

Audit, Risk and Scrutiny Committee

Annual Effectiveness Report 2023/2024



Contents

1. Introduction from Convener	3
2. The Role of the Committee	4
3. Membership of the Committee during 2023/2024	6
4. Membership Changes	6
5. Member Attendance	6
6. Meeting Content.....	7
7. Reports and Decisions	8
8. Reports with links to the Local Outcome Improvement Plan	10
9. Training and Development	10
10. Code of Conduct Declarations and Transparency Statements	10
11. Civic Engagement.....	11
12. Executive Lead to the Committee - Commentary	11
13. The Year Ahead.....	11
Appendix 1 – Local Outcome Improvement Plan Stretch Outcomes	13

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. I want to personally thank our officers, internal and external auditors for their hard work and excellent reports. This Committee has faced many challenges but it is heartening to work with individuals who are dedicated to public service.
- 1.3 Our external auditors have recommended that there is scope for the committee to more effectively scrutinise the decisions of Council and other committees, and that Terms of Reference should be reviewed and guidance developed to clarify how the scrutiny role is initiated and conducted, and subsequently reported to elected members. I look forward to the Governance Reference Group exploring ways in which this scrutiny role is clearly, concisely, and consistently applied.
- 1.4 The Committee has also 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 2025/26 in February, alongside our Risk Appetite Statement. Both are key tools for us to have confidence in our system of risk management.

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.

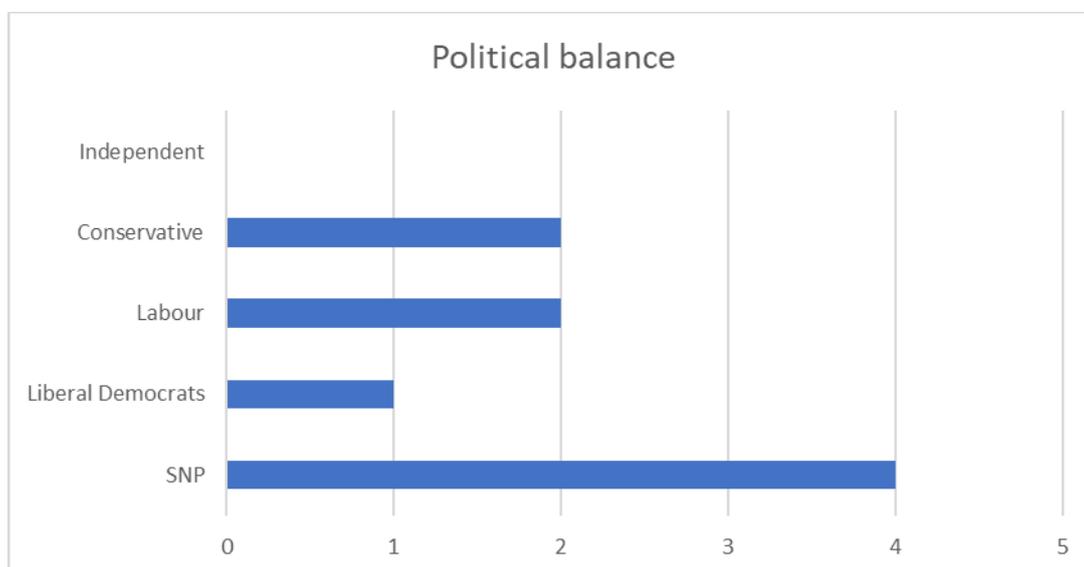
6. Scrutiny

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 2023/2024

- 3.1 The Audit, Risk and Scrutiny Committee had 13 members, however in February 2024 Council agreed to reduce the number of members to 9.
- 3.2 The Committee composition is presented below:-



4. Membership Changes

- 4.1 The membership for the February 2024 meeting was changed at Full Council reducing the membership from 13 to 9.
- 4.2 The agenda had been issued with the original 13 members therefore some of those were not present at the February meeting.

5. Member Attendance

Member	Total anticipated attendance	Total attendance	Substitutes
Councillor Malik	4	3	
Councillor Houghton	4	4	
Councillor Alphonse	2	1	Councillor Allard
Councillor Bonsell	4	4	
Councillor Bouse	4	1	Councillors Delaney, Greig and Radley
Councillor McLellan	4	3	Councillor Copland
Councillor McRae	3	2	Councillor Clark
Councillor Massey	4	4	
Councillor Nicoll	2	2	

The following were members until the membership of the Committee was reduced.

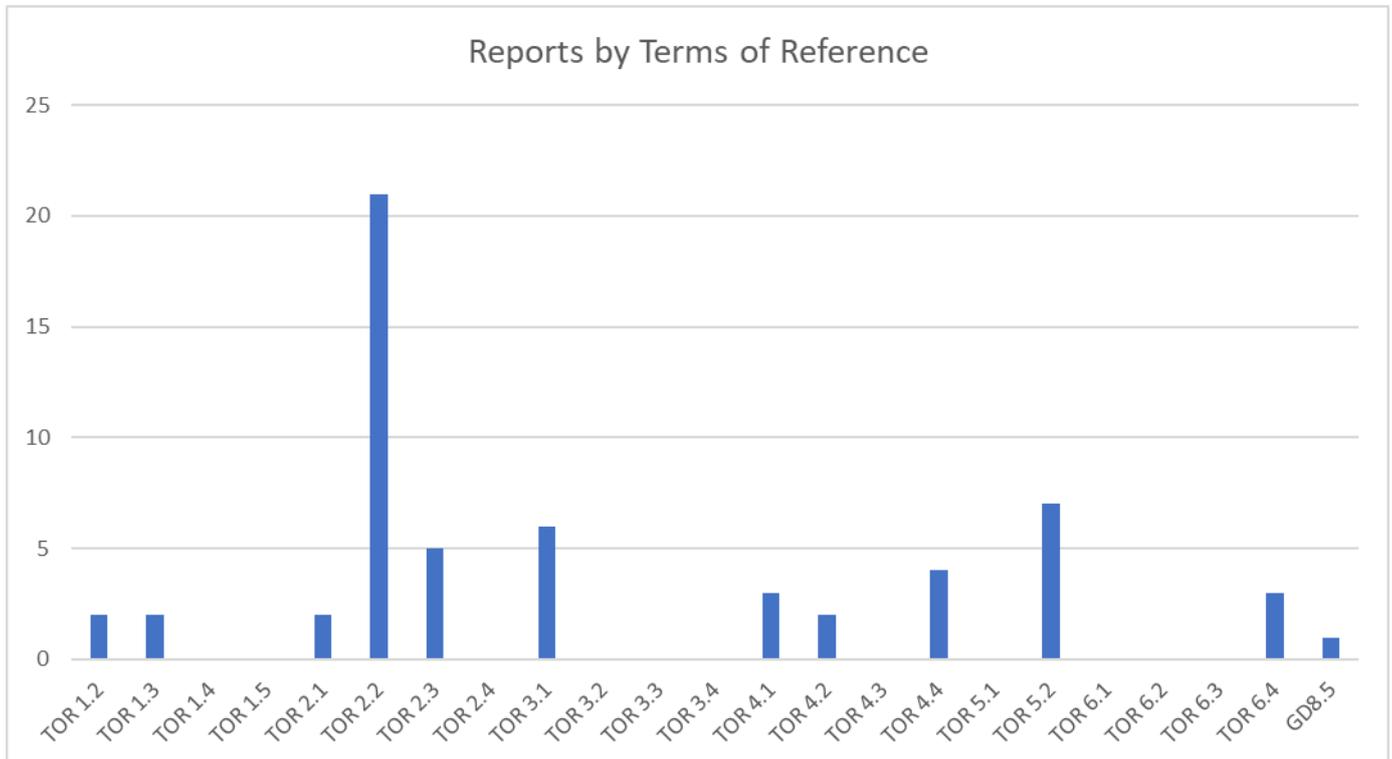
Member	Total anticipated attendances	Total attendances	Substitutes
Councillor Allard	2	2	
Councillor Fairfull	1	1	
Councillor Graham	2	2	
Councillor Henrickson	2	2	
Councillor Radley	1	1	
Councillor Mrs Stewart	1	1	

6. Meeting Content

6.1 During the 2023/2024 reporting period (15 October 2023 to 15 October 2024), the Committee had four meetings and considered a total of 56 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 2023/2024 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 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.
- 6.2.4 There were no reports under Terms of Reference 1.4, 1.5, 2.4, 3.2, 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 are to 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.
- 6.2.5 The Information Governance Management Report under Terms of Reference 1.4, was included in the meeting papers for the meeting today.
- 6.2.6 In January 2024, the Finance and Resources Committee agreed a recommendation to instruct Internal Audit to carry out an investigation into the arrangements between the Council and Resident X, and report back to this Committee. This review was undertaken and reported to this Committee on 9 May 2024. Although not recorded under Terms of Reference 6.1, there is the link as a report was requested following an item of business being concluded at another committee.
- 6.2.7 At its meeting of 27 June 2024, in relation to the City Region Deal Internal Audit, the Committee agreed to instruct the Chief Executive to write to all parties to ensure our Internal Auditor received the information requested, reminding partners that the signed legal agreement ensured that all governance arrangements were to be the sole responsibility of the Aberdeen City Region Deal Joint Committee which allowed the Partners to commit to the Aberdeen City Region Deal. Although there has been no report, this demonstrates that the committee are utilising Terms of Reference 6.2.

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.

	Total	Total Percentage of Reports
Confidential Reports	0	0
Exempt Reports	5	2.8%
Number of reports where the Committee amended officer recommendations	0*	0
Number of reports approved unanimously	55	98.2%

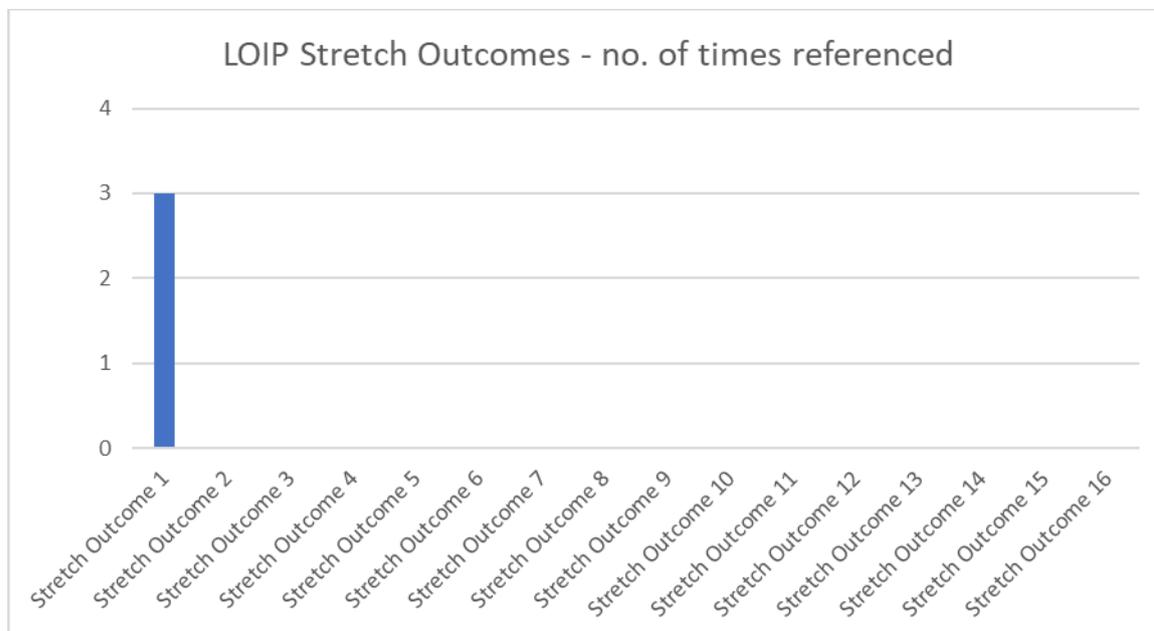
Number of reports or service updates requested during the consideration of another report to provide additional assurance and not in business planner	0	0
Number of reports delayed for further information	0	0
Number of times the Convener has had to remind Members about acceptable behaviour in terms of the Code of Conduct	0	0
Late reports received (i.e. reports not available for inspection at least 3 clear days before the meeting)	2	1.1%
Number of referrals to Council under SO 34.1	1	0.6%

* Although there were a number of occasions where additional recommendations were added by the Committee, the original recommendations from officers were all approved.

Notices of Motion, Suspension of Standing Orders, Interface with the Public	
Number of Notices of Motion to Committee	0
Number of times Standing Orders suspended	0
Specific Standing Orders suspended	0
Number of deputations requested	0
Number of deputations heard	0
Number of petitions considered	0

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 Members should note that due to the refresh of the LOIP in April 2024, the numbering and wording of some of the Stretch Outcomes was altered halfway through the reporting period.

9. Training and Development

- 9.1 A training session was held for members in January 2024, entitled “Elected Member Scrutiny”. This was delivered by the Assurance Manager/Interim Chief Officer – Governance and provided an overview of the types of scrutiny which members can expect to undertake, the value of scrutiny, and tips on scrutinising effectively.

10. Code of Conduct Declarations and Transparency Statements

- 10.1 1 declaration of interest and 2 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. Its 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. Internal and external audit have completed both routine and additional audits and reported these through the committee with improvement actions where appropriate. The Council's risk management system, including the Risk Appetite Statement, has been exposed to regular testing and scrutiny. The ALEO Assurance Hub has continued to provide assurance through bi-annual reporting on the level of risk posed to the Council by our ALEOs.
- 12.2 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
 - 2023-24: 103
- 12.3 Below is a comparison of overdue internal audit recommendations in March over the last five years:
- March 2020: 67
 - March 2021: 37
 - March 2022: 17
 - March 2023: 23
 - March 2024: 27

13. The Year Ahead

- 13.1 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.

- 13.2 As part of this review, there will be a specific focus on the Council's approach to scrutiny, including looking at ways in which this can be enhanced within the Committee's Terms of Reference, expanding training and development for elected members, and embedding scrutiny more firmly within our governance structures. This review is being led by the cross-party Governance Reference Group.

Appendix 1 – Local Outcome Improvement Plan Stretch Outcomes

Economy	
1.	20% reduction in the percentage of people who report they have been worried they would not have enough food to eat and/ or not be able to heat their home by 2026
2.	74% employment rate for Aberdeen City by 2026
People (Children & Young People)	
3.	95% of all children will reach their expected developmental milestones by their 27-30 month review by 2026
4.	90% of children and young people report they feel listened to all of the time by 2026
5.	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
6.	95% of children living in our priority neighbourhoods (Quintiles 1 & 2) will sustain a positive destination upon leaving school by 2026
7.	83.5% fewer young people (under 18) charged with an offence by 2026
8.	100% of our children with Additional Support Needs/disabilities will experience a positive destination
People (Adults)	
9.	10% fewer adults (over 18) charged with more than one offence by 2026
10.	Healthy life expectancy (time lived in good health) is five years longer by 2026
11.	Reduce the rate of both alcohol related deaths and drug related deaths by 10% by 2026
12.	Reduce homelessness by 10% and youth homelessness by 6% by 2026, ensuring it is rare, brief and non-recurring with a longer term ambition to end homelessness in Aberdeen City.
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; 5% of people cycling and wheeling as main mode of travel and a 5% reduction in car miles by 2026
15.	26% of Aberdeen's area will be protected and/or managed for nature and 60% of people report they feel that spaces and buildings are well cared for 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