -

- (a) note the content of the report, and the immediate actions taken to address the control failures, as well as the further and ongoing improvements to council financial controls and processes;
- (b) note the Internal Audit Plan 2024/25 to 2026/27, also on this agenda, had specific audits/auditable areas that would provide assurance to the Committee in 2024/25 of the Council Tax control environment, including Council Tax Income (National

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- Fraud Initiative), and wider counter fraud activities under the scope of Prevention of Fraud, Bribery and Corruption and also Procurement Fraud Controls;
- (c) note that the Chief Officer – Finance in consultation with the Corporate Management Team would specifically consider the assurance that could be placed on the Revenues and Benefits control environment as part of the preparation of the 2023/24 Annual Governance Statement, which would be reported to a future meeting of the Committee; and
  - (d) consider the content of the report and agree any further actions required at this time.

**The Committee resolved:-**

- (i) to instruct the Chief Officer - Finance to update the report and refer it to Full Council in April 2024; and
- (ii) to otherwise approve the recommendations contained in the report.

- **COUNCILLOR RYAN HOUGHTON, Vice Convener**