

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

ABERDEEN, 9 May 2024. Minute of Meeting of the AUDIT, RISK AND SCRUTINY COMMITTEE. Present:- Councillor Malik, Convener; Councillor Houghton, Vice-Convener; and Councillors Allard (as substitute for Councillor Alphonse), Bonsell, Clark (as substitute for Councillor Nicoll for article 14 and Councillor Radley for article 26), McLellan, McRae, Nicoll, Radley (as substitute for Councillor Bouse) and Tissera (as substitute for Councillor 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.

### **DETERMINATION OF EXEMPT BUSINESS**

1. The Convener proposed that the Committee consider item 10.1 (Counter Fraud Activity – Exempt Appendix) item 10.2 (Cyber Crime), item 10.3 (Cyber Action Plan) and item 10.4 (Resident X – Briefing Note) 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 items so as to avoid disclosure of information of the classes described in the following paragraphs of Schedule 7(A) to the Act:- articles 23, 24 and 25 (paragraph 14) and article 26 (paragraph 6).

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

2. 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 Nicoll advised that he had a connection in relation to agenda item 9.1 (ALEO Assurance Hub Workplan and Terms of Reference) by virtue of him having a family member receiving care from one of the ALEO's, 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 12 FEBRUARY 2024**

3. The Committee had before it the minute of its previous meeting of 12 February 2024.

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

to approve the minute as a correct record.

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**COMMITTEE BUSINESS PLANNER**

4. 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.

**ALEO ASSURANCE HUB WORKPLAN AND TERMS OF REFERENCE - COM/24/082**

5. The Committee had before it a report by the Executive Director of Corporate Services which presented the ALEO Assurance Hub workplan for 2024 including the dates for reporting.

**The report recommended:-**

that the Committee -

- (a) note the workplan for the ALEO Assurance Hub in 2024 which had been consulted upon with the ALEOs and the relevant Conveners; and
- (b) note the Terms of Reference for the ALEO Assurance Hub which had been amended to reflect changes to role titles and to ensure assurance was sought in relation to compliance with the Public Sector Equality Duty.

In response to questions relating to the assurance that would be sought in relation to ALEO's complying with the Public Sector Equality Duty, the Interim Chief Officer – Governance advised that each ALEO were asked to provide information on specific areas as set out in the workplan which the Assurance Hub scrutinised. She further advised that the Assurance Hub would be looking for the same level of compliance from the ALEO's in line with the Council.

In response to a question relating to the workplans for the ALEO's and who received them, the Interim Chief Officer – Governance advised that the Convener and Vice Convener for the relevant Committees listed in the ALEO Assurance Hub Terms of Reference received the workplan and this Committee received it once per year.

In response to a question relating to the reason why the reporting of the accounts for one of the ALEO's was different to the others, the Chief Officer – Finance advised that the Sports Village end of year accounting period was 31 July of each year.

**The Committee resolved:-**

to approve the recommendations contained in the report.

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**USE OF INVESTIGATORY POWERS QUARTER 1 REPORT - COM/24/078**

6. With reference to article 10 of the minute of its previous meeting, 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 note the Council's use of covert surveillance activity during the reporting period.

**The Committee resolved:-**

to approve the recommendation contained in the report.

**SCOTTISH PUBLIC SERVICES OMBUDSMAN DECISIONS AND INSPECTOR OF CREMATIONS COMPLAINTS - CUS/24/079**

7. With reference to article 6 of the minute of its meeting of 23 November 2023, 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.

**The Committee resolved:-**

to approve the recommendation contained in the report.

**INSPECTION REPORT OF ABERDEEN CREMATORIUM BY THE SENIOR INSPECTOR OF BURIAL, CREMATION AND FUNERAL DIRECTORS (SCOTLAND) - CR&E/24/123**

8. The Committee had before it a report by the Executive Director of City Regeneration and Environment which provided the Committee with the Inspection Report of Aberdeen Crematorium carried out by the Senior Inspector of Burial, Cremation and Funeral Directors on 6 December 2023.

**The report recommended:-**

that the Committee note the inspection report.

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**The Committee resolved:-**

- (i) to congratulate staff working in this area for the excellent report;
- (ii) to note that a report would be submitted on an annual basis to this Committee; and
- (iii) to otherwise approve the recommendation contained in the report.

**BEST VALUE THEMATIC REPORT - EA/24/001**

9. The Committee had before it a report by the External Auditor which presented the Best Value Thematic Review on leadership of the development of new local strategic priorities.

**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 relating to improvements to cross party working and what could be done to evidence these, the External Audit Director advised that he would look at good practice observed at other local authorities and share these with members. The Senior Audit Manager advised that the scrutiny remit and terms of reference for this committee and the Powers Delegated to Officers merited review and that this provided good opportunities for collaborative cross-party working to develop improved governance structures.

In response to comments relating to councillors' right to access information and the recent briefing note from the Standards Commission, the Senior Audit Manager advised that whilst councillors may wish to see all information, they were entitled to information on a need to know basis and that this was reflected in the current Member Officer Relations Protocol (MORP). It was noted that at the recent Governance Reference Group (GRG) meeting, Officers had agreed to look at the MORP and make suggested amendments to a future meeting of the GRG.

**The Committee resolved:-**

- (i) to agree that the Interim Chief Officer – Governance, would submit initial proposals to the Governance Reference Group on (1) how to better address the scrutiny remit of the committee; and (2) revisions to the MORP and Powers Delegated to officers as described in the report in order to ensure that proposals were included in the Scheme of Governance review to be submitted to Council in July;
- (ii) to agree that training on the Best Value framework be provided to members; and
- (iii) to otherwise note the content of the report and the attached Best Value Thematic Review on leadership of the development of new local strategic priorities.

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**HOUSING BENEFIT RISK ASSESSMENT - EA/24/002**

10. The Committee had before it a report by the External Auditor which presented the Committee with Audit Scotland's Risk Assessment of the housing benefit service.

**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 relating to action dates already passed and whether they had been completed, the Revenues and Benefits Manager advised that all actions had been completed.

**The Committee resolved:-**

to note the content of the report and the attached Housing Benefit Risk Assessment Report.

**EXTERNAL AUDIT ANNUAL REPORT 2022-23 - EA/24/003**

11. The Committee had before it a report by the External Auditor which presented the Committee with External Audit's Annual Audit Report on the 2022/23 audit.

**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 comment relating to how scrutiny could be improved, the External Audit Director advised that the theme was the same as in the Best Value report at article 9 above. It was noted that members discussed issues outwith Council and Committee meetings which required to be captured in future reports.

It was noted that this report is the External Auditor's Report on the 2022/23 audit and, as such, it captures the judgements and conclusions reached on all audit activity in the year. It therefore summarises the findings reported in the separate detailed Best Value management report considered at article 9 above.

It was noted that the full terms of reference for this committee had not been reported on during the reporting period and that there was an opportunity to review these to ensure the committee were discharging its function effectively in the future and that this would be done by using the Governance Reference Group to look at the framework ahead of the Scheme of Governance report to Council in July.

**The Committee resolved:-**

to note the content of the report and the attached External Audit Annual report for 2022-23 audit.

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### ANNUAL AUDIT PLAN 2023-24 - EA/24/004

12. The Committee had before it a report by the External Auditor which presented the Committee with External Audit's Annual Audit Plan for the 2023/24 audit.

**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 relating to the risks associated with the financial sustainability of Council services, the External Audit Director advised that financial sustainability is an audit risk that has been identified and is one that is experienced by all local authorities. Evidence of robust financial planning in the medium and long term would be sought as an area of assurance to mitigate this risk. The Chief Officer – Finance advised that the Council had Financial Sustainability as a corporate risk where a range of measures in place to mitigate the risks.

**The Committee resolved:-**

to note the content of the report and the attached External Audit Annual Audit Plan for the 2023/24 audit.

### UNAUDITED ACCOUNTS 2023-24 - CORP/24/80

13. 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 2023/24 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 2023/24;
- (b) consider the Council's unaudited Annual Accounts 2023/24;
- (c) consider the unaudited Annual Accounts 2023/24 of the Council's registered charities;
- (d) note that following this 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 27 June 2024 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 27 June 2024 would also receive the external auditor's report on the annual accounts for debate and

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consideration and that this 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 27 June 2024 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 relating to whether the credit rating was due to the Bond and what the offer was at the time of setting up the Bond, the Chief Officer – Finance advised that the credit rating was in place due to the Bond which was reassessed annually. He further advised that the capital programme at the time was used to identify different ways to borrow funding.

In response to a question relating to the reason for the deficit in the Housing Revenue Account (HRA), the Chief Officer – Finance advised that there were various factors affecting the HRA including increased interest rates, low rent increases and lost income from void properties before bringing them back in to use. He further advised that the Council had approved for £3m to be allocated for RAAC which had impacted the accounts.

In response to a question relating to digital investment and whether this was capital and revenue funding, the Chief Officer – Finance advised that there was capital expenditure via the capital programme for ICT investment, in particular in education and that the transformation fund had helped to support the programme.

**The Committee resolved:-**

- (i) to agree to amend table 4 on page 42 of the annual accounts, to reflect that from 18 March 2024, Councillor Bouse was no longer Vice Convener of Planning Development Management Committee and was in receipt of senior remuneration for his role as Vice Convener of the Anti-Poverty and Inequality Committee; and
- (ii) to otherwise approve the recommendations contained in the report.

**DECLARATION OF INTEREST****Following the moving of the Motion:-**

**Councillor Nicoll declared an interest due to the motion making reference to his previous role as Council Leader. He considered that the nature of his interest would require him to leave the meeting prior to consideration of the item. Councillor Clark joined the meeting as his substitute.**

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

**14.** With reference to article 4, resolution (i) and article 8 of the minute of its previous meeting, the Committee had before it a report by the Executive Director of Corporate Services which provided management assurance on the Council's compliance with its statutory duties under the Equality Act 2010, specifically in relation to our Public Sector Equality Duty.

**The report recommended:**

that the Committee -

- (a) note the management assurance on the controls in place for managing the Council's compliance with the Public Sector Equality Duty; and
- (b) note that the Annual Governance Statement, reported to this Committee as part of the annual accounts audited by Audit Scotland, will assess the effectiveness of our controls in this area, any residual risk and how we manage it, and that this will be reported here in April.

The Convener, seconded by the Vice Convener, moved:-

that the Committee -

- (1) agree the recommendations contained within the report; and
- (2) agree that the report has not fully explained why the Council was forced to defend itself at the Court of session on library closures and the proposed closure of Bucksburn Pool. Notes that a joint press release went out from Sport Aberdeen and the Council in the name of the leader of Aberdeen City Council stating that Bucksburn Pool was required for an extension to Bucksburn School. This was untrue. All of these factors require to be investigated therefore agree to instruct the Chief Internal Auditor to report back within 2 cycles.

Councillor Allard, seconded by Councillor Radley, moved as an amendment:-

that the Committee approve the recommendations contained within the report.

On a division, there voted:- for the motion (4) – the Convener, the Vice Convener and Councillors Bonsell and Tissera; for the amendment (5) – Councillors Allard, Clark, McLellan, McRae and Radley.

**The Committee resolved:-**

to adopt the amendment.

**In terms of Standing Order 34.1, Councillor Malik intimated that he would like this matter to be referred to full Council in order for a final decision to be taken. Councillor Malik was supported by Councillors Bonsell, Houghton and Tissera.**



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**COUNTER FRAUD ACTIVITY - RES/24/081**

15. The Committee had before it a report by the Director of Corporate Services which provided the Committee with an account of the work undertaken by the Council's Counter Fraud Officers in 2023.

**The report recommended:-**

that the Committee -

- (a) note the important work of the Counter Fraud Officers detailed in the Appendix, and the need for continued vigilance in identifying, investigating and dealing with actions of the few that want to perpetrate fraud, bribery and corruption to their own benefit; and
- (b) agree to receive a report on counter-fraud activity for 2024 at its meeting in May 2025.

**The Committee resolved:-**

to approve the recommendations contained in the report.

**INTERNAL AUDIT PROGRESS REPORT - IA/24/006**

16. With reference to article 12 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 HOSTED SERVICES - AC2415**

17. The Committee had before it a report by the Chief Internal Auditor which presented an audit on Integrated Joint Board (IJB) Hosted Services which was undertaken to obtain assurance that the IJB had adequate arrangements in place to monitor the performance of services hosted on its behalf.

**The report recommended:**

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

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

to note the report and the attached internal audit report.

### **STORE STOCK CONTROL - AC2404**

18. The Committee had before it a report by the Chief Internal Auditor which presented an audit on Stores Stock Control which was undertaken to obtain assurance that stock procedures were adequate and stock movements were adequately accounted for.

### **The report recommended:**

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

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

to note the report and the attached internal audit report.

### **SECONDARY SCHOOLS VISITS - AC2416**

19. The Committee had before it a report by the Chief Internal Auditor which presented an audit on Secondary Schools Visits which was undertaken to provide assurance schools had adequate procedures in place to manage the financial aspects of the establishment and comply with the Council's Financial Regulations.

### **The report recommended:**

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

In response to a question regarding the overall risk rating of moderate and whether this was appropriate, the Chief Internal Auditor advised that the finding was based on a balanced report which he was able to take reasonable assurance from with some areas identified for improvement which management had accepted.

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

to note the report and the attached internal audit report.

### **BIODIVERSITY AND THE NATURAL ENVIRONMENT - AC2418**

20. The Committee had before it a report by the Chief Internal Auditor which presented an audit on Biodiversity and the Natural Environment which was undertaken to obtain assurance over the monitoring and implementation of the Council's environmental action and any related plans, specifically in relation to biodiversity and the natural environment.

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**The report recommended:**

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

**The Committee resolved:-**

to note the report and the attached internal audit report.

**VOLUNTEER ARRANGEMENTS - AC2420**

21. The Committee had before it a report by the Chief Internal Auditor which presented an audit on Volunteer Arrangements which was undertaken to review the area of volunteer arrangements to ensure the Council was operating an effective control framework regarding the engagement of volunteering services.

**The report recommended:**

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

In response to a question relating to whether the actions identified in the audit report would be completed within the timescales, the Interim Chief Officer - People and Citizen Services advised that a report on Corporate Volunteering Policy would be submitted to Staff Governance Committee later in the year and that progress was on track to meet the timescales.

In response to a question relating to whether Disclosure/PVG checks were undertaken, the Interim Chief Officer - People and Citizen Services advised that volunteers were not carrying out regulated work with children or vulnerable adults therefore would not require a check to be undertaken.

In response to a question relating to the number of volunteers and where they were working, the Interim Chief Officer - People and Citizen Services advised that currently she did not have the total number of volunteers as this was something the Working Group were progressing and that the areas covered included museums and galleries, parks and gardens and tourism.

**The Committee resolved:-**

to note the report and the attached internal audit report.

**REVENUE BUDGET SETTING - AC2408**

22. The Committee had before it a report by the Chief Internal Auditor which presented an audit on Revenue Budget Setting which was undertaken to review the procedures used in setting the Council's revenue budget and the wider financial strategy.

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### **The report recommended:**

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

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

to note the report and the attached internal audit report.

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

### **COUNTER FRAUD ACTIVITY - EXEMPT APPENDIX**

**23.** The Committee had before it an exempt appendix relating to the Counter Fraud Activity report. (article 15 of this minute refers).

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

to note the information contained within the exempt appendix.

### **CYBER CRIME - CUS/24/083**

**24.** With reference to article 4 of the minute of meeting of the Communities, Housing and Public Protection Committee of 14 November 2023, the Committee had before it a report by the Executive Director of Corporate Services which provided assurance on how the council was combatting cybercrime.

### **The report recommended:**

that the Committee

- (a) note the content of the report;
- (b) note that the cyber security arrangements were the subject of assurance by National Cyber Security Centre (NCSC) and by both internal and external audit; and
- (c) recognise the council's accreditation to both Public Services Network and Cyber Essentials.

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

to approve the recommendations contained in the report.

### **CYBER ACTION PLAN - AC2417**

**25.** The Committee had before it a report by the Chief Internal Auditor which presented an audit in relation to Cyber Action Plan which was undertaken to obtain assurance over the implemented control framework in relation to the Council's cyber

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resilience, specifically in relation to the governance arrangements over the IT Health Check (ITHC) action plan development and delivery.

**The report recommended:**

that the Committee review, discuss and comment on the issues raised within this report and the attached appendix, and then endorse the recommendations made.

**The Committee resolved:-**

to note the report and the attached internal audit report.

**RESIDENT X - BRIEFING NOTE - IA/24/007**

26. The Committee had before it a report by the Chief Internal Auditor which presented the outcome of the Internal Audit investigation into the Council's arrangements with Resident X.

**The report recommended:**

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

**That the Committee:-**

to note the content of the report and the attached briefing note.

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