

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

ABERDEEN, 8 May 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 Bouse), McLellan, McRae and 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.

### **DECLARATIONS OF INTEREST OR 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 9.3 (ALEO Assurance Hub Workplan and Terms of Reference) 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 20 FEBRUARY 2025**

2. The Committee had before it the minute of its meeting of 20 February 2025.

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

to approve the minute as a correct record.

### **COMMITTEE BUSINESS PLANNER**

3. 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.

### **CORPORATE RISK REGISTER, CLUSTER ASSURANCE MAPS AND INSPECTIONS PLANNER - CORS/25/086**

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.

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**The report recommended:-**

that the Committee -

- (a) note the Corporate Risk Register set out in Appendix A and the summary of movements in risk scores set out in table at section 3.8;
- (b) note the Cluster Assurance Maps provided at Appendix B; and
- (c) note the Inspections Planner provided at Appendix C;

In response to a question seeking clarification on how the current impact of the risk was assessed, the Interim Chief Officer – Governance advised that the current risk score was an assessment of how effective the mitigations were against the initial risk score, resulting in an initial, current and target risk score for each risk.

In response to examples where risk scores looked to have been scored negatively, the Interim Chief Officer – Governance advised that the most significant risks were included in the Corporate Risk Register. The Chief Officer – Finance advised that in relation to the Financial Sustainability Risk, the risk was based on factors outwith the Council's control and that various mitigations were in place as outlined in the Assurance Map.

In response to a question relating to whether there was another way in which information could be presented for each of the risks, the Interim Chief Officer – Governance advised that the Council used a fairly dynamic approach to risk management which presented live risk registers that were available 24 hours per day and updated daily via Power Bi enabling risks to be monitored in real time with additional mitigations added where required. She further advised that she would look at the style of the graphical information to identify potential improvements on how the information was displayed for future reports.

In response to a question relating to the Cyber Security Risks and whether emerging technologies such as Generative AI was having an impact on the external risk to the Council, the Chief Officer – Digital and Technology advised that the level of threats were not new and that tracking and mitigation was in place across the network to manage the threats.

In response to a question relating to the Financial Sustainability Risk and the creation of a Fraud Group, the Chief Officer – Finance advised that the group were formed to enable detailed collation of information relating to potential fraud activity with the ability to escalate to the Board if required. He advised that officers already working on counter fraud activities were involved with the group providing an enhanced control environment to remain sighted on potential fraudulent activity.

In response to a question relating to £1m threshold quoted for a serious risk rating and whether this was set too low, the Chief Officer – Finance advised that he would look at the materiality figures for the Corporate and the Cluster Risk Registers.

**The Committee resolved:-**

to approve the recommendations in the report.

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### **RISK APPETITE ANNUAL REVIEW - CORS/25/087**

5. The Committee had before it a report by the Executive Director of Corporate Services which presented the Council's updated Risk Appetite Statement to Committee for approval.

**The report recommended:-**

that the Committee -

- (a) approve the updated Risk Appetite Statement, attached at Appendix A; and
- (b) note the continued progress towards embedding the Risk Appetite Statement during 2024 and the training and engagement activities planned for 2025.

**The Committee resolved:-**

- (i) in response to a question regarding how the benefits of the current and future methods for embedding the Risk Appetite Statement within the Council were measured, to note that the Interim Chief Officer – Governance advised that this was an area that would be developed for inclusion in the annual report in 2026; and
- (ii) to otherwise approve the recommendations contained in the report.

### **ALEO ASSURANCE HUB WORKPLAN AND TERMS OF REFERENCE - CORS/25/088**

6. The Committee had before it a report by the Executive Director of Corporate Services which presented the ALEO Assurance Hub workplan for 2025 including the dates for reporting.

**The report recommended:-**

that the Committee -

- (a) note the workplan for the ALEO Assurance Hub in 2025 which had been consulted upon with the ALEO's and the relevant Conveners; and
- (b) note the Terms of Reference for the ALEO Assurance Hub which had been reviewed with no changes.

In response to a question regarding how issues were reported and actioned, the Interim Chief Officer - Governance advised that there were various methods of scrutinising ALEO's including strategic business plans, monitoring by the Corporate Management Team, and the Assurance Hub looked in more detail at various aspects and revisited those with the ALEO's in order to gain assurance.

In response to a question regarding whether the Review of ALEO's had resulted in any changes to the Terms of Reference, the Interim Chief Officer advised that there had been no changes to the terms of reference following this review.

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

to approve the recommendations contained in the report.

### **USE OF INVESTIGATORY POWERS QUARTER 1 REPORT - CORS/25/084**

7. With reference to article 4 of the minute of its meeting of 20 February 2025, 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 -

- (a) note the Council's use of covert surveillance activity during Q1; and
- (b) note there had been no applications to acquire communications data during Q1.

In response to a question regarding the statement at section 5.4 and what was done to follow up on this requirement, the Team Leader – Regulatory and Compliance Team advised that the Committee received an annual report in February of each year which contained the Policy for members to scrutinise and confirm it was fit for purpose. She further advised that the Committee received quarterly reports to enable members to have an oversight of covert activities.

In response to a question regarding a number of money laundering situations involving tobacco in England and whether the Council considers these to manage the risks, the Team Leader – Regulatory and Compliance advised that Trading Standards consider these when intelligence has been circulated nationally.

In relation to a question regarding investigation work in licensed premises and whether this was just for retail premises, the Team Leader – Regulatory and Compliance Team advised that this work was connected to guidelines from the Scottish Government relating to tobacco and vape products where 10% each year of all premises that open up received a routine visit from Trading Standards to monitor age verification policies with additional visits throughout the year. She further advised that investigations would be carried out where intelligence had been received on specific premises.

In relation to a question regarding clarification on whether the additional requirements relating to authorisation for the use of Covert Human Intelligence Source were new to Authorised Officers, the Team Leader – Regulatory and Compliance advised that the additional requirements were not new, rather that they were not used often therefore a refresher on the requirements would be provided.

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

- (i) in response to a question regarding whether information could be provided to Councillors, for assurance purposes, relating to covert surveillance activities, to

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note that the Team Leader – Regulatory and Compliance advised that information relating to the Enterprise Act 2002 – Information Disclosure would be circulated to members outwith the meeting; and

- (ii) to otherwise approve the recommendations contained in the report.

### **SCOTTISH PUBLIC SERVICES OMBUDSMAN DECISIONS AND INSPECTOR OF CREMATORIA COMPLAINT DECISIONS - CORS/25/085**

8. With reference to article 9 of the minute of its previous meeting, 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.

In response to a question regarding whether the Council had provided evidence to the SPSO that the complaint handling process had been reviewed, the Customer Services Manager advised that there was a complaint handling process in place and that in this case there had been some errors made whilst dealing with the complaint. She further advised that the service had received complaint training and briefings to ensure they would be fully compliant with the procedure in the future, and that the SPSO had been provided with this information.

In response to a question regarding whether the training addressed the need to protect the organisation but also protect the individual, the Customer Services Manager advised that the training covered this and that the Customer Feedback team who provided the responses were independent and able to ensure the responses were unbiased and measured. The Executive Director of Corporate Services advised that there were a low number of complaints referred to the SPSO and that there were lessons learnt from each case.

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

- (i) in response to a question regarding the number of applications that had been made to the Scottish Welfare Fund, to note that the Customer Services Manager advised that she would provide the information to the Councillor outwith the meeting; and
- (ii) to otherwise approve the recommendation contained in the report.

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### UNAUDITED ANNUAL ACCOUNTS FOR 2024/25 - CORS/25/089

9. 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 2024/25 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 2024/25;
- (b) consider the Council's unaudited Annual Accounts 2024/25;
- (c) consider the unaudited Annual Accounts 2024/25 of the Council's registered charities;
- (d) note that following the 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 26 June 2025 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 26 June 2025 would also receive the external auditor's report on the annual accounts for debate and consideration and that the 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 26 June 2025 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 regarding the dates with tbc next to them within the table at section 3.16, the Chief Officer – Finance advised that these were indicative dates based on the previous year and that the dates for submission of the accounts would be announced by the Scottish Government in due course.

In response to a question regarding whether the governance arrangements for the London Stock Exchange had changed since the Council had joined, the Chief Officer – Finance advised that quarterly reports and scrutiny of the credit rating had been introduced from the start.

In response to a question regarding the increase in the level of debt, the Chief Officer - Finance advised that the debt was spread between housing and non housing investment

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programmes and that the figure was expected to rise based on the current Prudential Indicators.

In response to a question regarding re-payments of short term debt and how this was rolled over and paid off, the Chief Officer – Finance advised that using short term borrowing reduced the burden of locking in higher levels of debt over a longer period of time.

In response to a question regarding the leasing arrangements for Hydrogen Buses that were currently not operational, the Chief Officer – Finance advised that the buses were leased to First Bus which was shown as a liability on the accounts. The Executive Director of Corporate Services advised that the hydrogen hubs were due to be operational by the end of the calendar year which would result in the buses being back in use.

In response to a question regarding whether the sources of funding outlined on page 139 was different to the pie chart information on core funding, the Chief Officer – Finance advised that they were different with the figures in the pie chart being the spending and income for the operation of the general fund with the additional funding relating to capital funding from a variety of sources.

In response to a question regarding whether the grants received from government funded the IJB, the Chief Officer – Finance advised that all funding provided to the IJB came from government grants, non domestic rates, Council Tax or reserves. He further explained that non domestic rates although collected locally were given to the Scottish Government for them to issue grant funding to each local authority on a similar level to the money collected.

In response to a comment regarding Councillors not being aware of politically sensitive decisions before they appeared in local media and how this would be addressed in the future, the Executive Director of Corporate Services advised that where possible, all Councillors would be notified in advance before released to the local media.

In response to a question regarding the statement on member to member working together and where the problems were, the Interim Chief Officer – Governance advised that the statement within the Annual Governance Statement was a recommendation from Audit Scotland which required some consideration to improve cross party working.

In response to a question regarding Section 75 monies and whether the Council could revoke planning where monies were not paid, the Executive Director for City Regeneration and Environment advised that as written this would be the case however there was a process where developers could request to vary the agreement and this was where there would be an impact on the accounts. She outlined the process involved for developers to request a variation and the appeals process if required.

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In response to a request for more information on RAAC and the risks associated with this and the liabilities to the Housing Revenue Account (HRA) and the General Fund, the Chief Officer – Finance advised that there liabilities across both accounts due to the split between tenants and the costs associated with the HRA and the General Fund would be impacted based on the outcome of the ongoing discussions with homeowners. He further advised that it was not possible to provide a percentage at this time against either of the accounts due to various unknown factors.

In response to a question regarding litigation in connection with the experimental traffic regulation order and whether there would be a requirement to repay grant funding to the Scottish Government, the Chief Officer - Finance advised that at the end of the financial year information from Transport Scotland indicated that there was no requirement to pay back any funding based on the decisions made to continue with the proposals and that where there were any changes to the position, Transport Scotland would be notified. He further advised that this item sat within the contingent liabilities to advise committee of the position and that the Council were aware of the financial environment they were operating under. The Interim Chief Officer – Governance advised that it was too early in the process to know what the impact would be and that the Council were not in a position to quantify any losses at this stage.

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

- (i) in response to a question regarding the Common Good Fund balance sheet showing a decrease in the value of its net assets and the reasons for this, to note that the Chief Officer – Finance would circulate by email information relating to the assets;
- (ii) in response to a question regarding the significant difference to note to debtors for public corporations and trading funds from the previous year, to note that the Chief Officer – Finance would circulate by email details relating to the debtors information; and
- (iii) to otherwise approve the recommendations contained in the report.

### **INTERNAL AUDIT PROGRESS REPORT - IA/25/006**

**10.** With reference to article 8 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 have made with implementing recommendations agrees in Internal Audit Reports.



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**The Committee resolved:-**

to approve the recommendations contained in the report.

**ADOPTION, FOSTERING AND KINSHIP - AC2513**

11. The Committee had before it a report by the Chief Internal Auditor which presented an audit on Adoption, Fostering and Kinship which was undertaken to obtain assurance that adequate procedures were in place to control the calculation, award, and payment of allowances for Fostering, Adoption and Kinship Care.

**The report recommended:-**

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

In response to a question regarding whether using the D365 system for all payments would make a difference due to the complexities of the system, the Chief Officer – Children's Social Work and Family Support advised that the system was designed to be agile and responsive to changing needs with an element of Social Work related data and a financial system attached for making payments. He further advised that consideration was being given to moving kinship and adoption payments to the same system.

In response to a question regarding the controls in place to prevent over payments, the Chief Officer – Children's Social Work and Family Support advised that for each child within foster care, an invoice was received which was checked manually to ensure they were accurate. He further advised that there were quarterly meetings with fostering agencies.

In response to a question regarding further verification from adopters and what this entailed, the Chief Officer – Children's Social Work and Family Support advised that the adopters were asked to submit a school record to show the child lived at the same address as the adopter.

In response to a question regarding how often the service were reviewing procedures, the Chief Officer – Children's Social Work and Family Support advised that they were working to implement the audit recommendations and the Adoption Scheme would be presented to Committee in September with reviews continuing on an ongoing basis. He further advised that allowances were reviewed on an annual basis as part of the budget process.

In response to a question regarding whether the management responses would fully meet the recommendations for the adoption allowance, the Chief Officer – Children's Social Work and Family Support advised that a report would be submitted to committee on Adoption Allowance and that the system required to be adaptive to the needs of the child as these may not be known at the time of adoption, meaning that adopters may request at a later date for an allowance to support the child.

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In response to a question regarding whether consideration would be given to delegate authority for approving payments, Chief Officer – Children’s Social Work and Family Support advised that sub-delegation would be considered to improve the process.

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

- (i) to note that the Chief Officer – Children’s Social Work and Family Support would provide a report to this committee in September setting out the timeline for the development of D365 to enable the payment of allowances to kinship carers, adopters and external foster carers; and
- (ii) to otherwise note the report and the attached internal audit report.

## **CREDITORS SUB-SYSTEM PAYMENTS - AC2506**

**12.** The Committee had before it a report by the Chief Internal Auditor which presented an audit on Creditors Sub System Payments which was undertaken to provide assurance that there were adequate controls over payments originating from creditors sub-systems.

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

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

In response to a question regarding whether the Scheme of Governance and Delegation of Powers were considered as part of the audit, the Chief Internal Auditor advised that the Scheme of Governance documentation was considered as part of any audit and also where payments had been approved by those not authorised to do so.

In response to a question regarding whether management had any other concerns around delegation, the Chief Officer – Finance advised that there was an opportunity to make improvements to policies and procedures in order for those using the systems to follow correct process and for management to be able to oversee the process.

In response to questions regarding the next steps for making improvements, the Chief Officer – Finance advised that to look at all sub systems would be a challenge and that the guidance around the systems required to be fit for purpose to ensure payments from the systems were accurate. He further advised that where processes and controls were strengthened, training for users would be required to ensure they were aware of the new way of working and that there would be various adjustments required across the numerous sub systems in place.

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

to note the report and the attached internal audit report.

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**RISK MANAGEMENT - AC2514**

13. The Committee had before it a report by the Chief Internal Auditor which presented an audit on Risk Management which was undertaken to provide assurance over the Council's risk management arrangements at each level and ensure risk appetite was utilised across the delivery of operations.

**The report recommended:-**

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

In response to a question regarding whether the recommended action relating to significant fraud events had been considered by management, the Interim Chief Officer Governance advised that this had been omitted from the management response and that monitoring of fraud was already reported to the Risk Board.

**The Committee resolved:-**

to note the report and the attached internal audit report.

**HSCP COMMISSIONING - AC2512**

14. The Committee had before it a report by the Chief Internal Auditor which presented an audit on AHSCP Commissioning which was undertaken to review plans and progress with commissioning across the Health and Social Care Partnership.

**The report recommended:-**

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

In response to a question regarding the range of Commissioned Services, the Commissioning Lead, advised that there were a range of services which included - Care Homes, Substance Misuse Services, Learning Disability Services and Residential Services.

**The Committee resolved:-**

to note the report and the attached internal audit report.

**RIGHT TO WORK IN THE UK - AC2516**

15. The Committee had before it a report by the Chief Internal Auditor which presented an audit on the Right to Work in the UK which was undertaken to ensure adequate arrangements were in place to ensure staff had the Right to Work in the UK.

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

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

In response to a concern regarding automation of processes and the potential for the system to refuse an individual, the Chief Internal Auditor advised that the automation was for documentation only and not for making decisions on eligibility. The People Development Manager advised that the technology mentioned in the report was a method to verify someone's identity by them uploading details of their passport into the system. She further advised that this would be for those with a UK or Northern Ireland passport only with all other preferred candidates going through the manual process.

In response to a question regarding whether the automated process could be reviewed at different stages to eliminate any errors, the Executive Director of Corporate Services advised that where technology declined a person's identification, this would be classed as an exemption which would enable the individual to challenge the outcome. He further advised that all exemptions would be checked and validated manually.

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

- (i) to note that the People Development Manager would circulate by email, information relating to the total number of employees appointed during the Internal Audit testing period to compare against the number in the sample; and
- (ii) to otherwise note the report and the attached internal audit report.

## **FREEDOM OF INFORMATION AND SUBJECT ACCESS REQUESTS - AC2519**

**16.** The Committee had before it a report by the Chief Internal Auditor which presented an audit on Freedom of Information (FOI) and Subject Access Requests (SARs) which was undertaken to obtain assurance that the Council's procedures for dealing with FOIs and SARs were appropriate.

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

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

In response to a question regarding whether a mandate similar to those for solicitors would be required for Councillors, MSP's and MP's, the Customer Services Manager advised that data protection regulations set out the process required for elected members enquiries relating to consent and being confident that it had been given. She further advised that using the corporate system to log enquiries gave additional assurance that consent had been given.

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In relation to a question regarding the process for a Councillor representing constituents outwith their ward, the Customer Services Manager advised that third party mandates would be required.

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

- (i) to note that the Customer Service Manager would provide a response to the member, relating to the number of Freedom of Information requests that were currently being processed; and
- (ii) to otherwise note the report and the attached internal audit report.

### **EXTERNAL AUDIT REPORT - ANNUAL AUDIT PLAN FOR 2024/25 AUDIT - EA/25/001**

17. The Committee had before it a report by the External Audit Director which presented the External Audit's Annual Audit Plan for the 2024/25 audit.

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

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

In relation to a question regarding liabilities that may arise and the high materiality level and how these were dealt with, the External Audit Director advised that a key part of external audit's work was to look at what the Council had included as a provision in their accounts, whether it was a contingent liability that is disclosed but due to circumstances may not be able to be quantified. He further advised that external audit pay close attention to this to ensure that they were comfortable with the Council's judgement.

In response to a question regarding the audit of registered Charities and whether all trusts would be audited, the External Auditor advised there was a set number of charities where the Council were the trustee and those came under the legislation for auditing purposes. The Chief Officer – Finance advised that there were a number of registered charities where all 45 Councillors were trustees. The Interim Chief Officer – Governance advised that individual Trusts where Councillors are appointed as Trustees were different to those where all Councillors were classed as the Trustee.

In response to a question regarding whether a list of the Trusts and Charities could be provided to show which ones were included, the Chief Officer – Finance advised that those registered charities where the Council were the Trustees had been included in the papers and those were the ones subject to the separate audit process.

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

to note the content of the report and the attached External Audit Plan 2024/25.

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

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