

MINUTE
of
AUDIT & SCRUTINY COMMITTEE

Minute of meeting held at 2.00pm in the Council Chamber, Council Headquarters, Giffnock on 23 January 2025.

Present:

Councillor Andrew Morrison (Chair)
Councillor Tony Buchanan (Vice Chair) *
Councillor Paul Edlin

Councillor Annette Ireland *
Provost Mary Montague

Councillor Morrison in the Chair

(*) indicates remote attendance

Attending:

Kirsty Stanners, Head of Finance (Chief Financial Officer); Michelle Blair, Chief Auditor; Barbara Clark, Chief Accountant; Linda Hutchison, Clerk to the Committee; and Lesleyann Burns, Assistant Democratic Services Officer.

Also Attending:

Laure Prior and Grace Scanlin *, Ernst and Young.

Apologies:

Councillors David Macdonald and Gordon Wallace.

DECLARATIONS OF INTEREST

1084 There were no declarations of interest intimated.

CHAIR'S REPORT – SELF EVALUATION OF COMMITTEE; AND ACCOUNTS COMMISSION REPORT ON 2023/24 AUDIT OF ABERDEEN CITY - COUNCIL TAX REFUNDS – A SIGNIFICANT FRAUD

1085 Under reference to the Minute of the meeting of 21 November 2024 (Page 1021, Item 1045 refers), when it had been noted that work was about to commence on the Committee's self-evaluation, Councillor Morrison requested that members of the Committee complete and return the questionnaire issued to them to the Clerk by the end of January as requested to enable the feedback to be collated. He clarified that further correspondence would be issued on the way forward in due course.

1058

Regarding an Accounts Commission report published on the 2023/24 Audit of Aberdeen City Council, specifically a significant fraud identified regarding Council Tax Refunds, Councillor Morrison explained that the Director of Business Operations and Partnerships had confirmed that the findings were being looked at in-depth locally, and that she intended to submit a report to the Committee on that on 8 May. He indicated that this would be helpful and welcomed.

The Committee noted the report.

FRAUD RESPONSE STATEMENT 2023/24 – PROCUREMENT ISSUES; AND WHITELEE WINDFARM FUND – CLARIFICATION

1086 Under reference to the Minutes of the meetings of 26 September 2024 (Page 950, Item 962 refers) and 21 November 2024 (Page 1024, Item 1050) respectively, when it had been agreed that further clarification be sought regarding the promotion of the availability of Whitelee Windfarm Fund related grants; and anti-fraud measures pertaining to procurement arising from discussions on the Fraud Response Statement 2023/24, the Committee considered a report by the Clerk summarising the clarification received and circulated on these issues.

Regarding the feedback on procurement related anti-fraud measures, Councillor Ireland sought further clarification regarding the contract strategy document referred to that was completed for every tender opportunity. Specifically, she referred to the requirement for officers involved to declare any conflict of interest, seeking clarification if this relied solely on self-reporting, if that approach was considered sufficiently robust, and if a whistle blowing policy was in place to allow concerns to be raised by a third party. She undertook to provide further clarity on the issues she was raising following the meeting. Having confirmed that feedback on some of the issues she had raised would require to be sought after the meeting, the Head of Finance (Chief Financial Officer) offered to provide further detail by email or in a meeting. The Chief Auditor confirmed that a Whistleblowing Policy was both in place and used.

The Committee:-

- (a) noted the various ways in which the availability of Whitelee Wind Farm related grants was promoted to the community;
- (b) agreed regarding the fraud prevention related feedback provided on the joint completion by procurement and the procuring service of a contract strategy document for every tender opportunity, that further clarification be sought on whether or not the section of that document on conflict of interest, which required officers involved in the procurement to declare any conflict of interest, relied solely on self-reporting and was considered sufficiently robust;
- (c) noted, further to (b) above, that a Whistleblowing Policy was both in place and used; and
- (d) otherwise, noted the report.

INTERIM TREASURY MANAGEMENT REPORT 2024/25 – QUARTER 3

1087 Under reference to the Minute of the meeting of 21 November 2024 (Page 1022, Item 1047 refers), when it had been agreed to note the Interim Treasury Management Report for Quarter 2 of 2024/25 and recommend to the Council that the organisations specified in the report for investment of surplus funds be approved, the Committee considered a report by the Head of Finance (Chief Financial Officer) on treasury management activities for the third Quarter of 2024/25.

The report explained that, in line with the CIPFA Code of Practice on Treasury Management, the Committee was responsible for ensuring effective inspection of the Council's treasury management activities. In accordance with that requirement, the interim Treasury Management Report for the period ending 30 November 2024 was attached to the report for consideration.

Whilst highlighting key issues, the Chief Accountant referred to £25m of borrowing from the Public Works Loan Board to support the Capital Programme since Quarter 2 despite current high interest rates. She clarified that the period over which the loans had been taken was relatively short in anticipation of rates reducing in future years. The Council continued to adopt a prudent approach to treasury management and, in particular, the percentage of loans held as at 30 November 2024 that had variable interest rates was 6.13% which was well below the Council's approved upper limit of 15%.

Having commented on short term investments which had increased due to cash flows in both capital and revenue, she highlighted the prudential indicators referred to in the report which helped confirm that capital investment plans and treasury management decisions remained affordable, prudent and sustainable. She highlighted that the Operational Boundary and Authorised Limit for External Debt indicators demonstrated that the Council was operating well within its limits.

The Chief Accountant confirmed that the Council's list of counterparties remained unchanged from the one for Quarter 2, and clarified that all investments were restricted to UK bodies with high credit ratings, with the maximum period of investment, in general, restricted to 6 months. Finally, she reminded Elected Members that they could request further training on Treasury Management issues through the Clerk.

The Committee agreed:-

- (a) to **recommend to the Council** that the organisations for investment of surplus funds be approved in accordance with Appendix 8 to the report;
- (b) that members of the Committee should advise the Clerk if they felt they needed further training on Treasury Management issues; and
- (c) otherwise, to note the report and related comments made.

CHAIR

