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To: Councillor Crockett, Convener; Donnelly, Vice-Convener, Lord Provost Peter Stephen, and Councillors Cassie, Cooney, Farquharson, Hunter, McDonald, Penny, Reynolds, Jennifer Stewart, John Stewart, Kevin Stewart, Wendy Stuart and John West.

Town House,
ABERDEEN Friday, 10 September 2010

AUDIT AND RISK COMMITTEE

The Members of the **AUDIT AND RISK COMMITTEE** are requested to meet in Committee Room 2 - Town House on **TUESDAY, 21 SEPTEMBER 2010 at 2.00 pm.**

JANE G. MACEACHRAN
HEAD OF LEGAL AND DEMOCRATIC SERVICES

B U S I N E S S

EXEMPT BUSINESS

- 1.1 Members are requested to resolve that any exempt business on this agenda be considered with the press and public excluded

MINUTES AND COMMITTEE BUSINESS STATEMENT

- 2.1 Minute of Previous Meeting of 8 June 2010 (Pages 1 - 10)
- 2.2 Committee Business Statement (Pages 11 - 16)

REFERRALS FROM COMMITTEES

- 3.1 Shared Risk Assessment: Assurance and Improvement Plan - Referred from the Corporate Policy and Performance Committee on 10 June 2010 (Pages 17 - 60)

GENERAL BUSINESS

- 4.1 Business Continuity Planning: ICT Security and Plan Testing - Report by Director of Housing and Environment (Pages 61 - 64)
- 4.2 Internal Audit Progress v 2009/10 Internal Audit Annual Plan - Report by Director of Corporate Governance (Pages 65 - 68)
- 4.3 Annual Governance Statement - Report by Head of Finance (to follow)
- 4.4 Bank Reconciliations Progress Report - Report by the Head of Finance (Pages 69 - 72)
- 4.5 Follow-up School Lets 2006/07 Review - Report by Henderson Loggie (Pages 73 - 82)
- 4.6 Audit Progress Report 2009/10 - Report by Henderson Loggie (Pages 83 - 90)
- 4.7 Internal Audit Outsourced Activity Progress Report - Report by Pricewaterhouse Coopers (Pages 91 - 112)

ITEMS WHICH THE COMMITTEE MAY WISH TO CONSIDER IN PRIVATE

- 5.1 Staff Houses - Referred from the Finance and Resources Committee on 17 June 2010 (Pages 113 - 124)
- 5.2 Refurbishment of Kepplehills Garages - Report by Director of Housing and Environment (to follow)
- 5.3 Internal Audit Reports Issued - Report by Director of Corporate Governance (Pages 125 - 240)
- 5.4 Implementation of Internal Audit Recommendations - Report by Director of Corporate Governance (Pages 241 - 248)

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Should you require any further information about this agenda, please contact Karen Riddoch, tel. (52)2723 or email kariddoch@aberdeencity.gov.uk

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AUDIT AND RISK COMMITTEE

ABERDEEN, 8th June, 2010. - Minute of Meeting of the AUDIT AND RISK COMMITTEE. Present:- Councillor Crockett, Convener; Councillor Farquharson, Vice-Convener; and Councillors Cassie, Cooney, Donnelly, Greig, (as substitute for Councillor Reynolds), Hunter, McDonald, Penny, Robertson, John Stewart, Kevin Stewart, Wendy Stuart and John West.

DETERMINATION OF EXEMPT BUSINESS

1. In terms of Section 50(A) (4) of the Local Government (Scotland) Act 1973, the Committee resolved to exclude the press and public from the meeting during consideration of the following items of business so as to avoid disclosure of exempt information of the class described in paragraph 1 of Schedule 7(A) to the Act:- articles 11 and 12.

MINUTE OF PREVIOUS MEETING

2. The Committee had before it the minute of its previous meeting of 27th April, 2010.

The Committee resolved:-
to approve the minute.

COMMITTEE BUSINESS STATEMENT

3. The Committee had before it a statement of business prepared by the Head of Legal and Democratic Services.

The Committee resolved:-

- (i) to delete item 2 (Audit RM-CS/SA/0601, Legal Accounting and Costings);
- (ii) to note that the report relating to item 3 (RM-CC/SA/0708, Allocation of Central Charges) would be submitted to the Committee on 21st September, 2010; and
- (iii) to otherwise note the statement.

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AUDIT PROGRESS REPORT 2009/10

4. The Committee had before it a report by Henderson Loggie, external auditor, which detailed progress in relation to the external audit operational plan for 2009/10.

The report explained that the follow up review for School Lets had been carried forward from the 2008/09 audit plan and that a draft report on the matter had been issued to officers for consideration prior to the final report being submitted to the Committee.

The Committee resolved:-

- (i) to note that the report on the follow up review for School Lets would be submitted to the Committee on 21st September, 2010;
- (ii) to thank officers for their hard work in achieving a positive outcome in regard to the Housing Benefit/Council Tax Benefit subsidy claim from the Department for Work and Pensions; and
- (iii) to otherwise note the report.

FINANCIAL STATEMENTS AUDIT PLAN 09/10

5. The Committee had before it a report by Henderson Loggie, external auditor, which aimed to provide a clear understanding of the approach to the audit of the financial statements for the year ended 31st March, 2010 and provided an update on the interim audit work to date.

The report stated that the Working Papers Requested List had been issued to the Council's Corporate Accounting Manager, which set out Henderson Loggie's understanding regarding the documents the Council had agreed to prepare to assist with the audit. In relation to the interim work to date, Henderson Loggie were satisfied that they had assessed the level of assurance to be gained from the financial control environment at the Council for producing financial accounts for the year ended 31st March 2010. The report appended an action plan which contained recommendations, which had been agreed by Council officers, which were aimed to help strengthen internal controls.

The Committee heard Karlyn Watt, Henderson Loggie, advise that, to date, she had not received a response from the Treasurer nor the External Auditor for the Grampian Valuation Joint Board for assurance on the valuation services provided by the Board to the Council.

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The Committee resolved:-

- (i) to note that Henderson Loggie would meet with the Convener and Vice-Convener to discuss the ISA 260 report in order to complete the audit by 30th September, 2010, following which the ISA 260 report would be submitted to the Committee on 23rd November, 2010 for noting;
- (ii) in relation to the lack of response from the Treasurer and External Auditor for the Grampian Valuation Joint Board to a letter from Henderson Loggie seeking assurances on the valuation services provided by the Board to the Council, to request Henderson Loggie to draft a letter on behalf of the Committee requesting that the information previously requested be provided;
- (iii) to request that an officer from the Grampian Valuation Joint Board attend a meeting of the Committee to provide members with an overview of their function, specifically in relation to the service provided to the Council; and
- (iv) to otherwise note the report.

RISK MANAGEMENT PROGRESS UPDATE - CG/10/098

6. With reference to Article 3 of the minute of its meeting of 3rd December, 2009, the Committee had before it a report by the Director of Corporate Governance which provided an update on the status of the Corporate Risk Register and informed of progress within Services on implementing risk management processes.

The report advised that the red risks within the Corporate Risk Register had been reviewed in March 2010. The updated Corporate Risk Register contained nine red risks compared to twelve from the previous report which indicated that actions had been put in place to mitigate the identified risks. The report outlined five significant changes in the Corporate Risk Register since December 2009 as follows:-

- Risk 1 - "Failure to define corporate priorities" had been removed on the grounds that the Council had agreed an Interim Corporate Business Plan and a project had commenced to complete a four year costed Corporate Business Plan from 2011
- Risk 8 - "Failure to comply with Health and Safety" had been reduced from a red risk to an amber risk on the grounds that a revised Health and Safety Policy detailing responsibilities and accountabilities had been signed by the Chief Executive in February 2010
- Risk 14 - "Failure to align service objectives with corporate objectives" had been reduced from a red risk to an amber risk on the grounds that Service Plans for the new Services had been, or were in the course of being, approved and that these explicitly aligned to the Interim Corporate Business Plan

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- Risk 28 - "Failure to identify a material risk facing the organisation" had been removed on the grounds that risk management arrangements had been improved and, following an audit by PricewaterhouseCoopers, an improvement plan was in place
- Risk 34 - "Failure to realise the benefits of the new Development Plan and embrace the Structure Plan growth strategy through the new Local Development Plan" had been reduced from a red risk to an amber risk on the grounds that good progress had been made on a number of planning matters including the Structure Plan, Master Plans and Local Development Plan Main Issues report

The report explained that progress had been made in developing and embedding risk management arrangements across all Services and that the Corporate Policy and Performance Committee at its meeting on 29th April, 2010 had agreed that each Service Committee would receive and consider the appropriate Service Risk Register on a quarterly basis. A summary of progress and an overview of the Service Risk Registers were contained within the report. The report provided a timetable for reviewing and reporting on the Corporate and Service Risk Registers throughout the remainder of 2010 and early 2011.

The report recommended:-

that the Committee -

- (a) agree that the Corporate Risk Register, as appended to the report, was a fair statement of the significant corporate risks within the Council;
- (b) note the progress to date in updating the Service Risk Registers; and
- (c) agree the reporting and review periods.

The Committee resolved:-

- (i) that the Convener write, on behalf of the Committee, to Aberdeen Journals in relation to the articles in the local press on the report, emphasising that the content of the report had been misrepresented and to express the Committee's disappointment therein;
- (ii) to congratulate staff for their work in compiling Service Risk Registers and the Corporate Risk Register; and
- (iii) to otherwise approve the recommendations contained in the report.

DELAY IN COMPLETION OF WALKER ROAD SCHOOL - REFURBISHMENT PROGRAMME - ECS/10/060

7. With reference to Article 7 of the minute of its meeting of 3rd November 2009, the Committee had before it a report by the Director of Education, Culture and

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Sport which advised of the reasons for the delay in completing the refurbishment contract of Walker Road School and the additional costs incurred.

The report advised that following the Torry Schools review in 2003/04, and the decision to close Torry Nursery School with the provision being relocated to the three primary schools in Torry, work was undertaken to refurbish the two-storey block at Walker Road School. In 2005/06, disturbed asbestos had been discovered in the substructure of the school which led to all staff and pupils being relocated to Victoria Road School and Torry Academy. The nursery classes were not affected at this time as they had been operating from the Oscar Road building since the start of the 2005/06 school session.

The Walker Road Primary School contract (6380) was awarded with a start date of 16th October, 2006 and completion date of 21st December, 2007, however during the contract period there had been four significant aspects of work which delayed the programme of work which resulted in a completion date of 15th August, 2008.

The first delay of ten weeks was as a result of significant areas of unreported asbestos having been found during asbestos removal, including a considerable amount of asbestos from previous removal contracts dumped in the basement. The Health and Safety Executive were called in and an investigation commenced. The contractor was instructed to remove the asbestos and separate the asbestos from the previous contract as part of the Health and Safety Executive investigations.

The second delay, which was 28 weeks in total including the first delay of ten weeks, related to the internal demolition work, particularly in regard to the condition of a flat roof and roof supports. The third delay, which did not impact on the contract completion date, was as a result of the contractor being unable to access the boiler plant due to it being located in the main school and as pupils and staff were in the building the work could only be undertaken during the summer holiday. The fourth, and final, delay, which was six weeks in total, was as a result of additional works to the contract in relation to the School Estate Strategy.

In terms of financial implications, the report advised that an additional payment of approximately £147,000 had been made to the contractor for the additional works that had been requested. The report added that there would be a staffing and training resource allocated to support the monitoring and co-ordination of all future building programmes to ensure compliance with previously recommended courses of action, which would ensure that all staff were made fully aware of the requirement to submit a report to committee if a delay of three or more months in the estimated completion of a contract was probable.

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The report recommended:-

that the Committee -

- (a) note the reasons for the delay; and
- (b) note the procedures which had been established to ensure that any further delays of this nature are duly notified to the appropriate Committee as per the Council's Standing Orders.

In response to various questions from members, the Principal Architectural Officer provided the Committee with additional information relating to the project, with particular reference to the discovery of the dumped asbestos and the subsequent intervention and investigation by the Health and Safety Executive.

The Committee resolved:-

- (i) to request officers to send a letter, on behalf of the Committee, to the Health and Safety Executive urging them to redouble their efforts in relation to the investigation regarding the dumped asbestos and identify what could be done if it was discovered that any individual involved was still involved in asbestos removal;
- (ii) to request officers to submit a report to a future meeting on what could be done to influence future legislation on the regulation of asbestos registered companies, and that the report also address what level of liability an individual or organisation would have if they were found to be responsible for the dumped asbestos;
- (iii) to request officers to review the relevant processes and procedures in relation to the monitoring of contracts and report back on lessons learned with a view to making improvements for the future;
- (iv) to instruct officers to report back on the apparent misconception that the Council had to procure interactive white boards from a specific supplier which had led to a delay in the completion of the contract; and
- (v) to otherwise approve the recommendations contained in the report.

BANK RECONCILIATION PROGRESS REPORT - CG/10/109

8. With reference to Article 6 of the minute of its meeting of 27th April, 2010, the Committee had before it a report by the Head of Finance which provided an update on progress to date in relation to the bank reconciliation process and the implementation of the automated bank reconciliation process.

The report advised that since the last update to the Committee, there continued to be good progress in relation to the bank reconciliation with continuing timely and robust clearance of items from the reconciliation. The comprehensive year-end

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report on the reconciliations as at 31st March, 2010 was being finalised and final ledger entries were being made. The report explained that the daily tasks in relation to the maintenance of the automated bank reconciliation module continued to be processed by the staff in the team and there was also a manual reconciliation of the income from sports centres across the Council.

The report stated that during May 2010, internal audit had carried out an audit of the bank reconciliations which once finalised would inform external audit to allow them to determine the level of reliance they could place upon the process.

The report recommended:-

that the Committee note the current progress in maintaining the bank reconciliations.

The Committee resolved:-

- (i) to congratulate staff on their work to date in relation to the project; and
- (ii) to approve the recommendation contained within the report.

INTERNAL AUDIT OUTSOURCED ACTIVITY PROGRESS REPORT

9. The Committee had before it (1) a report by PricewaterhouseCoopers which provided a summary of the internal audit reviews undertaken during February, March and April 2010; and (2) a management response from the Director of Corporate Governance in relation to the risk management audit. The key findings for the audits detailed below were contained in the report:-

| SERVICE | TITLE |
|-------------------------|------------------------------------|
| Housing and Environment | Housing Capital and Repairs Budget |
| Housing and Environment | Internal Management Information |
| Corporate Governance | Risk Management |

The Committee resolved:-

- (i) to request PricewaterhouseCoopers to circulate implementation dates for the recommendations to all members of the Committee; and
- (ii) to approve the issue of the audit reports and endorse the recommendations for improvement contained therein

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REFURBISHMENT OF KEPPLEHILLS GARAGES - REFERRAL FROM HOUSING AND ENVIRONMENT COMMITTEE - H&E/10/065

10. With reference to Article 15 of the minute of meeting of the Housing and Environment Committee of 25th May, 2010, the Committee had before it, by way of remit (1) the minute extract which contained a resolution to refer the matter to this Committee in order for a full investigation to be undertaken; and (2) a report by the Director of Housing and Environment which provided members with an update on the progress with the refurbishment of the garages and advised of the problems encountered in relation to phase 3 of the project.

Phase 3 of the project, in which it had been proposed to demolish 89 garages and rebuild 58, covered garages that had not been built in a traditional manner but built with precast concrete rather than block concrete. This meant that although the internal dimensions were similar, the overall footprint of the garages was less than those in phases 1 and 2.

The report continued that the first eight of the phase 3 garages had been handed back to tenants on 23rd March 2010 and the following day officers had received complaints stating that the garages were smaller than they had previously been, and that tenants could not get their car doors to open far enough to exit their cars when in the garage. On inspection, it was found that the width of the garages had decreased from 2440mm to 2300mm, which was a loss of 140mm (approximately 5.5 inches). The report advised that this was due to (a) the failure of a lead officer to respond to a request from the appointed contract administrator to check the proposed layout of the phase 3 garages which clearly showed the use of 215mm blockwork to reconstruct the internal and gable walls; (b) the use of 215mm wide blocks to rebuild walls which were originally constructed of precast concrete panels; and (c) the garages being rebuilt on the original concrete bases, which meant that when the wider block work used to construct the new walls, the internal dimensions of the garages was reduced.

The Committee resolved:-

- (i) to instruct the Director of Housing and Environment, in consultation with the Monitoring Officer, to investigate (a) why the correct procedures had not been followed for this project; (b) why the lead officer did not respond to the contract administrator on the layout of the site which included the size of the blockwork to be used; (c) whether any disciplinary action had been taken in respect of the lead officer; (d) when it was agreed that the lead officer could leave the Council, in regard to the approval of any voluntary severance package, and whether it was known at that point of the errors in relation to the project; (e) whether the Council would be entitled to reclaim any of the money that may have been paid to the lead officer on leaving the Council's

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- employment as a result of the financial cost to the Council of errors in relation to the project; and (f) why the contract administrator did not follow up on the lack of response from the lead officer before the project had commenced; and
- (ii) to instruct the Director of Housing and Environment to submit a comprehensive report on his findings to the Committee on 21st September, 2010.

In accordance with the decision recorded under article 1 of this minute, the following items were considered with the press and public excluded.

INTERNAL AUDIT REPORTS ISSUED

11. The Committee had before it (1) a report by the Internal Audit Manager which appended recently completed audit reports on the services as detailed below; and (2) management statements from the appropriate Director in response to each of the completed reports.

| SERVICE | TITLE | DATE ISSUED |
|--------------------------------|------------------------------|--------------------|
| Corporate Governance - Finance | Budget Management Process | April 2010 |
| Corporate Governance - Finance | Treasury Management | May 2010 |
| Corporate Governance - Finance | Accounts Receivable | May 2010 |
| Housing and Environment | Business Continuity Planning | April 2010 |

The Committee resolved:-

- (i) that in relation to Audit CG/SA/0925 (Treasury Management), to note that a report on Treasury Management would be considered by the Finance and Resources Committee on 17th June, 2010 and to request officers to table up-to-date information to that Committee on core banks and implications of the audit report;

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- (ii) that in relation to Audit HE/CA/0905 (Business Continuity Planning), (a) to instruct all services to test elements of their business continuity plans on an annual basis; and (b) to instruct officers to submit a report to the Committee on 21st September, 2010, analysing the various security risks identified, particularly in relation to ICT and storage of personal data; and
- (iii) to otherwise approve the issue of the internal audit reports and endorse the recommendations for improvement contained therein.

IMPLEMENTATION OF INTERNAL AUDIT RECOMMENDATIONS AND RESULTS OF PHYSICAL VERIFICATION

12. The Committee had before it a report by the Internal Audit Manager which (1) detailed a number of recommendations previously approved in audit reports issued, the implementation of which was overdue; and (2) for selected audits advised on the implementation status checks on recommendations advised by auditees to internal audit as completed.

The Committee received updates from various officers in relation to the audit recommendations affecting their services and considered revised implementation dates where appropriate.

The Committee resolved:-

- (i) that in relation to Audit RM-CC/SA/0803 (Following the Public Pound) to approve the revised implementation date of 30th September, 2010 for all outstanding items;
- (ii) that in relation to Audit CG/SA/0913 (Parking Fines Income Collection - item 4.2.2) to note that the item had been completed;
- (iii) that in relation to Audit C-CL/SA/0803 (Educational Establishments Financial Controls) to approve the revised implementation date of 31st October, 2010 for all outstanding items;
- (iv) that in relation to Audit HE/SA/0931 (Homelessness - items 4.2.2(i) and 4.2.2(ii)) to note that a report would be submitted to the Housing and Environment Committee in August 2010; and
- (v) that in relation to Audit N-SE/SA/0802 (Schools Catering - item 4.3.2(iii)) to note that the Corporate Accounting Manager would advise the Internal Audit Manager of whether the recommendation had been implemented by the due date.

- BARNEY CROCKETT, Convener.

**AUDIT AND RISK
COMMITTEE BUSINESS
21st September 2010**

| <u>No.</u> | <u>Minute Reference</u> | <u>Committee Decision</u> | <u>Update</u> | <u>Lead Officer(s)</u> | <u>Report Due</u> | <u>Report Expected (if known)</u> |
|------------|--|---|--|----------------------------------|-------------------|-----------------------------------|
| 1 | Continuous Improvement 02.06.09 Article 13 | <p><u>Risk Management Progress Update</u></p> <p>The Committee resolved to request that each Service Risk Register be reported to the appropriate Committee once every six months.</p> | <p>At its meeting on 8th September 2009 the Committee requested that the Corporate Governance Risk Register be reported to the Committee before the end of the year</p> <p>At its meeting on 3rd December 2009, the Committee agreed that a report would be submitted to this Committee twice a year to provide an update on the Service Risk Registers and to review the Corporate Risk Register.</p> | Director of Corporate Governance | 2011 | 2011 |
| 2 | Scrutiny Panel 01.12.08 Article 10 | <p><u>RM-CC/SA/0708 – Allocation of Central Charges</u></p> <p>The Panel agreed to request officers to provide benchmark information on the Council's performance in the allocation of central charges in comparison with other local authorities to all members of the Panel.</p> | <p>A separate piece of work has been undertaken on reviewing internal recharges, which includes the allocation of central charges and identifying potential areas for efficiencies.</p> <p>The outcomes identified a number of areas for improvement. For instance the need</p> <ul style="list-style-type: none"> • to identify cost drivers and the gross cost of the service areas for recharging • to ensure that information is kept up to date and current | Head of Finance | 08.09.09 | 21.09.10 |

| <u>No.</u> | <u>Minute Reference</u> | <u>Committee Decision</u> | <u>Update</u> | <u>Lead Officer(s)</u> | <u>Report Due</u> | <u>Report Expected (if known)</u> |
|------------|---|--|--|------------------------|-------------------|-----------------------------------|
| | | | <p>information is used</p> <ul style="list-style-type: none"> • maximise income by evaluating current unit costs and prices <p>It is proposed that the Director of Corporate Governance and the Head of Finance will take forward the outcome of the review for the allocation of Central Charges in 2010/11.</p> <p>This will improve benchmark information on central charges for comparison with other authorities.</p> | | | |
| 3 | Scrutiny Panel 19.01.09 Article 9 | <p><u>Bank Reconciliations Progress Report</u></p> <p>The Panel agreed:-</p> <p>(i) that a further report be presented prior to its meeting in March which would include the Auditor's final report and the management action plan;</p> <p>(ii) to note that the value of the transactions to be processed and a review of the necessary resource requirements would be detailed in the report to be submitted to the next meeting of the Panel on 2 March, 2009.</p> | <p>At its meeting on 8 September, 2009, the Committee agreed to request the City Chamberlain to report back on progress with the recommendations on a regular basis.</p> <p>This will be a standing item on the agenda for the near future.</p> <p>Update: It is proposed, subject to the Committee's agreement, that the continuation of this standing item be reviewed as part of reporting to Committee at its meeting on 21 September 2010</p> <p>A report is on the agenda</p> | Head of Finance | 21.09.10 | 21.09.10 |
| 4 | Audit and Risk | <u>Tied Houses</u> | Proposed corporate register to be | Head of Asset | 19.01.10 | 21.09.10 |

| <u>No.</u> | <u>Minute Reference</u> | <u>Committee Decision</u> | <u>Update</u> | <u>Lead Officer(s)</u> | <u>Report Due</u> | <u>Report Expected (if known)</u> |
|------------|---------------------------------------|--|--|---|-------------------|-----------------------------------|
| | 08.09.09 Article 5 | Upon considering the Property Sales Investigation follow-up report by Henderson Loggie the Committee resolved to instruct each Director to report to their Service Committee in the next cycle on how many tied houses were still in existence, where they were located and with a statement explaining the justification for being tied houses, and requested the Finance and Resources Committee to take a corporate overview by producing a corporate register for reporting back to the Audit and Risk Committee thereafter. | submitted to the Finance and Resources Committee on 28 th January 2010 following each Director's report to their Service Committee. This report on the Corporate Register of Tied Houses will be reported to the Finance & Resources Committee and then to this committee. A report is on the agenda | Management and Operations | | |
| 5 | Audit and Risk 08.06.10 Article | <u>Walker Road Primary School Refurbishment</u> The Committee resolved:- (i) to request officers to send a letter, on behalf of the Committee, to the Health and Safety Executive urging them to redouble their efforts in relation to the investigation regarding the dumped asbestos and identify what could be done if it was discovered that any individual involved was still involved in asbestos removal; (ii) to request officers to submit a report to a future meeting on | Appropriate research is currently being undertaken. A report covering all of the issues will be submitted within 2 cycles. | Head of Asset Management and Operations | 23.11.10 | 25.1.11 |

| <u>No.</u> | <u>Minute Reference</u> | <u>Committee Decision</u> | <u>Update</u> | <u>Lead Officer(s)</u> | <u>Report Due</u> | <u>Report Expected (if known)</u> |
|------------|---|--|---|-------------------------------------|-------------------|-----------------------------------|
| | | <p>what could be done to influence future legislation on the regulation of asbestos registered companies, and that the report also address what level of liability an individual or organisation would have if they were found to be responsible for the dumped asbestos;</p> <p>(iii) to request officers to review the relevant processes and procedures in relation to the monitoring of contracts and report back on lessons learned with a view to making improvements for the future;</p> <p>(iv) to instruct officers to report back on the apparent misconception that the Council had to procure interactive white boards from a specific supplier which had lead to a delay in the completion of the contract.</p> | | | | |
| 6 | Housing and Environment 25.05.10 Article 15, resolution (iv) | <p><u>Refurbishment of Kepplehills Garages</u></p> <p>The Committee resolved:-</p> <p>(i) to approve recommendation (a);</p> <p>(ii) to instruct officers to report back at the next meeting providing more clarity on the</p> | <p>At its meeting on 8 June 2010, this Committee resolved:-</p> <p>(i) to instruct the Director of Housing and Environment, in consultation with the Monitoring Officer, to investigate (a) why the correct procedures had not been followed for this</p> | Director of Housing and Environment | 21.09.10 | 21.09.10 |

| <u>No.</u> | <u>Minute Reference</u> | <u>Committee Decision</u> | <u>Update</u> | <u>Lead Officer(s)</u> | <u>Report Due</u> | <u>Report Expected (if known)</u> |
|------------|-------------------------|--|---|------------------------|-------------------|-----------------------------------|
| | | <p>options set out within the report;</p> <p>(iii) to defer any decision to continue until a further investigation is conducted into cost of each garage in phase three and whether this is now best value for the Housing Revenue Account;</p> <p>(iv) to refer this matter to the Audit and Risk Committee in order for a full investigation to be undertaken; and</p> <p>(v) to request that the Chief Executive report to the Corporate Policy and Performance Committee, proposing a policy that would instruct officers to report back to a Committee with an explanation in the circumstance where a Committee decision has not been implemented within a set period of time.</p> | <p>project; (b) why the lead officer did not respond to the contract administrator on the layout of the site which included the size of the blockwork to be used; (c) whether any disciplinary action had been taken in respect of the lead officer; (d) when it was agreed that the lead officer could leave the Council, in regard to the approval of any voluntary severance package, and whether it was known at that point of the errors in relation to the project; (e) whether the Council would be entitled to reclaim any of the money that may have been paid to the lead officer on leaving the Council's employment as a result of the financial cost to the Council of errors in relation to the project; and (f) why the contract administrator did not follow up on the non response from the lead officer before the project had commenced; and</p> <p>(ii) to instruct the Director of Housing and Environment</p> | | | |

| <u>No.</u> | <u>Minute Reference</u> | <u>Committee Decision</u> | <u>Update</u> | <u>Lead Officer(s)</u> | <u>Report Due</u> | <u>Report Expected (if known)</u> |
|------------|--|---|---|--|-------------------|-----------------------------------|
| | | | to submit a comprehensive report on his findings to this Committee on 21 st September, 2010. A report is on the agenda | | | |
| 7 | Audit and Risk 08.06.10 Article 11, resolution (ii) | <u>HE/CA/0905 – Business Continuity Planning</u> The Committee resolved:- (ii) that in relation to Audit HE/CA/0905 (Business Continuity Planning) :- (a) to instruct all Services to test elements of their business continuity plans on an annual basis; and (b) to instruct officers to submit a report to this Committee on 21 st September, 2010, analysing the various security risks identified, particularly in relation to ICT and storage of personal data. | A report is on the agenda | Head of Customer Service and Performance | 21.09.10 | 21.09.10 |
| 8 | Finance and Resources 17.06.10 Article 34 resolution (ii) | <u>Tullos Swimming Pool – Internal Works</u> (ii) to request the Audit and Risk Committee to investigate the matter of the internal works on Tullos Swimming Pool, particularly the costs, delays and inadequate reasoning provided in this regard. | | Director of Education, Culture and Sport | 23.11.10 | |

ABERDEEN CITY COUNCIL

| | |
|--------------------|---|
| COMMITTEE | Corporate Policy & Performance 10/06/2010 |
| CORPORATE DIRECTOR | Stewart Carruth |
| TITLE OF REPORT | Shared Risk Assessment – Assurance and Improvement Plan |
| REPORT NUMBER: | CG/10/116 |

1. PURPOSE OF REPORT

The purpose of this report is to advise the Committee that the Local Area Network (scrutiny bodies with responsibility for undertaking a Shared Risk Assessment for Aberdeen City Council) has prepared an Assurance and Improvement Plan (AIP), which sets out the planned external scrutiny of Aberdeen City Council over the next 3 years. The report appends the AIP for the Committee's information.

2. RECOMMENDATION(S)

The Committee are asked to:

- (i) Note the overall positive evaluation of the Shared Risk Assessment and resulting Assurance and Improvement Plan;
- (ii) Note the planned focus and timings of external scrutiny for the next 3 years; and
- (iii) To refer the report to the Audit and Risk Committee for their interest.

3. FINANCIAL IMPLICATIONS

There are no direct financial implications arising directly from the report.

4. SERVICE & COMMUNITY IMPACT

External scrutiny is an important element of effective performance management which enhances the delivery of outcomes and services to the community.

5. OTHER IMPLICATIONS

Legal

External scrutiny will check the Council's compliance with its legislative requirements.

Resources

The burden of external scrutiny on local authorities was highlighted in the Crerar report and the Shared Risk Assessment has been developed to co-ordinate and reduce that burden. National measures will be in place to monitor whether this burden does reduce as expected. No additional resources are required to manage the scrutiny, which is a core responsibility of managers.

Other

External scrutiny always has a reputational impact on the Council.

There are no property, equipment or Health and Safety implications arising directly from this report.

6. REPORT

6.1 Background

6.1.1 The Corporate Policy and Performance Committee has lead responsibility in matters relating to Best Value Audit. The Committee, at its meeting in April 2010, considered a report which, advised on the establishment of a Local Area Network and this group's ongoing Shared Risk Assessment with regard to external scrutiny of the Council.

6.1.2 The Shared Risk Assessment has now been completed and the resulting Assurance and Improvement Plan:

- Details the level of risk which the scrutiny bodies believe exists across the range of this Council's services; and
- In the light of the level of risk, sets down the strategic and service level scrutiny activity which will be undertaken by these scrutiny bodies over the next 3 years.

6.1.3 This arrangement marks a fundamental shift away from scrutiny based on standard inspections undertaken on a cycle and towards a proportionate, risk based approach.

6.1.4 It is worth noting that whilst the AIP covers the next 3 years, its content will be reviewed annually by the Local Area Network. Perceived risks could change and this may alter the level and timings of scrutiny activity.

6.2 Overview of the Content of the Assurance and Improvement Plan

6.4.1 Overall the AIP acknowledges a positive direction of travel it states:

"Evidence now shows an improving leadership and performance picture and although the council still faces some important challenges, it is well aware of what these are and is managing the risks appropriately."

6.4.2 The Shared Risk Assessment evaluates risk in 3 categories:

- Outcomes Assessment
- Services Assessment
- Corporate Assessment

6.4.3 For the Outcomes Assessment, 10 distinct outcomes are reviewed with 8 judged as "No Significant Risks". For the remaining 2 outcomes (Lifelong Learning and Children and Young People) scrutiny work is planned for the first year of the AIP to review progress on educational attainment and to assess whether acknowledged improvements made in the leadership and management of services for children is resulting in improved outcomes for children.

6.4.4 For the Services Assessment, 8 service areas are reviewed with 5 judged as “No Significant Risks”. Scrutiny work is planned for education, some aspects of housing and some aspects of social work.

6.4.5 For the Corporate Assessment, 21 service areas are reviewed. None of these are assessed as being of significant risk. The single corporate assessment (BV2 Audit) is shown within the AIP for year 3 (2012/13).

7. AUTHORISED SIGNATURE

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9. BACKGROUND PAPERS

1. *Local Government Scrutiny – Draft Joint Code of Practice*

Shared Risk Assessment Assurance and Improvement Plan: 2010-13 Aberdeen City Council



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1. Introduction

The Assurance and Improvement Plan

1. This Assurance and Improvement Plan (AIP) is the product of a collaborative approach adopted by the following scrutiny bodies operating in Aberdeen City Council:
 - Audit Scotland
 - Care Commission
 - HM Inspectorate of Education
 - Scottish Housing Regulator
 - Social Work Inspection Agency
 - Henderson Loggie, local appointed auditors
 - NHS Quality Improvement Scotland.
2. The AIP sets out the planned scrutiny activity for Aberdeen City Council for the period April 2010-March 2013 based on our scrutiny risk assessment of the council. The scrutiny activity is proportionate to the assessed scrutiny risks.

Why have we prepared this AIP?

3. The overall objectives of this collaborative approach are to maximise the efficiency and effectiveness of scrutiny work and minimise the impact of scrutiny activity on the council. This will be achieved by:
 - Jointly identifying and monitoring key scrutiny risks through the sharing of intelligence and information.
 - Coordinating the timing and approach of our audit, inspection, regulation and improvement support activity.
 - Drawing on, and taking account of each other's work to avoid duplication of effort.
 - Building on each other's work to maximise its value.
4. The AIP draws on a number of sources of information, including:
 - the audit of Best Value and Community Planning in Aberdeen City Council
 - the annual audit report to the Controller of Audit and elected members for 2008/09
 - the council's own self-evaluation and supporting evidence
 - customer and user satisfaction data
 - reports and data from HMIE, SWIA, SHR and the Care Commission (including published inspection reports and other supporting evidence).

What do we mean by scrutiny risk?

5. All local government scrutiny bodies have agreed the definition of shared risk assessment as:

'A joint approach using key information about local government to plan scrutiny activity that is proportionate and based on risk'

6. In assessing risk we consider the scale or impact/seriousness of an issue and the likelihood of its occurrence. A serious issue, well managed by the council may not represent a high risk. We also identify areas of uncertainty where insufficient evidence is available to make a judgement, where the evidence is unclear or where the impact of any action taken by a council to address an area of concern is unclear.

7. Serious concerns identified through the shared risk assessment may include areas where the available evidence indicates that:

- Performance is poor, slipping or not improving.
- Service or outcome standards are unacceptable.
- Improvement is not on track to achieve a target.
- Locally agreed priorities do not reflect evident and pressing need.
- Insufficient account is being taken of inequality.
- Insufficient account is being taken of people whose circumstances make them vulnerable or who are at risk of avoidable harm.
- There are question marks about the sustainability of current performance or the achievement of improvements.
- Processes to support continuous improvement are not well established or are ineffective.

8. We recognise that risk levels will change as significant events occur and as councils take action to address identified risks. Scrutiny bodies, through local area network contacts, will maintain awareness of activity, including unit level inspection. As new information comes to light the Local Area Network (LAN) lead, in consultation with other LAN members will update the AIP as appropriate. LAN members will draw any significant matters to the attention of the LAN lead as they arise. The LAN lead will determine what action should be taken in terms of initiating contact with other LAN members.

9. The council is expected to initiate contact with the LAN lead where significant events occur that are likely to influence scrutiny activity. Councils are encouraged to maintain contact with LAN leads to discuss any concerns arising from the AIP or any joint scrutiny activity.

What does proportionate scrutiny mean?

10. When considering the appropriate level of scrutiny activity for each council we consider the following points to ensure that is proportionate:
- Is scrutiny activity the best driver for improvement?
 - If so, how can we tailor that activity to the areas where it will have the most impact?
 - How can we tailor that activity in terms of its frequency, intensity and scope?
 - What is the minimum level of scrutiny required to provide assurance to the public?
 - How can we work together to minimise the impact of the scrutiny activity on the council?

Baseline scrutiny activity

11. The focus of the AIP is strategic scrutiny activity, that is scrutiny activity which is focused at corporate or whole service level, but there will also be baseline scrutiny activity at unit level ongoing throughout the period of the AIP. This will include, for example, school and residential home inspections. Scrutiny bodies also reserve the right to make unannounced scrutiny visits. These will generally be made in relation to care services for vulnerable client groups. The annual audit of local government also comprises part of the baseline activity for all councils and this includes work necessary to complete the audit of housing benefit and council tax benefit arrangements. HMIE, through the District Inspector, will continue to support and challenge education services regularly and as appropriate.

Ongoing engagement between the LAN and the council

12. The LAN will be having ongoing engagement with the council throughout the year to ensure that it maintains an overview of performance and risks. This will enable the LAN to refine its scrutiny risk assessment when necessary and deliver proportionate and risk-based scrutiny responses.

Status of the AIP

13. The status of the AIP remains draft until the National Scrutiny Round Table and/or the Local Government Scrutiny Co-ordination Strategic Group has approved the AIPs for each council. The role of the national round table is to ensure that councils are treated equitably in terms of the assessment of risk and the proportionality of the scrutiny response. The national round table will also ensure that available scrutiny resources are appropriately targeted to areas of greatest risk.

Publication

14. Once agreed, the AIP is a public document and councils are expected to consider the AIP at an appropriate committee and/or at full council level. All 32 AIPs will be published on the Accounts Commission scrutiny web page. Our intention is also to publish the national scrutiny schedule scrutiny on the Accounts Commission scrutiny web page and on scrutiny bodies' websites.

2. Summary

Overall scrutiny risk assessment

Aberdeen City council has faced significant problems in the past in relation to its leadership, management and service performance, and has been subject to a high degree of scrutiny and inspection activity over recent years. Evidence now shows an improving leadership and performance picture and although the council still faces some important challenges, it is well aware of what these are and is managing the risks appropriately. As a result the targeted scrutiny activity set out in the AIP reflects this self awareness and ongoing management of the high risk areas.

15. The aim of the shared risk assessment process is to focus scrutiny activity where it is most needed and to determine the most proportionate scrutiny response over the next three years. The AIP gives an overview of the information that informed the risk assessment and shows how this links to the proposed scrutiny response.

Outcomes

16. The council is making good progress in delivering its local outcomes around prosperity and jobs, safety, transport and connections, climate change, regeneration and health. As a result we will not be undertaking any scrutiny activity in these areas.
17. Progress is less apparent in relation to lifelong learning, particularly around attainment levels, and also in relation to children and young people. Whilst improvements have been made in the leadership and management of services for children, at the time of the 2009 joint interim follow-through inspection it was too early to evaluate the impact of these on outcomes for vulnerable children. To assess progress in these areas HMIE will undertake follow through inspection activity of the education service in Year 1 of the AIP. HMIE will also undertake a joint child protection inspection in March 2011 as part of the ministerially directed second cycle of child protection inspections.

Services

18. The performance of the council's services is variable. There are some areas of good and or improving performance including housing management, environmental services, libraries, and enterprise, planning and infrastructure. There will be no scrutiny activity in these areas.
19. In education, attainment levels remain a concern and there are weaknesses in quality assurance. Within the housing services there is no up date information around gas safety and homelessness performance. Although the social work service shows progress following the critical SWIA inspection report, there remain significant challenges in the services provided to children and weaknesses in social work data quality. Our scrutiny activity will focus on these areas to provide assurance of continued improvement.

Corporate assessment

20. Following the very critical 2008 Best Value audit report, the council produced a Corporate Improvement Plan. This plan covers the management of financial resources and assets; efficient, effective and responsive services; managing people; communications; responding to external audit and inspection; and improving capacity, accountability and performance. This plan is subject to annual monitoring through the baseline annual audit process.
21. Our corporate assessment shows a mix of areas where there is good progress and some areas where further work is needed to provide assurance on the council's progress. For those areas of uncertainty, the majority are subject to ongoing monitoring through the baseline annual external audit.
22. A key strategic risk is financial sustainability. In year 2 of the plan we will ask the council to provide the LAN with a self-evaluation of their strategy for financial sustainability. The council remains involved in a major programme of change and improvement. Some focused Best Value work will be undertaken in year 3 in order to allow new arrangements to embed and evidence to become available on their impact on performance and outcomes. These areas include governance, elected member scrutiny and their leadership of and support for the council's improvement agenda, performance management, improvement and people management. As part of this work we will also ask the council to demonstrate how they ensure the competitiveness of their services.

National risk priorities

23. A number of core national risk priorities will be applied to all 32 councils. These are:

- The protection and welfare of vulnerable people including:
 - Children.
 - Adults in need of support and protection.
 - Older people.

These areas are covered in the council's defined outcomes and social work service area. We have identified a high scrutiny risk area in respect of children and young people and the related areas of social work services, social work service data quality, the balance of care, and learning disability services. Specific targeted scrutiny activity is proposed in these areas.

- Assuring public money is being used properly - Financial control is much improved since the first Best Value audit. The council has taken difficult decisions in implementing plans to address its financial challenges and adopted an improved budget process. The financial statements for 2008/09 showed better than expected outturn and efficiency savings are almost double national targets. However we have identified the council's financial strategy as an area of uncertainty as it considers financial re-alignment and service re-design. This area forms a key strand of the of

Henderson Loggie's baseline annual audit activity and in addition we will ask the council to provide us with a self-assessment of their financial strategy in year 2 of the plan of work;

- The impact of the greater financial pressure faced by councils associated the current economic climate - the impact of the recession means all councils face financial constraints. Aberdeen City Council faces significant budget reductions in real terms. The outlook for 2011/12 to 2014/15 indicates a 12.8 per cent budget reduction, the impact on the council equating to a £95.6 million reduction. However, given the significant financial issues faced by the council in recent years, it has had to respond to fiscal constraints prior to the impact of the recession being felt. The council has taken an outward looking, regional approach to managing the impact of the recession on the local economy, and internally it has taken difficult decisions in implementing plans to address its financial pressures. The council is committed to developing a 5-year costed business plan over the next nine months and has established a project team including external support. The LAN is confident that the council is doing all that could be reasonably expected in managing the effects of the recession and we have assessed this area as low scrutiny risk. However Henderson Loggie will assess this as part of the baseline annual audit process and will also form part of the focused Best Value work in year three of the AIP.

Summary of planned scrutiny activity

24. The planned activity for Aberdeen City Council as described throughout the text is detailed in Appendix 4. In summary this includes:

Specific work:

- Year 1 – Focused information gathering related to learning disability services, children's services, the balance of care, quality assurance and data quality.
- Year 1 – Follow through education inspection activity.
- Year 1 – Work to form a clearer picture of homeless performance and housing asset management.
- Year 2 – Evaluate the council's self-assessment of their financial strategy.
- Year 3 – Targeted Best Value corporate assessment work (including self-assessment of competitiveness).

On-going work:

- The Care Commission and HMIE will continue to undertake ongoing inspection work at establishment level.
- HMIE, SWIA and SHR will continue to monitor risk through the link inspector role.
- Henderson Loggie will continue to monitor finance, governance and accountability matters as part of the annual audit process.

- Ongoing monitoring of the risks identified within this report by the appropriate scrutiny body will inform future risk assessments and the levels of scrutiny activity.

National work:

- SHR - surveys of progress on Scottish Housing Quality Standards and 2012 homelessness targets will take place in the third quarter of 2010/11.
- SWIA - will undertake a pilot inspection of prison social services provision within Aberdeen prison in 2010.
- HMIE – Joint Child Protection Inspection (March 2011).
- Care Commission – inspection of fostering and adoption services (March 2011)

3. The council's context

25. Aberdeen City Council area has a declining population. Projections suggest that by 2024 the overall population will have fallen by 23 per cent compared with no overall change in the population of Scotland as a whole. The decline in the number of children and working age adults is predicted to be particularly marked, while the increase in the number of older people is likely to be less marked than for Scotland over the same period. These demographics present particular challenges for the council in building sustainable communities.
26. The working population in Aberdeen is relatively affluent with average weekly earnings well above Scottish average and claimant unemployment well below. In addition, Aberdeen has a lower than average percentage of people who are permanently sick or disabled. However, nine per cent of the city's population lives in the most deprived 15 per cent of Scottish data zones and the city experiences the second highest level of recorded crime in Scotland. This has implications for the council in tackling these local challenges in partnership with other public sector bodies.
27. The council has been subject to a significant amount of scrutiny work in recent years. HMIE published a report on the educational functions of the council in May 2007. The planned revisit to the council in 2009 was postponed due to the significant structural changes underway. However, a commitment was made to revisit the council and report on progress. In addition the SWIA published a performance inspection report in June 2008 and HMIE published a child protection inspection report in November 2008. Both reports were largely critical.
28. Audit Scotland's Best Value audit report of Aberdeen City Council in May 2008 described a council that faced extremely serious challenges and one that had much to do to create a culture consistent with delivering continuous improvement. The council's financial situation was precarious and while there were some areas that demonstrated good service performance, there were significant weaknesses in major services.
29. The Accounts Commission's public hearing confirmed the Best Value report and found that the council lacked a full appreciation of the seriousness of its situation. The Commission was concerned that leadership was not as effective as it should have been, organisational structures were not fit for purpose, scrutiny was ineffective and there was poor staff morale.
30. However, a number of significant changes have been made by the council over the last 18 months:
 - the appointment of a new chief executive in December 2008
 - the implementation of a new management structure and management team
 - the introduction of clearer lines of accountability
 - improved political decision-making processes

- effective engagement with an external support group to help build improvement capacity within the council
 - movement towards a more stable financial position.
31. In addition, a Best Value follow-up audit, an interim child protection report in June 2009, and a SWIA inspection in July 2009 found a positive direction of travel and strong evidence of the impact of the new corporate leadership. Both reports found the actions taken to date provided a solid foundation to support ongoing improvement, although both reports acknowledged that the full impact of the improvement activity has yet to be seen.
32. Since that time the council has continued in its improvement efforts, including strengthening its approach to corporate working, corporate planning and self-evaluation, as well as implementing further radical structural change.
33. Our overall risk assessment of Aberdeen City Council reflects these improvements, the council's strengthened self-awareness, and the long-term nature of its improvement plans.

Self-evaluation

34. The LAN has confidence in the council's high degree of self-awareness. In the last few years the council has undergone an intense amount of scrutiny, with the result that the members and new management team have a keen awareness of what needs to improve. The council has a comprehensive Corporate Improvement Plan in place and demonstrates a clear route map to better services and financial management.
35. The council's self-awareness coupled with the improvement plans they have in place means that we are assured that the council is managing its improvement agenda effectively. As a consequence the focus of our work will be on where there is greatest need for public assurance of improvement and where it can best support the council in improving its services. It is not clear to what extent the senior management team's self-awareness and commitment to improvement is reflected throughout the organisation, so in year 3 of the plan we intend to undertake some work to assess staff engagement and views, including the council's own feedback from staff, as part of some targeted Best Value corporate assessment work. However, this work will not be necessary should the council's own staff survey in the intervening period provide sufficient evidence.

4. Delivering outcomes for communities

Outcomes

Aberdeen City Council is making good progress in delivering its local outcomes of prosperity and jobs, safety, transport and connections, climate change, regeneration and health and social care. As a result we will not be undertaking any additional scrutiny activity in these areas but will monitor progress through the baseline annual audit. Progress is less apparent in relation to learning and services for children and these areas correspond to council service areas where we have identified we need to undertake some targeted scrutiny work.

Prosperity and jobs

36. The recession means all councils facing difficult challenges in terms of local prosperity and employment levels. However, the council and its partners can show that deprivation and unemployment are lower than the Scottish average, there are more jobs in the area and median gross weekly earnings are higher, with fewer people on benefits. In addition, Aberdeen City has much higher figures than average for businesses registering for VAT.
37. Aberdeen City Council is part of a regional partnership, Aberdeen City & Shire Economic Future (ACSEF) Board alongside Aberdeenshire Council, Scottish Enterprise, Skills Development Scotland, and Aberdeen and Grampian Chamber of Commerce. The board has developed an action plan to support businesses, economic development and growth in order to mitigate the effects of the recession on the region. We have assessed this area as low scrutiny risk as we do not have any concerns about the council's approach and progress in this area. We will not be undertaking any scrutiny activity.

Health and social care

38. The council and its partners face some difficult challenges in relation to addressing the underlying causes of health inequalities in the city but is generally making good progress across a range of fronts. Life expectancy and healthy life expectancy are above the Scottish average, breastfeeding rates are increasing, deaths from coronary heart disease (CHD) and all cancers in Aberdeen are reducing, delayed discharges have been reduced to zero, and the percentage of older people with intensive care needs receiving services at home has increased.
39. However, Aberdeen City performs less well than Grampian as a whole with a continuing strong correlation between areas of deprivation and early deaths from CHD and cancers. Admission to hospital for alcohol misuse is also higher than average, but even more pronounced for drugs misuse. Aberdeen City has the 4th highest rate for teenage pregnancies. The partnership is aware of these issues and is working to reduce these health inequalities so we assess this area as low scrutiny risk. We do not plan any further scrutiny activity.

Lifelong learning

40. Attainment is not improving and in many cases is declining. Schools have not achieved authority targets for 5 to 14 reading, writing and mathematics over the last three years and attainment in all measures are below comparator results. Over the last five years the rate of change in key measures in secondary attainment have been in the bottom 25 per cent in relation to comparator and national averages. The council has not met 2007/08 and 2008/09 targets for the percentage of young people achieving qualifications in English and mathematics. Although the number of looked after young people achieving at least SCQF level 3 English and mathematics in 2008/09 increased significantly but is still short of single outcome agreement (SOA) target.
41. The council has also not met its targets in relation to the number of adults receiving support with literacy and numeracy, and the number of adults involved in family and community based learning. We assess this area as high scrutiny risk and we plan to undertake a follow through inspection of education, focused on those areas for improvement, to assess progress.

Children and young people

42. The council received critical inspection reports from both SWIA and HMIE in 2007 and 2008. Although some progress has been seen since that time, some issues are still apparent. For instance, some children still experiencing a delay in being provided with suitable alternative care arrangements when it was no longer safe to remain at home. Social work staff are finding it difficult to maintain contact with children looked after further away from home and to support contact between children and their families.
43. The council is in the process of a significant redesign of social work services. Progress has been made in developing processes and systems, and managerial changes are in train. The council knows what needs to be done and has some plans in place but the risks to vulnerable children remains high. We have assessed this area as high scrutiny risk and HMIE intend to undertake a follow through inspection to identify progress in addressing the main points for action and areas where there has been continuous improvement.

Community safety

44. The council and its partners are making good progress in delivering their objectives around community safety. There has been a steady reduction in the number of incidences of vandalism, malicious damage or malicious mischief, the number of violent crimes and sexual crimes, the numbers of persistent young offenders, and recorded willful fire raising incidents. As a result we assess this area as low scrutiny risk and do not plan to undertake any scrutiny activity in this outcome area. However, it should be noted that Grampian Police and Joint Board will be subject to a Best Value audit in 2010, and this work is likely to assess the impact of partnership working in this area.

Homes

45. The council has consistently failed to meet its targets for the number of affordable houses developed in the area over recent years. Key challenges facing the council include the availability of affordable land, investment constraints around infrastructure and access to Affordable Housing Investment Fund. There have been significant changes since 2006 which have had an impact on the deliverability of the target. The Devanha programme for the city was originally 681 units, this is now likely to deliver 560 units with a considerable number of these falling out with the 2006/2011 timeframe. The Donside development was originally identified as 365 units but this has now been reduced to 209 which will not be delivered in the reporting period. However, the council's new build programme will help to offset some of these losses. The council are well aware of this issue and are taking all reasonable steps within its control. We assess this area as low scrutiny risk and plan no specific activity but will monitor progress against this outcome through the baseline annual audit.

Regeneration

46. The impact of regeneration work is typically not measureable in the short term. However, the council and its partners can demonstrate continued activity in this outcome area. HMIE inspections continue to produce positive assessments of community learning and development work by the council. The council has established a Housing New Build Project Board to progress the delivery of new council houses for the city and has been successful in attracting £1.95 million towards supporting the first phase of the new build programme. Via the Fairer Scotland Fund Board, new programmes of work have been agreed in relation to tackling poverty through improved financial inclusion services, employability and health services alongside continued support for community and neighbourhood based initiatives located in priority regeneration neighbourhoods. We assess this area as low scrutiny risk and do not plan to undertake any scrutiny activity in this area.

Transport and connections

47. Similar to Scottish averages, 61 per cent of all respondent to the Scottish Household Survey in Aberdeen city were satisfied with public transport. There are no specific concerns however, there are long-term strategic challenges in terms of the road network which might be impacted upon by the council's financial situation. This area is low scrutiny risk and progress will be monitored through the baseline annual audit.

Environment

48. The council and its partners are making good progress in relation to the environmental targets. The council is on target for reducing its carbon footprint, ecological footprint and improving the home energy rating of council stock. This is a low scrutiny risk area and we do not plan any scrutiny work in this area.

Services

The performance of the council's services is variable. There are some areas of good and or improving performance including housing management, environmental services, libraries, and enterprise, planning and infrastructure. In education, attainment levels remain a concern and there are weaknesses in quality assurance. Within the housing services there is no up date information around gas safety and homelessness performance. There remain significant challenges in the services provided to children and weaknesses in social work data quality. Our scrutiny activity will focus on these areas to provide assurance of continued improvement.

Housing and environment - housing

49. There is evidence of improvement in performance across a number of aspects of the council's housing service including housing repairs, the management of voids and the management of rent arrears. Other performance indicators remain around average.
50. However, some important gaps remain in local performance data, home safety and some aspects of homeless performance. The council did not meet its own target for the provision of temporary accommodation and the council still relies heavily on bed and breakfast accommodation. Although there are some indications of progress. In terms of progress towards the 2012 target the council exceeded its interim target of 82 per cent of households being assessed as in priority need, achieving 87 per cent. However, it is still failing to meet its statutory duty for provision of temporary accommodation the council has a greater awareness of its temporary accommodation needs. The planned homelessness re-inspection was previously deferred and so there is limited up to date intelligence on the service overall. At inspection in 2005 the gas safety service was found to be poor with no policies and some appliances not checked for four years. The council subsequently introduced policies on gas safety. We assess these areas as high scrutiny risk and plan to undertake some scrutiny activity around both the homelessness service and housing asset management.

Housing and environment - environment

51. There are no concerns with performance in this service. Residents' perception of littering is much better than average and satisfaction with street cleaning compares to Scottish average levels. Residents show satisfaction levels with parks and open spaces that are well above average. Performance is above average and improving in dealing with domestic noise complaints. Trading standards performance is around average with significant improvement from last year.
52. Eighty-four per cent of Aberdeen city residents are satisfied with the refuse collection service. The level of municipal waste recycled has increased by 5.6 per cent to 29 per cent in the last year, although still below the Scottish average. In 2010 the council will move to fortnightly collections of general refuse to increase household recycling rates. In addition, a new food waste collection service, designed to reduce the amount of biodegradable waste sent to landfill, was introduced in 2009. We assess this area as low scrutiny risk and will not be undertaking any scrutiny work.

Education, culture and sport - education

53. The weaknesses in the education service performance and our scrutiny response is described on page 14 under Lifelong Learning.

Education, culture and sport - culture and sport

54. Performance is mixed in this service. Libraries, museums and the arts performance is generally better than average with museum services well above average and having significantly improved. Satisfaction levels with libraries and with community centres are around Scottish average. However, satisfaction levels with sports and leisure facilities are lower than average and performance in this area is deteriorating. Overall we assess this as low scrutiny risk and do not plan any specific scrutiny work. However the LAN will continue to assess the council's performance reports throughout the period of this plan.

Social care and wellbeing

55. Although significant improvements in the leadership and direction the service are apparent and staff are generally positive about developments arising from improved leadership and direction, there remain some serious service performance challenges for the demand-led social care services. These include the balance of care, services for children and significant weaknesses in social work data quality.
56. The child protection report found that there has been a significant rise in child protection referrals and numbers of looked after children; staff workloads are increasing and staffing is still at a level that does not currently meet demands for service; out of hours service resources are insufficient to respond effectively to the needs of children requiring care and protection at nights or weekends; a joint assessment approach to assessing substance misusing pregnant women has yet to be developed; joint assessments of parenting capacity were not carried out routinely when there were concerns about parental alcohol or drug misuse, mental health or learning disability; the quality of child protection plans is variable; and there remain concerns about a lack of focus on older people's services and addressing the balance of care.
57. We assess these areas to be high scrutiny risk. HMIE will undertake a cycle 2 joint child protection inspection in March 2011 and SWIA will undertake some focused, mainly desk based, work including file reading and information gathering related to learning disability services, children's services, the balance of care, quality assurance and data quality to provide assurance that the council is improving its processes and outcomes in these areas. These two pieces of work offer the opportunity to share evidence and reduce the impact of the scrutiny activity on the council.

Enterprise, planning and infrastructure

58. Overall the service performs well and where some further improvement is required the council has plans in place to address this. The overall percentage of road network that should be considered for maintenance treatment, the level of traffic light and street light repairs completions, and pot hole repairs are high. Planning processing time is around average. There is effective partnership working in economic development, with good performance in key areas such as increasing jobs in the renewable energy sector and attracting inward migration. The council has been active in evaluating the needs of local businesses in relation to skills and export issues. We assess this area as low scrutiny risk and plan no scrutiny activity.

5. Corporate assessment

The council has made progress against its Corporate Improvement Plan that it developed following the Best Value audit in 2008 and follow up audit in 2009. This plan is subject to annual monitoring through the baseline annual audit process. However, we plan some targeted Best Value work in year 3 of this plan to assess the impact of the council's improvements

59. Historically, the council has faced significant problems in relation to its leadership, management and service performance, and has been subject to a high degree of scrutiny and inspection activity in the last few years. Since that time the council has continued in its improvement efforts, including strengthening its approach to corporate working, corporate planning and self-evaluation and although the council still faces some high risk issues, it is well aware of what these are and is managing the risks appropriately. The council has in place a Corporate Improvement Plan, covering the management of financial resources and assets; efficient, effective and responsive services; managing people; communications; responding to external audit and inspection; and improving capacity, accountability and performance. It also has a number of lower-level improvement plans that it is currently working to consolidate into a corporate transformation strategy.
60. Our assessment of the corporate criteria shows a mix of areas where there is good progress and some areas where we need to undertake some further work to provide assurance on the council's progress (Appendix 4). The council has made good progress in setting a clear direction and revising its strategic planning framework. The council can demonstrate progress against its community planning and community engagement goals. The council is strengthening its customer focus and its approach to equalities and sustainability is good. Financial control is much improved and the council reports efficiency savings of almost double the national target.
61. We have identified some areas of uncertain scrutiny risk where recent changes provide good foundations for improvement but will take time to become fully embedded within council activity. These include governance arrangements, specifically in relation to member scrutiny; performance management and improvement support; competitiveness of services; a strategic approach to financial re-alignment and service redesign; asset management; and workforce planning.
62. For these areas of uncertainty, the majority are subject to the baseline annual external audit monitoring of the council's Corporate Improvement Plan, however we plan some additional, more detailed work. In year two of the plan we will ask the council to provide the LAN with a self-evaluation of their strategic financial strategy. In year three we will undertake some focused Best Value work to assess the impact of the council's activity in relation to scrutiny, performance and improvement, and the strategic use of resources (financial and asset management, and workforce planning) in respect of their change agenda.
63. Although the council can demonstrate increasing maturity in its ability to make difficult and publicly controversial decisions, the council continues to face significant strategic challenges. The political

leadership of the council will need to work effectively with officers to address these. Elected members need to understand the magnitude of the changes required and be fully engaged in linking resources to the ambitions described in the council's change agenda. We identify political leadership to be of uncertain scrutiny risk and plan to include an assessment of the strength of that leadership within the focused Best Value activity planned for year three.

64. The council has a new corporate management team and is in the process of recruitment for the second and third tiers of management. Initial indications are positive in terms of managerial leadership, awareness of and plans to address the challenges faced by the council. It is too early to assess the extent to which this cultural change is reflected throughout the organisation. As a result we will examine this as part of the year three Best Value audit work.

Appendix 1 OUTCOMES ASSESSMENT

| Outcomes | Initial Risk Assessment | Evidence/Rationale | What we plan to do |
|--|---------------------------------------|--|---|
| <p>National and local outcomes Aberdeen City CPP has brought together the Community Plan and the Single Outcome Agreement (SOA) into one document, called the 'Community Plan update 2008 and Single Outcome Agreement 2008-11'</p> | | | |
| <p>PROSPERITY & JOBS</p> <p><i>Previously headed as deprivation, employment and economy:</i></p> <p>The 2009 Single Outcome Agreement sets the Local Outcomes to:-</p> <p>“Anchor the Oil and Gas Industry”</p> <p>“Diversify the economy”</p> <p>“Have high quality employment opportunities for citizens.”</p> <p>“Sufficient numbers of skilled people are available to meet the demands of the local economy.”</p> <p>The Council’s Interim Business Plan sets further Local Outcomes as follows:-</p> <p>“Support the creation of jobs.”</p> <p>“Support a skilled, flexible workforce.</p> <p>“Promote fairness in employment”</p> | <p>No significant concerns</p> | <ul style="list-style-type: none"> • Aberdeen City Council is part of a regional partnership, Aberdeen City & Shire Economic Future (ACSEF) Board alongside Aberdeenshire Council, Scottish Enterprise, Skills Development Scotland, and Aberdeen and Grampian Chamber of Commerce. The board has developed an action plan to support businesses, economic development and growth in order to mitigate the effects of the recession on the region. • Deprivation is lower than average, with 8.49% of the population living in the most deprived 15% of Scotland. • Unemployment is lower at 2.2%, compared to the Scottish average of 4.7%. • There are more jobs in the area (1.32 jobs per head of working age population compared to 0.84 for Scotland) median gross weekly earnings are 5.0% higher. Fewer people are on benefits. • Aberdeen city has much higher figures than average for businesses registering for VAT. In 2007, there were 58 new registrations per 10,000 adults, compared to the Scotland wide figure of 35 per 10,000 adults. • Whilst the City retains a tight labour market relative to other parts of the country, with steadily increasing average earnings and static levels of unemployment in 2008/09. It is anticipated that there will be increased unemployment in 2009/10 as a consequence of the global downturn in economic activity, with a recovery from 2011 onwards. | <p>No specific work.</p> <p>Update reports will be picked up through annual audit work.</p> |

| Outcomes | Initial Risk Assessment | Evidence/Rationale | What we plan to do |
|---|--|---|--|
| <p>HEALTH & SOCIAL CARE</p> <p><i>Previously headed 'Health'</i></p> <p>2009 Single Outcome Agreement sets the Local Outcomes to:-</p> <p>“Improve the overall health and wellbeing of the people of Aberdeen City through focusing on the factors that are harmful to health and wellbeing and in particular by supporting those most vulnerable.”</p> <p>“Narrow the gap across the City between those that are experiencing good health and those that are less healthy.”</p> <p>The Council’s Interim Business Plan sets further Local Outcomes as follows:-</p> <p>“Aberdeen citizens have the emotional and spiritual resilience to enjoy life.”</p> <p>“People are enabled individually, or in groups, to find the right solutions for their own care and support.”</p> <p>“All Aberdeen citizens have improved physical health, in particular those who are disadvantaged or vulnerable.”</p> | <p>No significant concerns</p> <p>The council and its partners face some difficult challenges in relation to addressing the underlying causes of health difficulties in the city but is generally making good progress across a range of fronts</p> | <ul style="list-style-type: none"> • Life expectancy and healthy life expectancy are above the Scottish average. • Breastfeeding rates are increasing. • Performance is better than or close to the Scottish average respectively for reductions in deaths from CHD and all cancers. • Improved relationships with health – significant improvements in planning. • There have been improvements in the services to those affected by substance misuse in the city, following a multi-agency inspection of substance misuse services in Grampian in 2007 and a follow-up in 2009. • Number of delayed discharges within the six week delayed discharge planning period reduced to zero and maintained. • Aberdeen rates remain ahead of required HEAT target in relation to number of emergency inpatient bed days per 100,000 population (aged 65+). • The proportion of people (aged 65 +) who are admitted as emergency inpatients 2 or more times in a single year per 100,000 are above the HEAT target, however there is a marginally improving trend. • The 20% reduction in suicide rates required by the HEAT measure has already been achieved with a decrease from 16.1 suicides per 100,000 population in 2002 to 12 suicides per 100,000 population in 2007. • Percentage of older people aged 65+ with intensive care needs receiving services at home increased from 27.4% to 29%, ahead of target. • Number of people waiting for NHS drug treatment in Aberdeen City has reduced from 767 in Q1 2007/08 to 79 Q2 2009/10. • Deaths per 100,000 population by alcohol related diseases is below SOA target. <p>However</p> <ul style="list-style-type: none"> • Aberdeen City performs less well than Grampian as a whole with a continuing strong correlation between areas of deprivation and early deaths from CHD and cancers. • Admission to hospital for alcohol misuse was higher than average, but even more pronounced for drugs misuse, with more than double the admissions to hospital. Aberdeen City has the 4th highest rate for teenage pregnancies. • • The rate of anti-depressant prescribing is still increasing against a target reduction trend | <p>Update reports will be picked up through annual audit work.</p> |

| Outcomes | Initial Risk Assessment | Evidence/Rationale | What we plan to do |
|--|------------------------------------|--|--|
| <p>LIFELONG LEARNING</p> <p><i>Previously headed education, skills and training 7. Making improvements to pupil attainment and promoting lifelong learning</i></p> <p>The 2009 SOA sets out the following Local Outcomes to:-</p> <p>“Sufficient numbers of skilled people are available to meet the demands of the local economy”</p> <p>“People of all ages take an active part in their own learning to achieve their full potential Learning and training is appropriate and accessible to learner’s needs”</p> <p>“There is a defined, strong intellectual capital base to support our key industries, growth companies, universities and research institutes.”</p> <p>The Council’s Interim Business Plan local outcomes are:-</p> <p>“Young people are engaged, involved and achieve to enhance their quality of life and that of their communities”</p> <p>“People of all ages take an active part in their own learning and achieve their full potential”</p> | <p>Significant concerns</p> | <ul style="list-style-type: none"> • 5-14 Attainment – Schools have not achieved authority targets for reading, writing and mathematics over last 3 years. • Attainment in all measures are below consortium results. • From 06/07 baseline there is no improvement in primary reading and mathematics. Writing has increased by 2%. At S2, 4% increase in reading to 67%, 5% increase in mathematics to 58%, 1% increase in writing to 51%. • Secondary Attainment SQA – Over the last five years the rate of change in key measures have been in the bottom 25% in relation to comparator and national averages. • 5+ level 4 awards by S4 – position 30th; • 5+ level 5 awards by S4 – position 27th significant downward trend; in S5/S6 results were generally below CA/NA in 2009. • SOA Attainment measures – Authority has not met 07/08 and 08/09 targets for percentage of young people achieving – • Eng and maths at level 3 in S4; Percentage achieving 5+ at level 5 in S4; Percentage achieving 5+ at level 5 in S5. No targets are set for S6. • Number of looked after young people gaining qualifications - The number of young people achieving at least SCQF level 3 English and maths in 08/09 increased significantly but is still short of SOA target. • As a percentage of those care leavers who are looked after at home gaining English and maths, they are well below the Scottish average. • The proportion of school leavers in positive and sustained destinations has remained steady at around 86% between 2006/07 and 2008/09, with around a third of school leavers entering higher education. • However, the council has not met its targets in relation to the number of adults receiving support with literacy and numeracy, and the number of adults involved in family and community based learning. • A number of important education improvement targets set by the council have not been met in 2008/09. • Attainment is not improving and in many cases is declining. • New Director appointed but management team currently being recruited. | <p>HMIE follow through inspection including some support work.</p> |

| Outcomes | Initial Risk Assessment | Evidence/Rationale | What we plan to do |
|---|------------------------------------|--|---|
| <p>CHILDREN & YOUNG PEOPLE</p> <p><i>Previously headed:</i></p> <p>1. Getting it right for every child / 4. Children – Healthy minds and bodies /</p> <p>The 2009 SOA sets out the following local outcomes:-</p> <p>“Children and young people enjoy the highest attainable standards of physical and mental health, with access to sustainable health care and safe and healthy lifestyles.”</p> <p>“All children, young people and their families have access to high quality services, and services provide timely, proportionate and appropriate responses that meet the needs of children and young people and GIRFEC requirements.”</p> | <p>Significant concerns</p> | <ul style="list-style-type: none"> • SWIA and HMIE inspection reports in 2007 and 2008. • Some children still experiencing a delay in being provided with suitable alternative care arrangements when it was no longer safe to remain at home. • Social work staff finding it difficult to maintain contact with children looked after further away from home and to support contact between children and their families. • Level of risk for determining when children should be looked after away from home was still too variable. • For a few newborn babies of substance misusing mothers, the initial child protection case conference was not held quickly enough to put plans in place before they were born. • The poor quality of delivery of services to children provided by social work, education, police, health and SCRA etc to young people and families at risk was highlighted in 2007 and 2008. The council is in the process of a significant redesign of social work services. Progress has been made in developing processes and systems. Managerial changes are in process. The council knows what needs to be done and has some plans in place but the risks to vulnerable children remains high and continued scrutiny work to monitor progress is required. • The council can demonstrate steady progress in improving the educational attainment of Looked After Children away from home. However, looked after children at home and care leavers – performance remains weak. | <p>SWIAs 3 monthly meeting with the Director of Social Work will continue.</p> <p>HMIE will undertake a Joint Child Protection Inspection and SWIA will also undertake scrutiny activity to consider the progress made on the issues identified.</p> <p>The timing of which will be defined by key dates in the council’s improvement plan.</p> |

| Outcomes | Initial Risk Assessment | Evidence/Rationale | What we plan to do |
|---|---------------------------------------|---|--------------------------|
| <p>The Council's Interim Business Plan sets further Local Outcomes as follows:-</p> <p>“Vulnerable Children are supported to achieve their full potential.”</p> <p>“People of all ages regularly participate in sporting and cultural activities, maximising the social, educational, health and economic benefits.”</p> | <p>No significant concerns</p> | <ul style="list-style-type: none"> • Proportion of new-born children exclusively breastfed at 6-8 weeks are above the required HEAT target. • Proportion of all 3-5 year old children registered with an NHS dentist has grown in Aberdeen City from 65.6% in March 2007 to 90.8% in June 2009 against a HEAT trajectory target of 72%. • Schools achieving Health Promoting Schools accreditation and implementation of the Schools Health Promotion and Nutrition Scotland Act 97% of schools achieved Health Promoting Status by the end of 2008/09. • Percentage of children undertaking active travel to school was 72.2% compared to 65.3% the previous year and was ahead of target. • % of pre-school education centres and nurseries that receive a positive inspection report 100% achieved in 2009 from HMIE. 95.7% from Care Commission. • % of ante pre-school and pre-school children in part time nursery provision 90.6% of pre-school children in part time nursery provision against a target of 98.4%. 84% of ante pre-school against a target of 74%. | |
| <p>COMMUNITY SAFETY</p> <p><i>Previously:</i> 2. Violence and disorder</p> <p>The 2009 Single Outcome Agreement sets the Local Outcomes to:-</p> <p>“Collectively reduce the impact of controlled drugs on community safety by increasing the number of recorded drugs offences, while reducing harm.”</p> | <p>No significant concerns</p> | <p>There has been a steady reductions in the number of incidences of :</p> <ul style="list-style-type: none"> • Vandalism, malicious damage or malicious mischief. Incidences reduced in 2008/09 to 4,280 compared to 4,823 the previous year and against a target of 5,005. • The number of violent crimes and sexual crimes. Incidences reduced in 2008/09 to 543 compared to 588 the previous year against a target of 484. • The numbers of persistent young offenders (Aberdeen Youth Justice Audit 2009 is available on request). Number of persistent young offenders reduced from 61 in 2006/07 to 50 in 2008/09 against a target of 49. • Recorded Wilful Fire Raising Incidents. Incidents reduced from 1,200 in 2007/08 to 822 in 2008/09 against a target of 1,119. | <p>No specific work.</p> |

| Outcomes | Initial Risk Assessment | Evidence/Rationale | What we plan to do |
|---|-------------------------|--|--------------------|
| <p>“Collectively reduce the impact of antisocial behaviour (including racist incidents).”</p> <p>“Collectively reduce the impact of serious and violent crime (including domestic abuse incidents).”</p> <p>The Council’s Interim Business Plan sets further Local Outcomes as follows:-</p> <p>“Adults, children and young people are protected from abuse, neglect and harm, living within a supportive family setting where possible.”</p> <p>“We will reduce the impact of substance misuse, crime and antisocial behaviour”</p> | | <ul style="list-style-type: none"> • The number of accidental dwelling house fires. • 64% of adult residents state they feel very safe or fairly safe when walking alone in the local neighbourhood after dark. • The rates of domestic abuse incidents per 100,000 population. Numbers increased to 577 in 2008/09 compared to 513 the previous year and against a target of 512. This reflects positive work to increase reporting. • There had been significant improvements in criminal justice social work services from the SWIA inspection made in 2007 and that in 2009. | |

| Outcomes | Initial Risk Assessment | Evidence/Rationale | What we plan to do |
|--|---------------------------------------|--|--|
| <p>HOMES</p> <p><i>3. Affordable housing</i></p> <p>The 2009 Single Outcome Agreement sets the Local Outcomes to:-</p> <p>“Aberdeen City residents have access to quality, affordable housing.”</p> <p>The Council’s Interim Business Plan sets further Local Outcomes as follows:-</p> <p>“Support a skilled, flexible workforce.” The number of affordable housing units constructed is one indicator for this outcome.</p> | <p>No significant concerns</p> | <ul style="list-style-type: none"> • The council has consistently failed to meet its targets for the number of affordable houses developed in the area over recent years. • Key challenges facing the RSL's and the enabling local authority include the availability of affordable land, investment constraints around infrastructure and access to Affordable Housing Investment Fund. • There have been significant changes since 2006 which have had an impact on the deliverability of this target. The Devanha programme for the City was originally 681 units over the period, this is now likely to deliver 560 with a considerable number of these falling out within the 2006 – 11 timeframe. The Donside development was originally identified as 365 units. This has now been reduced to 209 which will not be delivered in the reporting period. • The reduced Devanha programme, changes to the affordable housing policy, reduction in Section 75 Agreements have all had a negative impact in achieving the LHS target however the council's new build programme will help to offset some of these losses. | <p>National issue. No specific work.</p> |
| <p>REGENERATION</p> <p><i>Previously headed:</i></p> <p><i>5. Regeneration / 8. The continued development of Neighbourhood Planning to deliver quality of life improvements at the local level</i></p> <p>The 2009 Single Outcome Agreement sets the Local Outcomes to:-</p> <p>“Neighbourhood Planning delivers quality of life improvements at a local level</p> | <p>No significant concerns</p> | <ul style="list-style-type: none"> • HMIE inspections continue to produce positive assessments of Community Learning and Development work by the council. • However, the council and its partners acknowledge that local Neighbourhood Community Planning processes have not yet delivered the anticipated levels of community engagement and outcomes for local people. Changes to be introduced from April 2010 should address this but these are not yet finalised. • The council has established a Housing New Build Project Board to progress the delivery of new council houses for the city. The Council's re- submission to the Scottish Governments "Kickstart New Build Council House " programme has been successful in attracting £1.95M towards supporting the first phase of the new build programme. • Via the Fairer Scotland Fund Board, new programmes of work have been agreed in relation to tackling poverty through improved financial inclusion services, employability and health services | <p>Update reports will be picked up through annual audit work.</p> |

| Outcomes | Initial Risk Assessment | Evidence/Rationale | What we plan to do |
|---|-------------------------|---|--------------------|
| <p>particularly in our most disadvantaged communities.”</p> <p>“Aberdeen City residents have access to quality, affordable housing.”</p> <p>The Council’s Interim Business Plan sets further Local Outcomes as follows:-</p> <p>“Our communities will be strong and resilient”</p> <p>“We work closely with our partners, including local communities, to deliver a single set of outcomes for all the citizens of Aberdeen”</p> | | <p>alongside continued support for community and neighbourhood based initiatives located in priority regeneration neighbourhoods.</p> <ul style="list-style-type: none"> • The Fairer Scotland Fund Board agreed further grants towards projects in the regeneration priority communities alongside reviewing progress to date. Grants amounting to £168K were awarded to support applications for neighbourhood and community safety initiatives. | |

| Outcomes | Initial Risk Assessment | Evidence/Rationale | What we plan to do |
|---|---------------------------------------|---|---|
| <p>6. Transport and connections – improve sustainable travel options / 10. City Centre Re-development</p> | <p>No significant concerns</p> | <ul style="list-style-type: none"> • Similar to average, in the SHS, 61% of all respondents in Aberdeen City were satisfied with public transport while 17% were dissatisfied. • No specific concerns however, there are long-term strategic challenges in terms of the road network which might be impacted upon by the council's financial situation. | <p>No specific work.</p> |
| <p>9. Climate change</p> <p>NO14 – We reduce the local and global environmental impact of our consumption and production</p> <p>LO14A the impact of council activities on the environment is minimised, including a target of being carbon neutral overall by 2020 and a commitment that all new council developments will be carbon neutral.</p> <p>LO14B Minimise the environmental impact of transport on our community and the wider world.</p> | <p>No significant concerns</p> | <ul style="list-style-type: none"> • Progress is on target for reducing the carbon footprint, the ecological footprint and improving the home energy rating of council stock | <p>No specific work.</p> <p>Update reports will be picked up through annual audit work.</p> |

APPENDIX 2 SERVICE ASSESSMENT

| Service performance | | | |
|--|-------------------------|---|---|
| Housing and Environment - Housing | No significant concerns | <ul style="list-style-type: none"> • There is evidence of improvements in performance across a number of aspects of the council's housing service (housing repairs, management of voids, management of rent arrears, asset management targets not met, aspects of the homelessness service) and some new strategies are in place. • Improved performance in housing repairs, council house void properties and council house sales. • Performance is mixed with tenancy changes much better than average and rent arrears well below, with both improved significantly. Other performance indicators and housing costs remain around average. • Council's performance in rent arrears improving over last 2 years. Good performance in managing empty houses. | |
| | Significant concerns | <ul style="list-style-type: none"> • However, important gaps remain in local performance data, and some aspects of homeless performance and homes safety remain of concern. • The council is failing to meet strategic targets. There are significant issues in relation to homelessness, gas safety and the investment programme. Although there are some indications of progress, including a new appointment in homelessness. • Homelessness re-inspection was previously deferred. • At inspection in 2005 gas safety service was poor with no policies and some appliances not checked for 4 years. During the BV Follow up in 2009 info from the council was that performance had not improved. • The council did not meet its own target for provision of temporary accommodation - target was 274 by 2009, achieved 138. Council still relies heavily on Bed and Breakfast accommodation, although limited breaches of the unsuitable accommodation order. | <p>Targeted scrutiny work required in year 1.</p> <p>Focused activity to gain a better understanding of performance in homelessness and asset management.</p> |
| Housing and Environment - Environment | No significant concerns | <ul style="list-style-type: none"> • Residents' perception of littering much better than average. • Performance is above average with substantial improvement in domestic noise complaints from last year. • Trading standards performance is around average with significant improvement in trading standards from last year. • 84% of Aberdeen City residents said they were satisfied with refuse collection. | No specific work |

| Service performance | | | |
|--|-------------------------|---|--|
| | | <ul style="list-style-type: none"> The 2008/09 figure for municipal waste recycled was 23.4%, however, the most recently reported monthly figure (September 2009) shows an increase to 29% against a target of 27%. In Spring 2010 Aberdeen City Council will move to fortnightly collections of general refuse to increase household recycling rates A new food waste collection service, designed to reduce the amount of biodegradable waste sent to landfill, was introduced in 2009. A Waste Strategy is currently out for consultation 68% of Aberdeen City residents said they were satisfied with street cleaning. Aberdeen City is performing similar to the national average for street cleaning. 79% of residents in Aberdeen City who had used parks and open spaces were satisfied with parks and open spaces. Significantly more of all residents in Aberdeen City are satisfied with parks and open spaces compared to Scotland overall (68%). | |
| Education, Culture & Sport - Education | Significant concerns | <p>See also entry on page 3 above.</p> <ul style="list-style-type: none"> Overall education performance is too variable in Aberdeen. There are weaknesses in the quality assurance and improvement support arrangements in this service. Impact of restructuring in this service creates ongoing performance risks. New management team being recruited. | HMIe follow through inspection (approximately 1 week) followed by some support work. |
| Education, Culture & Sport – Culture & Sport | No significant concerns | <ul style="list-style-type: none"> Libraries, Museums & the Arts performance is generally better than average with museum services well above average having significantly improved. Similar to average, in the SHS, 30% of respondents in Aberdeen City who had used community centres were satisfied with community centres while 4% were dissatisfied. 52% of residents in Aberdeen City who had used libraries were satisfied which is comparable to Scotland overall (55%). The council has invested in a number of new facilities such as Aberdeen Sports Village and Transition Extreme. | No specific work |

| Service performance | | | |
|------------------------------------|--------------------------------|--|---|
| | | <ul style="list-style-type: none"> Significantly less of all respondents in Aberdeen City are satisfied with sports and leisure facilities compared to Scotland overall (50%), while significantly more of all respondents in Aberdeen City are dissatisfied with sports and leisure facilities compared to Scotland overall (8%). Sport & Recreation overall performance is significantly below average and has deteriorated from last year. | Update reports will be picked up through annual audit work. |
| Social Care & Wellbeing | No significant concerns | <p>See also entry on page 4 above.</p> <ul style="list-style-type: none"> Significant improvements in the leadership and direction of Aberdeen City Council led by the new chief executive and interim director of Social Work and continued by the new director of Social Care and Health. Social work staff generally positive and encouraged by developments arising from improved leadership and direction. Staff being supported better by their managers. There had been significant improvement in criminal justice social work - better management capacity, a clear focus on quality assurance and performance management. The Care Commission have determined that overall ACC individual services are performing at a good level. Areas for improvement are being addressed with the service and the council. | |

| Service performance | | | |
|---|--------------------------------|---|--|
| | Significant concerns | <ul style="list-style-type: none"> • Whilst good progress is being made, significant challenges still remain - balance of care, services for children, progress with redesign of LD services, ICT and significant weaknesses in social work data quality, and the overall sustainability of improvements may be compromised by the significant restructuring of social work services. • Significant rise in child protection referrals and numbers of looked after children. Staff workloads increasing, fieldwork teams particularly and staffing still at a level which does not currently meet demands for service. • Resources social work out of hours service insufficient to respond effectively to the needs of children requiring care and protection at nights or weekends. • A Joint assessment approach to assessing substance misusing pregnant women had yet to be developed. Joint assessments of parenting capacity were not carried out routinely when there were concerns about parental alcohol or drug misuse, mental health or learning disability. Quality of child protection plans variable. • There remains no written commissioning strategy in children's services although significant work has begun on one for adult services • Concerns of lack of focus on older people's services and issues about addressing the balance of care. • Learning disability services need redesign, but it is not evident how this is going to take place. | <p>SWIAs 3 monthly meeting with the Director of Social Work will continue.</p> <p>HMIe will undertake a joint child protection inspection and the Care Commission will undertake an inspection of fostering and adoption services.</p> <p>SWIA will also undertake scrutiny activity to consider the progress made on the issues identified, the timing of which will be defined by key dates in the council's improvement plan.</p> |
| Enterprise, Planning & Infrastructure Services | No significant concerns | <ul style="list-style-type: none"> • The overall percentage of road network that should be considered for maintenance treatment at 24.6% at March 2009 ranked 5th among Scottish councils. • The percentage of all traffic light repairs completed within 48 hours at 96.8% for 2008-09, ranked 15th among Scottish councils. • The percentage of all street light repairs completed within 7 days at 86.3% for 2008-09, ranked 26th among Scottish councils. • The proportion of street lighting columns that are over 30 years old at 27.2% for 2008-09, we were ranked 13th among Scottish councils. This compares with 28.7% in 2007/08 and 38.6% in 2006/07. | No specific work |

| Service performance | | | |
|-----------------------------|--|---|--|
| | | <ul style="list-style-type: none"> • Pothole repairs completed in target year to date figures show 86.3% Category 1 repairs completed in timescales and 92.5% of Category 2 repairs. • There is effective partnership working in economic development, with good performance in key areas such as increasing jobs in the renewable energy sector and attracting inward migration. • The council has been active in evaluating the needs of local businesses in relation to skills and export issues. • Planning processing time around average. • Overall the service performs well, but with some areas where further improvement is required. The council is aware and has plans in place. | |
| Corporate Governance | | See Corporate Assessment below | |

APPENDIX 3 CORPORATE ASSESSMENT

| Outcome | Initial Risk Assessment | Evidence/Rationale | What we plan to do |
|--|--------------------------------|---|--|
| Vision and strategic direction | No significant concerns | <ul style="list-style-type: none"> • The council has a clear strategic direction as set out in its SOA and corporate improvement plan. These now need to be integrated into a single corporate plan which reflects its current programme of change and transformation (including financial stabilisation). | No specific work |
| Leadership and culture | Area of uncertainty | <ul style="list-style-type: none"> • The council has taken action to improve and develop the leadership, capacity and culture of the organization and the all-party leadership board has helped to drive forward improvement in the council. However, the impact of significant changes at senior management level are not yet clear at this time and second tier management recruitment in process. | <p>Focused Best Value work.</p> <p>Update reports will be picked up through annual audit work and monitoring of BV improvement plan.</p> |
| Planning and resource alignment | No significant concerns | <ul style="list-style-type: none"> • The council has made good progress in reviewing its strategic planning framework and is in the early stages of implementing a revised planning process. | Update reports will be picked up through annual audit work and |

| Outcome | Initial Risk Assessment | Evidence/Rationale | What we plan to do |
|---|--------------------------------|--|---|
| | | | monitoring of BV improvement plan. |
| Partnership working and community leadership | No significant concerns | <ul style="list-style-type: none"> The council can demonstrate good progress against its community planning goals and is actively seeking to improve local community planning with its partners. Challenge forums had a fit for purpose review in January 2009. | No specific work |
| Community engagement | No significant concerns | <ul style="list-style-type: none"> Historical neighbourhood structure and close links to communities may be affected by structural changes. Changes to be introduced from April 2010 should address this but these are not yet finalised. Positive engagement in adult support and protection. | No specific work |
| Governance and accountability | Area of uncertainty | <ul style="list-style-type: none"> The council has implemented a new management structure to improve clarity and accountability and is in the process of improving its governance arrangements to address previous weaknesses in scrutiny and challenge. Improvement of scrutiny was an Accounts Commission finding and key recommendation. Opposition chaired scrutiny panel in place since 2008 but not yet clear to what extent scrutiny influences performance and improvement. The council is in early discussions with its partners on the development of a Total Place approach | <p>Focused BV work.</p> <p>Ongoing annual audit work.</p> <p>Quality of scrutiny will be assessed through service-based scrutiny work</p> |
| Public Performance reporting | No significant concerns | <ul style="list-style-type: none"> The council has the basic building blocks of public performance reporting in place. | No work |
| Improvement | Area of uncertainty | <ul style="list-style-type: none"> The council has put in place wide-ranging and significant new arrangements to support improvement. These provide a solid foundation for moving forward but the council needs to ensure that the improvement agenda is owned throughout the organisation. | Focused BV work. |
| Performance management | Area of uncertainty | <ul style="list-style-type: none"> The council is making steady progress in implementing a corporate performance management process across all services, but still has work to do to introduce an effective performance culture throughout the organisation. | <p>Focused BV work</p> <p>The quality of reports</p> |

| Outcome | Initial Risk Assessment | Evidence/Rationale | What we plan to do |
|--|--------------------------------|--|--|
| | | <ul style="list-style-type: none"> Significant weaknesses in social work data quality covered in service table above. | and performance information provided to members will be assessed through the targeted service scrutiny work and annual audit work. |
| Customer focus and responsiveness | No significant concerns | <ul style="list-style-type: none"> The council has developed an ambitious vision for customer care, has invested in consulting its citizens and is using this information to improve access to services. It is also strengthening customer care skills among staff. | No specific work |
| Efficiency | No significant concerns | <ul style="list-style-type: none"> The council reports achieving almost double the national target for efficiencies in 2008/09 but needs to improve its processes for classifying, calculating and monitoring the efficiencies it achieves. | No specific work. Will be covered in annual audit. |
| Competiveness | Area of uncertainty | <ul style="list-style-type: none"> The council had made limited progress in testing the competitiveness of its services but this is recognized and the direction of travel is now positive with the council building capacity and understanding. | Year 2/3 request report from council on progress |
| Risk management | No significant concerns | <ul style="list-style-type: none"> The council has a Risk Management Strategy and is making progress across the council. Education, Culture & Sport plans to be finalised in February and Social Care & Wellbeing in March. | Annual audit will cover 2009/10 risk management action plan. |
| Financial control | No significant concerns | <ul style="list-style-type: none"> The council has taken difficult decisions in implementing plans to address the financial challenges and adopted an improved budget process. Unqualified accounts in 2008/09 and budget on track in year. Has transferred capital funds but now an improving picture of financial health. | No specific work. Ongoing annual audit. |
| Financial strategy | No significant concerns | <ul style="list-style-type: none"> Issues of financial re-alignment and service re-design. Commitment to zero-based budgeting as yet unproven. | Year 2/3 – focused work around strategic financial management Ongoing annual audit will monitor |
| Asset | Area of | | |

| Outcome | Initial Risk Assessment | Evidence/Rationale | What we plan to do |
|-----------------|-------------------------|---|--|
| management | uncertainty | <ul style="list-style-type: none"> The council is improving its approach to Asset Management but progress with moving forward some improvement actions has been delayed by management restructuring. Asset management key to service re-design. Initial discussions taking place around school estate – significant numbers have low pupil numbers in relation to capacity. | Ongoing annual audit will monitor |
| Managing people | Area of uncertainty | <ul style="list-style-type: none"> The council is making progress in establishing a strategic approach to workforce planning and developing capacity. However, major structural change will impact on staff morale and engagement. | Some focused BV work linked to other elements described above including leadership and culture. Use of any council staff survey work |
| Procurement | No significant concerns | <ul style="list-style-type: none"> The council is improving its procurement arrangements, including joint arrangements with a neighbouring council and more effective use of e-procurement. | No specific work. |
| ICT | No significant concerns | <ul style="list-style-type: none"> The council is making progress in using ICT to improve the accessibility of its services and deliver efficiency savings. (Weaknesses in social work picked up in service scrutiny work). | No specific work. |
| Equalities | No significant concerns | <ul style="list-style-type: none"> The council is able to demonstrate a significant improvement in the number of women at senior manager or director level. An increase in ethnic minority applications for employment, attending for interview and also achieving employment at a senior and management level. The Equalities Action Network (EAN), the equality challenge forum for community planning in the city tasked to drive forward the equalities agenda goes beyond the minimum of statutory equality duties and promotes best practice in equality work, extending beyond race, disability and gender to include all equality strands. Members of the LGBT community are represented at the very highest levels of local government through representation across all parties. Community of interest groups are better informed and more able to participate through the support provided by a Development Officer, secretarial support and capacity building/training. Best practice "Equalities Made Simple" guidance which has been produced for front | No specific work. |

| Outcome | Initial Risk Assessment | Evidence/Rationale | What we plan to do |
|-----------------------|--------------------------------|---|--------------------|
| | | <p>line staff.</p> <ul style="list-style-type: none"> • Successful partnership working with neighbouring councils, the police and the NHS and the voluntary sector to better provide for the needs of Gypsies/Travellers in the Grampian area. • Equality Impact Assessment on all budgetary savings proposals are carried out and presented as part of the Budget process. • Corporate Equality and Human Rights Impact Assessments tool is used to assess impact for all six equality strands. | |
| Sustainability | No significant concerns | <p>See also environment outcome above.</p> <ul style="list-style-type: none"> • The council has made good progress in achieving its environmental aims, including significantly reducing carbon emissions. However, it faces significant challenges in securing sustainable approaches to waste management. • Social and economic outcome progress also covered in outcomes table above. | No specific work. |

APPENDIX 4 OUTLINE SUMMARY OF SCRUTINY ACTIVITY

The AIP is a three year rolling programme.

| 2010-11 (Year 1) | | | | | | | | | | | | |
|--|--|-----|------------------|------|-----|------------------------|-----|-----|-----|-----|-----|-----|
| Scrutiny activity | Apr | May | June | July | Aug | Sept | Oct | Nov | Dec | Jan | Feb | Mar |
| SWIA – Prison social work services inspection | | | | | | | | | | | | |
| HMICS/Audit Scotland – Grampian Police BV Audit | | | | | | | | | | | | |
| HMIE – education follow through work | | | Scoping activity | | | Evaluation of progress | | | | | | |
| SWIA - social work focused scrutiny activity including file reading and information gathering related to learning disability services, children's services, the balance of care, quality assurance and data quality. | | | | | | | | | | | | |
| SHR – Focused homeless and asset management work (including gas safety follow-up assurance work) | | | | | | | | | | | | |
| Care Commission – Adoption and Fostering Inspection | | | | | | | | | | | | |
| HMIE – Joint Child Protection Inspection (Cycle 2) | | | | | | | | | | | | |
| Corporate Improvement Plan: subject to annual external audit (Henderson Loggie) | Regular monitoring throughout the year | | | | | | | | | | | |

| 2011-12 (Year 2) | |
|---|---|
| Issues for scrutiny /improvement | Scrutiny bodies /council potential involvement |
| Shared Risk Assessment/revised Assurance and Improvement Plan | Local Area Network (LAN) |
| Financial Strategy | LAN (scrutiny and /or supported self-evaluation), Aberdeen City Council (self-evaluation) |
| Corporate Improvement Plan: subject to annual external audit | Regular monitoring throughout year – appointed external auditor |

| 2012-13 (Year 3) | |
|--|---|
| Issues for scrutiny /improvement | Scrutiny bodies /council potential involvement |
| Shared Risk Assessment / revised Assurance and Improvement Plan | Local Area Network (LAN) |
| Audit Scotland Best Value 2 – targeted corporate assessment work around the council’s change agenda – including leadership, culture, governance arrangements, scrutiny, performance management and improvement, and the strategic use of resources (financial, people and assets). | Audit Scotland/Henderson Loggie |
| Competitiveness | LAN (scrutiny and /or supported self-evaluation), Aberdeen City Council (self-evaluation) |
| Corporate Improvement Plan: subject to annual external audit | Regular monitoring throughout year - appointed external auditor |

ABERDEEN CITY COUNCIL

| | |
|-----------------|--|
| COMMITTEE | Audit and Risk |
| DATE | 21 st September 2010 |
| DIRECTOR | Pete Leonard |
| TITLE OF REPORT | Business Continuity Planning – ICT Security and Plan Testing |
| REPORT NUMBER: | H&E/10/137 |

1. PURPOSE OF REPORT

At the committee meeting of 8th June 2010 a report was requested on ICT security risks identified in Business Continuity arrangements, particularly in relation to the storage of personal data.

There was also a decision taken that all Services should be required to test elements of their business continuity plans on an annual basis.

2. RECOMMENDATION(S)

That the committee note the report.

3. FINANCIAL IMPLICATIONS

There are no financial implication arising from this report.

4. OTHER IMPLICATIONS

There are no other implications arising from this report.

5. BACKGROUND/MAIN ISSUES

ICT Security issues relating to use of portable systems as part of Business Continuity arrangements.

At the request of Aberdeen City council, an Information Security audit has been undertaken in response to some concerns regarding access to Council data. The review sought to provide an opinion around the security of sensitive personal data that resides within the Council, and how access to the data is managed. This is the subject of a separate report to the Audit & Risk Committee.

As is the case with Health and Safety, it is deemed appropriate to utilise existing policies when developing Business Continuity or wider Emergency arrangements.

To this end, the Council Business Continuity Policy and Procedures document requires all Business Continuity planning arrangements to be developed within the existing ICT security policy.

The report found that there was a need to put controls in place to prevent the use of unencrypted USB storage devices across the Council estate. To this end, all newly issued laptop hard drives will be fully encrypted and a rolling programme to encrypt existing laptop hard drives and USB devices will commence in early October 2010. This will also cover encryption of other removable media including CDs/DVDs.

Instruction to Services to Test Elements of their Business Continuity Plans on an annual basis

The City Council Business Continuity Policy and Procedures plan has recently been updated together with the workbooks and templates for use by Services in developing their plans.

In addition, and to ensure Services review and test their plans on at least an annual basis, the plan monitoring process has been enhanced.

The Emergency Planning Unit maintains a list of the agreed Critical Functions of the Council and related Business Continuity Plans. This list includes the plan review date and the number of days until next review.

The unit has developed a testing schedule which requires Services to carry out 4 tests within 12 months of the production of all critical function plans and annually thereafter. Services must sign off on completion of these tests:

Test 1:

- to verify that the SIMT (Service Incident Management Team) members and those on the distribution list hold the current plan
- to confirm that the staff contact details are correct.
- to confirm, through an in and out of hours call out, that sufficient members of the SIMT would be available to manage an incident.

Test 2:

- to walk through the plan with the Service Incident Management Team

Test 3:

- to ensure that alternative working arrangements are viable and the resources needed to support them are in place.

Test 4:

- to ensure that data back-up and recovery processes are in place and to ensure that critical data can be accessed and/or retrieved when needed.

The Emergency Planning Unit will be responsible for agreeing the dates of these tests with Services and for ensuring that the tests have been carried out. Services will be reminded when tests are due and will be expected to return a signed confirmation sheet upon test completion.

The Emergency Planning Unit will assist Services in organising and carrying out tests where necessary.

6. IMPACT

Corporate – The impact of the arrangements detailed in the report will assist the Council in delivering the critical elements of its service delivery even during times of emergency.

7. BACKGROUND PAPERS

None

9. REPORT AUTHOR DETAILS

David McIntosh, Emergency Planning Strategist,
david@grampianepu.co.uk 01224 633030

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ABERDEEN CITY COUNCIL

| | |
|-----------------|--|
| COMMITTEE | Audit and Risk Committee |
| DATE | 21 September 2010 |
| DIRECTOR | Stewart Carruth |
| TITLE OF REPORT | Internal Audit – Progress v 2009/10 Internal Audit Annual Plan |
| REPORT NUMBER: | CG/10/163 |

1. PURPOSE OF REPORT

To appraise members of the progress of work to complete the approved 2009/10 Internal Audit Annual Plan.

2. RECOMMENDATION(S)

Members are asked to consider this report and note the progress made.

3. FINANCIAL IMPLICATIONS

There are no financial implications other than those associated with the implementation of the recommendations which will be undertaken and financed by the Services.

4. OTHER IMPLICATIONS

This report does not have any direct links with the following: legal, resource, personnel, property, equipment, sustainability and environmental, health and safety and/or policy implications and other risks.

5. BACKGROUND/MAIN ISSUES

The Annual Audit Plan 2009/10 was approved by Committee in June 2009. At the time, the Internal Audit Section was under strength and this has remained the case throughout the year. As a result, Internal Audit has been assisted towards completion of the 2009/10 Annual Plan through the services of an external service provider, who has completed six audit assignments, and an Investigation Manager, previously employed as a Senior Auditor, who has undertaken 2 assignments.

In summary, the status of the 2009/10 shows:-

36 assignments were identified in the Annual Plan;

23 of these have been completed as planned (or will have been when the Committee meets). For 3 of these assignments the review work has been undertaken by an alternative resource;
2 are in progress;
4 have been delayed due to changed circumstances;
4 have been carried forward to the 2010/11 Plan;
3 were withdrawn from the Plan with the agreement of Heads of Service, negating either the possibility or desirability of carrying out the audits.

The Appendix attached shows the status of the 2009/10 Annual Plan.

6. IMPACT

Corporate – Internal Audit supports the Local Outcome, set in both the Single Outcome Agreement and the Interim Business Plan, that “Our public services are high quality, continually improving, efficient and responsive to local people’s needs.”

Public – None.

7. BACKGROUND PAPERS

None.

9. REPORT AUTHOR DETAILS

Ian Anderson
Senior Auditor
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01224 346435

| Aberdeen City Council | | | | | | |
|---|----------|-----------|----------|--|--|--|
| Internal Audit Annual Plan 2009/10 as at 21/07/10 | | | | | | |
| New audits per 2009/10 Annual Plan - breakdown by resource: | | | | | | |
| Service | Topic | Plan Days | Status | Comments | | |
| 1 - Audits to be performed by Internal Audit Section | | | | | | |
| CG | Review | 40 | Complete | Final report issued 21/04/10 | | |
| CG-SDD | Review | 30 | Complete | Final report issued 06/02/10 | | |
| CG-CC | Computer | 25 | Complete | Final report issued 15/12/09 | | |
| CG | Review | 30 | Complete | Final report issued 03/12/09 | | |
| CG-CRM | Systems | 20 | Complete | Final report issued 11/01/10 | | |
| CG-HR | Review | 30 | Complete | Final report issued 27/03/10 | | |
| CG-PMQA | Review | 30 | Complete | Final report issued 13/01/10 | | |
| CG | Review | 60 | Complete | Final report issued 17/06/10 | | |
| CG-CC | Review | 30 | Complete | Final report issued 19/04/10 | | |
| CG-CC | Systems | 30 | Complete | Final report issued 17/06/10 | | |
| CG-CC | Systems | 40 | Complete | Final report issued 10/05/10 | | |
| CG-CC | Systems | 20 | Complete | Final report issued 10/05/10 | | |
| HE | Systems | 25 | Complete | Final report issued 25/11/09 | | |
| CG-SDD | Review | - | Complete | Service pursuing different options for Data Centre and specialist external resource engaged on procurement | | |
| SCW | Review | - | Complete | Review undertaken by specialist external resource | | |
| EPI | Review | - | Complete | Review undertaken by specialist external resource | | |
| CG-CC | Review | 40 | Active | Fieldwork started 21/06/10 | | |
| CG | Review | 25 | Active | Including AECC | | |
| CG | Review | 30 | Delayed | Delayed until revised Governance structure embedded | | |
| EPI | Review | 20 | Delayed | Delayed due to implementation of new planning arrangements | | |
| CG-CC | Review | 30 | Defer | Defer until after 30/06/10 due to timing of implementation | | |
| CG-SDD | Review | 40 | Defer | Included in 2010/11 plan | | |
| CG-CC | Review | 30 | Defer | Included in 2010/11 plan | | |
| EPI | Review | 20 | Defer | Included in 2010/11 plan | | |

ABERDEEN CITY COUNCIL

| | |
|------------------------|-------------------------------------|
| COMMITTEE | Audit and Risk |
| DATE | 21 September 2010 |
| REPORT BY: | Head of Finance |
| TITLE OF REPORT | Bank Reconciliation Progress Report |
| REPORT NUMBER: | CG/10/170 |

1. **PURPOSE OF REPORT**

- 1.1 To update Committee, as instructed, on progress to date in relation to the Bank Reconciliation process and the implementation of an automatic Bank Reconciliation process.

2. **RECOMMENDATION(S)**

- 2.1 It is recommended that the Committee:
a) note the current progress on maintaining the bank reconciliations.

3. **FINANCIAL IMPLICATIONS**

- 3.1 The costs of the bank reconciliations team are met from existing budgets in 2010/11, and while the staffing level is enhanced through the use of an employee on a temporary contract the overall costs will be managed within the total sum available for Finance.

4. **SERVICE & COMMUNITY IMPACT**

- 4.1 The impact on Services is that there has been a redesign of new business processes and the implementation of the e-returns (cash receipting) system across the Council (excluding Sport Aberdeen facilities) has meant a standardisation of the way in which Services process their income.
- 4.2 The ICT and Revenues resources, from within Corporate Governance, that have been in place to support this project remain in place in order to continue the development of the system and associated processes.

5. **OTHER IMPLICATIONS**

- 5.1 The bank reconciliation is a key control and as such it is important to maintain the 'up to date' position reached in order to ensure that transactions are properly and appropriately recorded and accounted for on a timely basis.

- 5.2 The focus is now on maintaining the various reconciliations using the technology in place and improving the reporting arrangements.
- 5.3 In line with the approach that Finance is now adopting to service delivery the team has been included in a move to Balgownie 1 where all the Service accounting and finance staff are now located.

6. **REPORT**

Background

- 6.1 Following a turbulent period for staff in the bank reconciliations team, the data was brought up to date for inclusion within the Council accounts for 2008/09 and since then have been maintained through manual and automated processes.
- 6.2 During the latter part of 2009/10 a project manager was taken on to manage the implementation of the automated bank reconciliation module with costs being met from the Corporate Revenue Investment Fund.
- 6.3 Following a successful pilot project that focused on one bank account the roll-out to all bank accounts commenced in October 2009 and the most complex account – the Council's General Account – went live in February 2010.

Progress

- 6.4 This report follows on from the update provided to the Audit and Risk Committee at its meeting of 8 June 2010.
- 6.5 Since then there continues to be good progress in relation to the bank reconciliation, with continuing timely and robust clearance of items from the reconciliation.
- 6.6 The daily tasks in relation to the maintenance of the automated bank reconciliation module continue to be processed by the staff in the team and there is also a manual reconciliation of the income from sports centres across the Council.
- 6.7 There have been a number of staff changes in the time since the last report, and it is pleasing to report that there is full support being provided from other areas of Finance in a bid to ensure that the right skills mix is maintained in the team for the work to be completed.
- 6.8 During the first quarter of 2010/11 internal audit undertook a review of the bank reconciliation process, and provided positive feedback in relation to some of the smaller accounts that the Council holds. The internal audit report itself is featured later on this agenda.

- 6.9 As part of the year-end audit External Audit will form a judgement on the position with the bank reconciliations and incorporate appropriate comments into their future reports. It is noted that the External Auditors will be undertaking specific work in relation to the General bank account, as this had not formed part of the internal audit.
- 6.10 The next steps are to continue the daily routine of reconciling the various accounts, resolving any day to day issues that arise, including the support to e-returns users.
- 6.11 There is then the regular review of processes and the system to ensure that technical improvements can continue to be made to system set up. In order to maintain this focus there remains an operational group, chaired by the Corporate Accounting Manager that meets regularly with the objective of delivering the identified improvements.
- 6.6 A further progress report will be prepared for the next meeting of the Audit and Risk Committee, with a proposal that that report be the final regular report of this nature.

7. **REPORT AUTHOR DETAILS**

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01224 522573

8. **BACKGROUND PAPERS**

None

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HENDERSON LOGGIE
Chartered Accountants

Aberdeen City Council

Follow-up School Lets 2006/07 Review

External Audit Report No: 2010-03

Draft Issued: 3 June 2010

Final Issued: 7 September 2010



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Restriction on Use

This report has been prepared in accordance with our responsibilities under International Standards on Auditing and Audit Scotland's Code of Audit Practice for the audit of Aberdeen City Council.

We take this opportunity to remind you that:

- This report has been prepared for the sole use of Aberdeen City Council its Audit and Risk Committee and will be shared with the Accounts Commission and Audit Scotland
- No responsibility is assumed by us to any other person who may choose to rely on it for his or her own purposes
- This report sets out the findings from the specific areas covered by our review. Any weaknesses outlined are only those that have come to audit attention during the course of normal audit work and are not necessarily, therefore, all the weaknesses that may exist.



Management Summary

Introduction and Background

1. This is the fourth year of our five-year appointment as external auditors to Aberdeen City Council (the Council), following our previous two year appointment. This report covers our planned follow-up review of the improvement actions agreed in our report **School Lets 2006/07**, Report Number 2007/08, issued on 19 August 2008.
2. This review was carried forward from our 2008/09 audit plan due to officers within the Council not being able to respond at that time. A progress update was received from Officers on 25 March 2010.

Objectives of the Audit

3. The objective of our review was to assess whether the recommendations made in our previous report have been appropriately implemented and to ensure that, where little or no progress has been made towards implementation, that plans are in place to progress them.

Audit Approach

4. The action plan from the original report, updated to include a column for progress made to date, was issued to appropriate officers for completion. The completed action plan is in Appendix I of this report.
5. Table 1 below reflects the current status of the action plan. We have reviewed the updated action plan at Appendix I, held interviews with officers as necessary and carried out an audit of the evidence in support of the updated action plan in order to validate the findings.

Table 1

| Area | From Original Report | | From Follow Up Work Performed | |
|--------------|-----------------------|----------|-------------------------------|-----------------|
| | Recommendation Grades | Number | Fully Implemented | Not Implemented |
| | A | 3 | 3 | |
| | B | 2 | 2 | |
| | C | 4 | 3 | 1 |
| Total | | 9 | 8 | 1 |

Update Since Our Initial Audit

6. Since our initial review in 2008, the Council has developed and implemented a new process and documentation for dealing with bookings and lettings of both Educational Facilities and Sports Facilities. The process was published on the website in May 2010 and will apply from August 2010. The process includes the following documents which are available on the Council website:
 - a document 'Conditions of Let of Educational Facilities' which outlines information for potential hirers
 - a document outlining the charges to apply, according to both the facility hired and category of user
 - a booking form
 - a document outlining the priority of access given to the various types of user at different times of day



Management Summary

Update Since Our Initial Audit (cont'd)

7. The issues and recommendations identified in the initial audit were taken into account during the development of the new process and whilst in some cases the actual recommendation may not have been implemented, the process now addresses the issue in a different but acceptable manner.
8. The only recommendation which has not been addressed is the provision of online facilities of the completion of the EMG55 form (this is the form used by schools to book facilities), due to lack of resources. This is being addressed with the ongoing consideration of the procurement of an electronic Leisure Management System, subject to available resources, and the Education, Culture and Sport (ECS) Committee has agreed to receive a further report on.

Overall Conclusion

9. Although final completion is behind the original target date the Council has made good progress in addressing the issues and implementing recommendations of this review.
10. As noted above, one recommendation has still to be implemented. This is being addressed by the ECS Committee and we do not propose to undertake any further audit follow-up work in this area.

Acknowledgements

11. We would like to thank all staff for the co-operation and assistance we received during the course of our review.



Appendix I - Follow-up Action Plan

| Para Ref. | Recommendation | Grade | Comments | Agreed | Responsible Officer | Agreed Completion Date | Progress at May 2010 |
|-----------|---|-------|--|----------------|---------------------|------------------------|--|
| 1.4 | <p>Letting Procedures</p> <p>R1 The Lets policy should be reviewed and brought up to date. Thereafter it should be regularly reviewed and updated to take account of any changes in operational structures.</p> | A | | Yes | B Miller/ D Leng | February 2009 | ECS report to cttee 18/02/10 Rec 14 – The revised Bookings and Lettings policy and procedures be progress in time for implementation in August 2010. (Approved) Complete |
| 2.3 | <p>Communication of Approach to School Lets and Adoption of Standards</p> <p>R2 Consideration should be given to enabling schools to complete the Ed.Pro forms directly into the lets database.</p> | C | The current system and establishments currently do not have the connectivity required. This will be considered as an option in any future review of the current system, but will be subject to resource restrictions | As per comment | B Miller/ D Leng | February 2009 | ECS report to cttee 18/02/10 Rec 1 – That both Sports Bookings and Educational Lettings system be brought together into a single more customer focused, integrated system. (Approved) Ed Pro forma are now being e-mailed to and from schools to streamline procedures. Complete |



Appendix I - Follow-up Action Plan

| Para Ref. | Recommendation | Grade | Comments | Agreed | Responsible Officer | Agreed Completion Date | Progress at May 2010 |
|-----------|---|-------|---|--------------|---------------------|------------------------|--|
| 2.4 | R3 Consideration should be given to providing online facilities for completion of the EMG 55 form. | C | As 2.3 above | As 2.3 above | B Miller/ D Leng | February 2009 | ECS report to cttee 18/02/10 Rec 2 – Officers continue to explore options to progress the procurement of an electronic Leisure Management System. – Cttee agreed to receive a report back on this matter Not implemented |
| 2.5 | R4 The additional facilities that will be on offer from the new PPP schools should be considered when preparing the projections for school lets information for contracting purposes. | B | Agreed. This is already being considered. | Yes | B Miller/ D Leng | Immediate | The council has a bank of hours of staff support in the PPP schools which has been taken into account when selecting locations to be used for lettings, with lets being allocated to PPP schools on a priority basis within new procedures. Complete |



Appendix I - Follow-up Action Plan

| Para Ref. | Recommendation | Grade | Comments | Agreed | Responsible Officer | Agreed Completion Date | Progress at May 2010 |
|-----------|---|-------|---|--------|---------------------|------------------------|--|
| 2.5 | R5 The impact of PPP schools' letting should be covered in the Lets Policy | B | Agreed. This is already being considered. | Yes | B Miller/ D Leng | Immediate | The council has a bank of hours of staff support in the PPP schools which has been taken into account when selecting locations to be used for lettings. Complete |
| 3.2.3 | Income, costs and contribution R6 When discount is claimed an organisation's founding documents should be requested and checked when lets are established to support the group's category and entitlement to discount. | C | | Yes | B Miller/ D Leng | Immediate | ECS report to cttee 18/02/10 Rec 7 – That charges are applied in line with the charging rates relative to the majority nature of the Group using the facility as set out in section 7 of the report. (Approved) Rec 8 – That application for lets be considered in line with the Access Priorities set out in section 7 of the report. (Approved) Complete |



Appendix I - Follow-up Action Plan

| Para Ref. | Recommendation | Grade | Comments | Agreed | Responsible Officer | Agreed Completion Date | Progress at May 2010 |
|-----------|---|-------|--|--------|-------------------------------|------------------------|---|
| 3.2.4 | R7 The policy for charges for additional rooms should be reviewed to ensure best value is obtained. | A | | Yes | B Miller/ D Leng/ B Dow | February 2009 | ECS report to cttee 18/02/10 Rec 6 – Charging categories based on the size and type of the facility being used are introduced for use of all sports and educational establishments, as set out in section 6 of the report. (Approved) Complete |
| 3.4.1 | R8 Let charges should be set with the identifiable direct costs and an estimate for the unquantifiable indirect costs available for information. Other non-financial aspects that affect Lets Policy should also be fully identified | A | This will be reviewed in conjunction with Resources Management prior to any further increases. | Yes | B.Miller/ D Leng/ B Dow | February 2009 | ECS report to cttee 18/02/10 Rec 6 – Charging categories based on the size and type of the facility being used are introduced for use of all sports and educational establishments, as set out in section 6 of the report. (Approved) Complete |



Appendix I - Follow-up Action Plan

| Para Ref. | Recommendation | Grade | Comments | Agreed | Responsible Officer | Agreed Completion Date | Progress at May 2010 |
|-----------|---|-------|--|--------|-------------------------------|------------------------|---|
| 4.6 | Recovery R9 Consideration should be given to taking deposits for lets above a certain value or for regular long-term lets. | C | As the costs of collection of deposits may negate such benefits, advice will be sought from Resources Management on the most cost effective way to achieve this. | Yes | B.Miller/ D Leng/ B Dow | December 2008 | ECS report to cttee 18/02/10 Additional Issues – It is proposed that advance payment for lets be introduced giving due consideration to groups who may experience difficulty in this. (No Cttee Decision) Complete |

ECS Education, Culture and Sport

ABERDEEN CITY COUNCIL - EXTERNAL AUDIT

MANAGEMENT STATEMENT ON EXTERNAL AUDIT

TITLE : Follow-up School Lets 2006/07 Review

REFERENCE: 2010-03

STATEMENT

This report is a follow-up to an external audit carried during 2007/08. The original audit highlighted a number of concerns about the policy and procedures relating to the operation of educational lettings, and made recommendations for how these could be improved.

Following a comprehensive review, the Education, Culture and Sport Committee approved a new policy and procedures for bookings and lettings across City Council sports and educational establishments in February 2010. These reflected the recommendations contained within the original external audit report. The only exception was recommendation R3, which related to the provision of online facilities for managing the lettings process. The Committee was not able to support this recommendation at the time, due to lack of resources, but did request that officers continue to explore options to progress the procurement of an electronic leisure management system, and report back to a future committee meeting on this matter.

Officers are satisfied that report adequately reflects and acknowledges the considerable progress made in reviewing bookings and lettings for sports and educational establishments, and endorses much of this work from an external audit point of view.

CORPORATE DIRECTOR : Annette Bruton

DATE : 8 September 2010

Aberdeen City Council

**Audit Progress Report
2009/10**

21 September 2010



HENDERSON LOGGIE
Chartered Accountants



Aberdeen City Council
Audit Progress Report 2009/10
21 September 2010

The following table records the stage of progress of each output proposed in the operational plan for 2009/10.

| Audit area | Planned reporting date | Draft report date or work-in-progress | Report number | Final reporting date | Audit & Risk Committee | Reporting process complete | Comments |
|---|------------------------|---------------------------------------|---------------|----------------------|------------------------|----------------------------|--|
| Planning | | | | | | | |
| Risk assessment, annual audit plan and fee proposal | 18 February 2010 | 29 January 2010 | 2010-01 | 18 February 2010 | 2 March 2010 | ✓ | |
| Governance | | | | | | | |
| Financial statements audit plan | 27 May 2010 | 11 May 2010 | 2010-02 | 27 May 2010 | 8 June 2010 | ✓ | Interim work complete and final report presented to Audit and Risk Committee 8 June 2010 |
| Fraud returns | As required | | N/A | | N/A | ✓ | Annual Return submitted to Audit Scotland 28 July 2010 confirming that there were no frauds to be reported for the year 2009/10. |



Aberdeen City Council
Audit Progress Report 2009/10
21 September 2010

| Audit area | Planned reporting date | Draft report date or work-in-progress | Report number | Final reporting date | Audit & Risk Committee | Reporting process complete | Comments |
|---|------------------------|---------------------------------------|---------------|----------------------|------------------------|----------------------------|---|
| National Fraud Initiative (NFI) Questionnaire | 26 February 2010 | N/A | N/A | 26 February 2010 | N/A | ✓ | The finalised questionnaire was submitted to Audit Scotland summarising the progress made by the Council in taking forward NFI arrangements. This will be used to inform the NFI national report due for publication in May 2010. |
| Follow-up review – School lets | 30 June 2010 | 3 June 2010 | 2010/03 | 7 September 2010 | 21 September 2010 | ✓ | Carried forward from 2008/09 plan. Final Report submitted to Audit and Risk Committee on 21 September 2010. |
| Performance | | | | | | | |
| Impact assessment – Overview of the local authority audits 2009 | 16 April 2010 | N/A | N/A | 20 April 2010 | N/A | ✓ | Completed questionnaire submitted to Audit Scotland on 20 April 2010 giving feedback on Councils' initial reaction to the Audit Scotland report. |



Aberdeen City Council
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21 September 2010

| Audit area | Planned reporting date | Draft report date or work-in-progress | Report number | Final reporting date | Audit & Risk Committee | Reporting process complete | Comments |
|--|------------------------|---------------------------------------|---------------|----------------------|------------------------|----------------------------|---|
| Impact assessment – Asset Management | 14 May 2010 | N/A | N/A | 14 May 2010 | N/A | ✓ | Completed questionnaire submitted to Audit Scotland on 14 May 2010 giving feedback on Councils' progress against the recommendations in the Audit Scotland national report. |
| PRG overview report proforma return | 30 September 2010 | | | | N/A | | |
| Impact assessments – National Studies | TBA | | | | N/A | | |
| Finance | | | | | | | |
| Communication of audit matters to those charged with governance (ISA 260 Report) | 30 September 2010 | WIP | | | 26 October 2010 | | Year-end audit currently being progressed in order to achieve the deadline of 30 September 2010. |



Aberdeen City Council
Audit Progress Report 2009/10
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| Audit area | Planned reporting date | Draft report date or work-in-progress | Report number | Final reporting date | Audit & Risk Committee | Reporting process complete | Comments |
|---|-------------------------------|--|----------------------|-----------------------------|-----------------------------------|-----------------------------------|--|
| Audit opinion on financial statements | 30 September 2010 | WIP | | | 26 October 2010 | | Year-end audit currently being progressed in order to achieve the deadline of 30 September 2010. |
| Audit opinion on the Whole of Government Accounts (WGA) | 1 October 2010 | WIP | | | N/A | | Draft return received for audit on 30 July 2010. |
| Year-end management letter (if required) | 30 October 2010 | | | | 2 December 2010 | | |



Aberdeen City Council
Audit Progress Report 2009/10
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| Audit area | Planned reporting date | Draft report date or work-in-progress | Report number | Final reporting date | Audit & Risk Committee | Reporting process complete | Comments |
|--|-------------------------------|--|----------------------|-----------------------------|-----------------------------------|-----------------------------------|--|
| Auditor's reports on grant claims and returns | As required | WIP | | | N/A | | <p>Education Maintenance Allowance (EMA) audit certificate deadline is 31 July 2010 was met.</p> <p>Housing Benefit/ Council Tax Benefit (HB/ CTB) subsidy Claim audit currently being progressed. Initial testing completed, and extra testing identified. This needs to be completed by Council Officers prior to 30 September 2010 to ensure that adequate provision is included in the 2009/10 Financial Statements for any errors identified.</p> |
| HB/CTB subsidy management letter (if required) | TBA | WIP | | | TBA | | <p>A final decision on the 2007/08 Subsidy Claim was made by the DWP on 4 June 2010, where it agreed to clawback overpayments of £165,211.</p> <p>A final decision on the 2008/09 Subsidy Claim has still to be made, and is therefore with the DWP for consideration.</p> |



Aberdeen City Council
Audit Progress Report 2009/10
21 September 2010

| Audit area | Planned reporting date | Draft report date or work-in-progress | Report number | Final reporting date | Audit & Risk Committee | Reporting process complete | Comments |
|---|-------------------------------|--|----------------------|-----------------------------|-----------------------------------|-----------------------------------|-----------------|
| Overall Conclusion | | | | | | | |
| Report to Members and Controller of Audit – Annual Report | 30 October 2010 | | | | 2 December 2010 | | |

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Aberdeen City Council Internal Audit Outsourced Activity Progress Report

Contents

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Section 1 – Introduction

Background

- 1.01 The assurance you receive through the internal audit programme is a key component of the Council's overall governance framework, ultimately reflected in the Statement on Internal Control. The purpose of this report is to highlight the key findings arising from the Internal Audit work completed by PwC since the last Audit and Risk Committee.

Outsourced Internal Audit Activity

- 1.02 We conducted a number of internal audit reviews as part of our outsourced internal audit activity and have identified a number of areas where improvements can be made to existing arrangements within the Council. Our overall approach to internal audit is to deliver challenge and support across the continuum from value protection (where we primarily provide assurance by protecting the current position) and value enhancement (where we add value for the future with forward looking reviews). The reports presented for consideration by the Audit Committee are noted below.

Reports Presented for Audit and Risk Committee Consideration

- Waste Management (Housing and Environment Directorate).
- Information Security.
- Project Management (Council wide).

- 1.03 The key findings of each report have been summarised in Sections 2 - 4. Full copies of all reports can be provided to members on request.

Finalised Reporting to September 2010 Audit and Risk Committee

| Section | Review Title |
|----------------|--|
| 2 | Waste Management (Housing and Environment Directorate) |
| 3 | Information Security (Council wide) |
| 4 | Project Management (Council wide) |

Section 2 – Waste Management (Housing and Environment Directorate)

| Number of Recommendations | | | | |
|---------------------------|------|--------|-----|-------|
| Critical | High | Medium | Low | Total |
| - | 6 | 2 | - | 8 |

Introduction

- 2.01 Our review of the Waste Management Strategy has been carried out at the request of management as part of the Outsourced Internal Audit Activity conducted by PwC during the period April to June 2010.

Background

- 2.02 The Aberdeen City Waste Strategy, issued for consultation in December 2009 and formally adopted by Aberdeen City Council (ACC) on 29th April 2010, covers the arrangements for the sustainable management of the Municipal Solid Waste¹ (MSW) controlled by ACC. In the year 2007/08 ACC dealt with 138,459 tonnes of MSW, 78% of which was disposed in landfill.

¹ Waste that falls under the control of a local authority and includes: all waste collected from households, all household waste taken to recycling banks or household recycling centres, waste from street cleaning, litter, bulky waste collections, fly-tipped waste and waste produced by commercial premises that is collected by, or on behalf of, a local authority.

- 2.03 The strategy develops a framework for addressing the prevention, reuse, recycling and recovery of waste in order to enable the Council meet its evolving legislative, political and social waste management requirements. The Waste Strategy is underpinned by the internal policy document “A Strategy for transforming waste management services 2008-2011” and the public draft Strategic Environmental Assessment Environmental Report.

- 2.04 Within the Waste Strategy there is acknowledgement that significant action will need to be taken by the Council to meet set targets², not least because the financial implications of continued use of landfill (due to increasing landfill tax and the potential application of Landfill Allowance Penalties) are projected to be substantial over the coming years. According to ACC’s Strategy for Transforming Waste Management the cost of landfill is projected to rise by £7.4m if there is no change to service (when comparing 2010/11 figures against 2006/07) and this will be set to increase further with landfill tax rates increasing by £8/tonne a year until 2014/15.

² The Scottish Government has imposed limits on landfill and treatment of waste through Energy from Waste (EfW) plants which are as follows: **From 2008-** no more than 25% of waste treated by EfW and **By 2025** no more than 5% landfilled

- 2.05 The Waste Strategy is underpinned by 6 themes, 5 goals, 20 objectives and 5 targets. The five targets are as follows:
- Waste growth will be eliminated by 2015
 - Source segregated Municipal Waste Recycling and Organic Waste Treatment will be 40% by 2011, 45% by 2013, 50% by 2020 and 56% by 2025
 - Introduction of organic waste collection for all households and develop treatment facilities within the Aberdeen area by 2013
 - Municipal Residual Waste Treatment capacity (including Energy from Waste) should not exceed 45% by 2020 and 40% by 2025
 - No more than 5% of municipal waste should be landfilled by 2025.

Approach and Scope

- 2.06 We reviewed the Waste Strategy to ascertain whether ACC have adequate plans in place to deliver these commitments. For this review we utilised the expertise of a waste and environment subject matter expert in the planning, consultation and completion stages of this review in order to bring fresh insight and to leverage best practices from across the sector. Specifically we considered the;
- Effectiveness of the current contractual arrangements in place for waste treatment;
 - Process for amending the contract (with SITA) through variation orders and how effective this is with a focus on Value for Money (VfM); and
 - Waste Strategy, with a focus on:
 - How this has been costed;
 - The implementation plan;
 - Involvement of contractors/key service providers in the development of the proposed strategy;
 - Senior management buy-in and the organisational structure in place to deliver against the plan.

Overall conclusion

- 2.07 Our review has highlighted that there are a number of areas where further action is required to ensure the Waste Strategy is taken forward in the interest of providing Best Value and to enable the Council to meet evolving legislative, political and social waste management requirements.
- 2.08 In particular, we identified a number of key weaknesses in the Waste Strategy proposals and current Contractual Arrangements for Waste disposal provision that if addressed should further assist the Council work towards achieving Waste solutions that are Value for Money (VfM) and affordable. In particular:
- The scope of the current SITA contract does not cover the full range of facilities that Aberdeen City Council may need to meet its revised waste strategy;
 - There are a number of terms in the current SITA contract that do not offer ACC best value for money or the appropriate level of control over the contract;
 - The overall impact on VfM is not adequately considered when contract variations are made;
 - An implementation plan for the Waste Strategy is still to be developed;
 - Insufficient financial information is available to determine VfM and affordability of current waste management services and the options identified in the Waste Strategy, and
 - Resources such as staffing and budget to deliver the strategy have yet to be agreed.

High Priority Recommendations

2.09 To address the above matters we have made 6 high priority recommendations, all of which have been agreed by management. These recommendations are summarised below

Extending scope of current SITA contract

2.10 A waste management services contract with SITA was executed in 2000 for a 25 year term. The contract was drafted for the following waste management services:

- Operation of two Waste Transfer Stations in Aberdeen City;
- Operation of four recycling centres,
- Construction of East Tullos Recycling Centre;
- Operation and closure of Hill of Tramaud Landfill site
- Development of Altens Environment Park comprising of a Materials Recycling Facility and an EfW plant.

2.11 It is recognised that the scope of the current contract does not cover the provision of all the facilities that ACC may need to meet its revised waste strategy.

2.12 The current waste management provider, SITA, has been invited to make proposals to ACC for the provision of waste services to meet the objectives of the new waste strategy; however, it is not clear whether this route would be possible without the need to go through a new procurement process.

Recommendation (High)

ACC should seek legal advice on whether potential amendments can be made to the existing SITA contract (to allow for provision of an EfW plant or additional services/facilities required to meet new Waste Strategy targets) without triggering the need for a new procurement exercise.

Effectiveness of current contractual arrangements

2.13 Our review of the current waste treatment contract terms identified a number of terms that may not offer ACC best value for money or the appropriate level of control over the contract.

Recommendation (High)

ACC should seek appropriate legal advice on whether it is possible to renegotiate terms. If this is possible then ACC should consider, and potentially seek commercial advice, on terms that could provide ACC better VfM and control under the contract.

Contract Variations

2.14 Our review has also highlighted that some contract variations have been made retrospectively to reflect actual operations, whilst in other cases the management information has not been readily available to determine the impact of such changes on waste treatment services as a whole. In addition, there is no formalised protocol in place for contract variations.

Recommendation (High)

Prior to making any variation to contract, ACC should ensure that an appropriate level of analysis has been performed to determine the impact of such a variation on current waste treatment services and to ascertain whether the amendment will deliver VfM to ACC. A formal protocol for authorisations of contract variations should be implemented.

Costing of the Waste Management Strategy

- 2.15 The overall financial impact of the adoption of the Waste Strategy is not outlined in the document and the financial implications of the individual elements have not yet been fully explored. For example, the outline strategy for recycling states that by increasing participation in recycling activity, the cost of collection are further reduced as the operation becomes more efficient. There is no evidence that a financial assessment has been undertaken to support this or the investment that maybe required in collection plans. The strategy further outlines the Council's aspiration to build several waste management plants (recycling, organic, residual waste).
- 2.16 An exercise to cost the various options for the implementation of the Waste Strategy has not yet been undertaken and the budget to deliver this strategy has not been agreed. Furthermore, the Strategy for Transforming Waste Management suggests that there is not adequate management information for the waste collection and disposal activities and related financial costs in order to monitor current waste services and determine the costs of future plans. The Waste Strategy does however recognises that significant investment in waste treatment infrastructure and operations is required.

Recommendation (High)

A robust affordability analysis should be considered in the context of the challenges that the Council will face in terms of its own budgeting and future spending settlements. The affordability and costing exercise should satisfy the Council's own internal approval processes and take account of HM Treasury Green Book Guidance. This application of Treasury guidance is particularly important should the Council be looking for external funding.

When considering any investment options appraisals, comparing several options against a "do nothing alternative" will provide the framework for the development of an Outline Business Case to support the Waste Management Strategy.

Recommendation (High) - continued

The Scottish Futures Trust Value for Money guidance on the procurement of capital projects, covers the issues which public sector authorities need to consider before they make key decisions. The aim of this guidance is to help public bodies make informed investment decisions as to which procurement route offers best value for money for its project, and to ensure that the selected procurement route continues to offer value for money at all stages of the project's development. This Value for Money Guidance is mandatory guidance.

Infrastructure procurement

- 2.17 Underlying plans to support any potential infrastructure procurement to deliver the waste management strategy are currently at a formative level.

Recommendation (High)

The implementation of best practice project management should be considered, for example:

- Installation of appropriate governance structures (ensuring senior management buy-in and Council Finance input).
- Consideration of the inclusion of Scottish Futures Trust (SFT) in any capital investment project
- Undertake market testing
- Consideration of the appointment of financial, legal and technical advisors
- Ensure consistent consideration and updates of project risk factors and plans for mitigation (eg. planning risk).
- Consistent consideration and update of VfM and affordability analysis
- Consider procurement options and methodology (open, restricted, negotiated, Competitive Dialogue)
- Develop PIN and undertake further market sounding exercises.

- 2.18 *Securing Value for Money*
ACC has asked the current waste management services provider to make a proposal for the delivery of additional services that will meet the Waste Strategy targets. If ACC do not consider what other solutions the market could provide, then there is a risk that it will not obtain the best VfM solution.

Recommendation (High)

ACC should undertake further market sounding exercises to determine the best VfM solutions available to meet its waste management requirements. ACC may also consider joint procurements with other local authorities if this would offer better VfM.

Section 3 – Information Security

| Number of Recommendations | | | | |
|---------------------------|------|--------|-----|-------|
| Critical | High | Medium | Low | Total |
| - | 4 | 6 | 5 | 15 |

Introduction

3.01 Our review of Information Security has been carried out at the request of management during the period April to June 2010.

Approach and Scope

3.02 In undertaking our independent review of the appropriateness of the current information security arrangements in place within the Council, we reviewed the adequacy of existing policies and procedures, comparing these with:

- other Local Authorities;
- other Public Sector organisations; and
- best practice (e.g. Guardian and ISO 27001); and

3.03 Through discussion with ICT management we also identified 3 critical IT systems for more detailed review, these were:

- CareFirst (Social Care – Adults and Children)
- PSe (HR and Payroll system)
- e-Financials (Finance system)

3.04 For these systems we sought to establish:

- if the current ICT policies are being effectively applied in practice; and
- whether these arrangements support the Information Security ethos of enabling appropriate balance between confidentiality, integrity and availability of data.

Overall Conclusion

3.05 Overall, our review has highlighted a number of areas of good practice; however, there are also a number of areas where controls around Information Security at the Council can be improved in order to introduce proportionate controls. The high and medium priority areas identified for improvement are summarised below:

Encryption for laptop computers

3.06 We identified that hard drives within laptop computers across the Council IT estate are not currently encrypted. As a result there is a risk to the Council that a laptop containing sensitive data could be lost or misplaced, putting the data at risk through unauthorised access which could expose the Council to reputational risk. This applies to all laptop users including those used for home working and those in use by higher risk users, i.e. Social Work. We recognise that the Council are in the process of implementing an encryption solution which will secure data from unauthorised access in the event that a device was lost or stolen.

Recommendation (High)

The Council should ensure sufficient resource is available to the ICT department to complete the roll out of the Symantec Endpoint Encryption solution for all laptop computers. In addition, formal plans to train and raise awareness of the Endpoint solution should be developed.

Unencrypted data transfer and storage

- 3.07 Best practice guidance suggests the use of encrypted USB devices should be used for data transfer. There is currently no control in place to prevent the use of unencrypted USB storage devices across the Council estate. Additionally, there is currently no solution available to encrypt CD/DVD media that may be used for mass data transfers.

Recommendation (High)

The Council should restrict the use of USB storage devices on the infrastructure to those that are encrypted only. This can be achieved through the installation of an appropriate software solution or through Group Policy settings across user groups. Also, the Council should implement an encryption solution for CD/DVD data transfers. The Virtual Desktop Environment noted below will provide the opportunity to mitigate these risks.

Users have full local administrator access on desktop computers

- 3.08 When users log onto the Council laptop or desktop computers they have full local administrator access to the computer. This access gives the user opportunity to mitigate key security controls and configurations that are in place. As a result Council systems and data could be at risk through user interference with key security controls, or installation of unauthorised 3rd party software, on the desktop and laptop computers.

Recommendation (High)

The Council is in the process of procuring a Virtual Desktop Environment (VDE) solution. This will enable the Council to control user access centrally and will remove the risk of local administrator access for users. The Council should ensure appropriate resource is available to the ICT department to implement the VDE solution across the ICT infrastructure.

Training

- 3.09 There is an on-line training module called 'For your eyes only' that provides guidance around information handling and management. All new staff complete the training but there is no requirement for existing staff that have not previously completed the training to do so, nor is there a requirement for annual refresher training. In addition, training for Records Management, Freedom of Information (FOI) and Data Protection is completed separately from this training which does not ensure a consistent message or holistic approach is achieved in relation to the protection of information assets.

Comparison with Best Practice

- 3.10 During the benchmarking exercise that was undertaken against other public sector organisations policies and best practices, we also identified a number of medium priority actions in relation to improving in the Council's arrangements:
- no 'clear desk and clear screen' policy in place at the Council. Without an appropriate clear desk policy in place the Council could be placing sensitive data at risk of unauthorised access through insecure working practices. A clear screen policy will prevent unauthorised access to an unattended workstation through the use of password protected a screen-saver.

- there is no formal Information classification policy in place at the Council. Without a formal information classification policy the Council is at risk of not identifying, handling and managing its information in a secure manner.
- no records retention policy in place to offer guidance and advice to staff around how long they are required to maintain records or data within the Council. The Council could be at risk of breaching Data Protection or FOI regulations if data is not retained for the correct period of time.

Key System Review

3.11 In addition to our review of the overall information security arrangements in place within the Council, we also reviewed the access controls in place for 3 key ICT applications (CareFirst, PSe and e-Financials) in order to establish whether:

- the current ICT policies are being effectively applied in practice; and
- whether arrangements in place at an application-level support the Information Security ethos, enabling the appropriate balance between confidentiality, integrity and availability of data.

CareFirst (Social Care system)

3.12 CareFirst is a case management system for Children's and Adult's Social Services and, by its nature, high risk in terms of the information contained within the system. In reviewing the access controls in place for CareFirst,

3.13 We noted a number of users in departments, outside of the CareFirst team, who have full administrator access or have retained administrator access to the CareFirst system. As a result the CareFirst system and the underlying case records may be at risk from unauthorised access.

Recommendation (Medium)

The Council should review the administrator accounts in use on the CareFirst system and limit them to essential users only. A continuous monitoring control should also be implemented to ensure the ongoing appropriateness of access to this critical ICT system.

3.14 Access to the CareFirst system is authorised through a central process by the CareFirst administrator manager. This process can be circumvented if CareFirst is selected for the user when requesting new user accounts. There is a risk to the Council that access to CareFirst could be given to a user without approval, placing the safety of the data at risk of unauthorised access.

Recommendation (Medium)

The Council should remove the option for access to CareFirst to be requested as part of the new user account creation process. This would ensure that access to CareFirst must be appropriately authorised by the application administrator prior to users being given access. Also, responsibility for providing details around changes to access and staff leavers should rest with the heads of service to ensure any such changes are made in a timely manner.

PSe (HR and Payroll system)

3.15 PS Enterprise (PSe) is the corporate HR System and provides integrated HR & Payroll functionality. The system is subject to the same environmental controls as the rest of the Council ICT estate. However, in reviewing the access controls to PSe we identified a weakness in the use of a generic 'sys admin' administrator account. This account is widely used by staff across the Council to access the PSe system.

- 3.16 This account does not provide an auditable trail to identify users that have access and can make amendments within the system. We also noted that since its implementation within the Council the password for the account has never been changed. The HR and Payroll system and data may be at risk through access and amendments by staff without the requisite authority.

Recommendation (High)

The Council should review its use of the sys admin account across the Council. The Council may wish to consider granulising the access through the introduction of enhanced user administrator accounts and disable logging to the generic sys admin account. If the sys admin account is to remain for operational purposes then the password should be changed cyclically and use of the account should be managed stringently.

eFinancials (finance system)

- 3.17 Whilst we identified a number of areas where improvements could be made, our recommendations were all given a low priority rating.

Section 4 – Project Management (Council Wide)

| Number of Recommendations | | | | |
|---------------------------|------|--------|-----|-------|
| Critical | High | Medium | Low | Total |
| - | - | 10 | - | 10 |

Introduction

4.01 Our review of Programme and Project Management has been carried out at the request of management as part of the Outsourced Internal Audit Activity carried out by PwC.

4.02 Programmes of work require the coming together of various outputs, via individual projects, to deliver effective and beneficial outcomes. Robust Project Management can support the implementation of key strategic and change programmes and ensure that there is a clear focus on the delivery of key outcomes within time, cost and quality constraints. Effective project management also minimises the potential for delay or occurrence of unnecessary cost overruns.

Approach and scope

4.03 The objective of this review was to assess the extent to which a robust programme and project methodology has been developed and is being consistently applied within the Council. We sampled a total of 5 key strategic projects in order to obtain a balanced view of the project management arrangements within ACC. Our review compared existing arrangements within each of these projects against best practice and the PwC 'six pillars of project excellence' model.

4.04 The five projects included within our sample were:

- Transfer of Sport Facilities to the Sport Aberdeen
- Transfer of Hazelhead Golf Course to Sport Aberdeen
- Identity Management (IDM)
- 3Rs Project – Information and Communication Technology (ICT) delivery
- Woodside Fountain Centre & Customer Access Point

4.05 ACC has a comprehensive set of project management guidelines that are available to Council staff from a web page on the Council's intranet (the Zone). The purpose of these guidelines is to provide a corporate approach to project management. The guidelines are designed to be used where industry standards particular to the project are not available. The project lifecycle included within ACC's project management guidelines includes the following key stages:

1. Getting started – defining project requirements and obtaining approval for the project to proceed
2. Plan and do – initiation of the project and its governance structure
3. Co-ordination and monitoring of project tasks – review of documentation and managing risks and resources
4. Conclusion – project closure and post implementation review.

4.06 Projects may be initiated within ACC to resolve a particular problem or as part of an overall programme of continuous improvement. Currently, there are a number - and a variety of - programmes and projects which are underway across the Council. Management of these projects falls to each of the 6 individual council service directorates. Day to day responsibility for projects may be delivered by a designated project manager (either contracted externally to perform this role or by a member of existing personnel with appropriate skills) or by an existing member of team, in addition to their daily duties. In delivering projects, all services should adopt an approved project management methodology and acknowledge that a number of Council officers are PRINCE2 trained.

4.07 Although projects are usually delivered by service teams, there also exists a "major projects team". This team provides co-ordination, prioritisation and project management advice for the delivery to "major projects". This group sits within Enterprise, Planning and Infrastructure. Projects may be referred to this team if they are of significant risk, expenditure or public exposure..

Establishing a Programme Management Office

4.08 Our review highlighted that there is currently a breath of change happening across ACC which is being delivered in project 'silos'. It was particularly difficult to establish a population of projects to sample for our review, as there are many projects operating within each service. We would however acknowledge the steps being taken to ensure that at a Corporate and Directorate level there is clear transparency and monitoring of the:

- Number of projects being undertaken;
- Progress in achieving objectives for each project;
- Total costs and investment inherent in each projects; and
- The effective management of interdependencies and prioritisation of projects in order to minimise any delays or potential conflicts.

4.09 Whilst the Council have access to many skilled, able and willing project managers in each of the services, the overall co-ordination, management and allocation of resources to individual and strategically important projects needs to be enhanced. Given the challenging business environment in which the Council is operating new projects are constantly being developed as services seek new ways to reduce costs, improve processes, increase productivity, and meet service standards. Managing these diverse projects along with their people, resources, technology, and communication is a difficult endeavour.

4.10 Given these challenges we are supportive of the Council's proposal to establish a Programme Management Office (PMO) as a solution for creating a more effective structure for managing, co-ordinating and prioritising resources across a large portfolio of projects.

4.11 Launching a Programme Management Office (PMO) is however a challenging process which requires the absolute commitment and support of senior management within the Council. Just like any other organisational change project it needs to be implemented in an appropriate manner with key stakeholder involvement at all stages and a clear clarity of purpose. If a PMO is used proactively to assist Project Managers and their teams it will become a valuable and essential resource which will provide:

- a common planning and reporting processes to project teams and senior management,
- bring structure and support to evaluating, justifying, defining, planning, tracking and executing projects and
- a mechanism for resolving conflicts caused by limited resources and other constraints.

4.12 Key elements of the role of the PMO have been already been defined by the Council include:

- Reporting and forecasting
- Programme plan tracking and monitoring
- Financial management
- Risk and issue management
- Dependency management
- Communications;
- Stakeholder management

4.13 To support the establishment of the PMO the following elements should also be considered for inclusion within remit:

- The PMO should have the authority and remit to assess the number and scale of projects currently undertaken and the resource requirements of these. This assessment should include a detailed reviewed of whether projects currently underway address service improvement agendas and contribute to Council objectives. Projects that do not add value to the Council's vision should not be continued.
- The PMO should also ensure that appropriate management and governance structures are in place for each project, ensuring that all projects give a clear articulation of business requirement and quantifiable benefits prior to approval.
- The PMO, with the support of Directors and Heads of Service should have responsibility for providing clear communication across the Council, outlining the change in approach to programme management, as well as roles & responsibilities.

4.14 A significant shift in culture and direction and support for this approach from the most senior levels will continue to be key to the success of this approach in order to mandate and embed the move from projects to programmes, supported by the Programme Management Office.

Agreed areas for improvement

4.15 As part of our review we identified a number of areas where existing arrangements in terms of project management could be improved. These areas of improvement are highlighted below. We will continue to monitor progress with their implementation and the effectiveness of the PMO through our ongoing follow-up work.

Project Board

- Guidance should be issued to project managers and management on the use of Project Boards. This guidance should cover clear examples of when a Project Board is required and outline key membership.

Project Sponsor

- To ensure that there is clear and defined project leadership, there should be a clear decision at the start as to who the project sponsor is and what the respective roles of the sponsor and the project manager are. The project sponsor should be a key beneficiary of the project outputs, and not necessarily be from the team responsible for delivering it.

Project Scope

- Project Managers should take responsibility for establishing the scope of each project and considering the key factors that are likely to influence the overall success of the project. The project scope should be reviewed and approved by the project sponsor and project board.

Project Risk Management

- The importance of risk management for each project should be set via “tone at the top” through project board and project sponsor emphasis. Risk registers should be generated with consultation with the project team and other stakeholders. These risk registers should be action based and subject to regular review and evaluation to ensure that attention can be focussed on areas which could pose the greatest risk for failure to project delivery.

Project Cost Budgeting and Management

- Before projects are approved, project cost budgets should be prepared. These budgets should include all costs – both capital investment and recurring / non recurring revenue costs. Project Sponsors should take responsibility for reviewing the completeness of the project costs and which should be subject to scrutiny by the Project Board prior to approval.

Project Planning

- Project plans should be established from the initiation stage and be reviewed and updated as a matter of course by the Project Manager (with approval of the Project Sponsor). Project Boards should review and challenge the quality of the key tasks undertaken as well as the timely completion of projects. The PMO should also take an oversight role throughout the project lifecycle.

Stakeholder Involvement

- Stakeholders should be involved in the project from the outset. Project Managers should take a lead in identifying who they key stakeholders are and ensuring that they are appropriately engaged throughout the project. This should be incorporated into a formal communications plan.

Resource Allocation

- Project Managers should be appointed prior to the initiation stage. Careful consideration should be given by project sponsors as to the requirement to appoint a project manager on a full time basis and the workload implications for project managers who perform this role in addition to their day to day duties.

Benefits Realisation

- Project Management guidance should be updated to include clearer guidance and direction on how to define and measure project benefits. This should include the requirements for a benefits realisation delivery plan for each project. This should stipulate that each project must outline the specific business benefits, how they will be achieved, accountability for achievement and timing. A formal benefits tracking process would ensure that major project deliverables are completed, anticipated cost savings are achieved and the associated business benefits are ultimately realised in a timely manner.

Lessons Learned

- Reflection on the “lessons learned” from projects should be undertaken post completion and used to further develop and refine the Council’s project management methodology and approach.

Appendix One: Summary of projects

Noted below is a brief summary of the projects selected for sample testing during our review of the Council's project management arrangements

| Project | Brief description |
|---|--|
| Transfer of Sport Facilities to the Sport Aberdeen | ACC's Sport and Physical Activity Strategy "Fit for the Future" is underpinned by the key objective of increased sporting participation across Aberdeen. After undertaking an options appraisal the Council elected to transfer facilities to an arms-length trust – "Sport Aberdeen". The benefits set out at the start of the project through the creation of this charitable, incorporated organisation were financial savings: arising from VAT, Non-Domestic Rates and improved efficiency. |
| Transfer of Hazelhead Golf Course to Sport Aberdeen | The former Education and Leisure Committee approved in May 2006 an option appraisal exercise to assess the future of the management of the Hazelhead Golf Course due to the large scale capital costs attributable to improving the facility and upgrading in the future. The options appraisal exercise was stand alone and separate from the transfer of sports assets noted above. Offers were received for the lease of this land during November 2007 to August 2008, although ultimately the procurement process was not successful in appointing a contractor due to economic and market changes |
| Identity Management (IDM) | Identity Management Project (IDM) is an IT led project which aims to streamline internal processes by linking the various databases that exist across the Council containing employee data. The project aims to implement a single input source that will automatically update each Council employee database. The IDM tool will be used to control employee IT rights by restricting system access depending on their job role and automatically amending and disabling accounts when an employee moves roles or leaves the Council respectively |
| 3Rs Project – Information and Communication Technology (ICT) delivery | The 3Rs Project (Reorganise, Renovate, Rebuild) is Aberdeen City Council's project to see Aberdeen's schools made fit for the 21st century. This is part of the Council's Community Plan (<i>aberdeen futures</i>) which sets out the vision for promoting social inclusion by widening access to learning and encouraging lifelong learning. It also involves the realignment of council services on a neighbourhood basis. The 3Rs project involves the delivery of 10 new schools, 2 secondary and 8 primary, under a PFI contract. Information and Communication Technology (ICT) is a key element of the Council's provision in these schools |

| Project | Brief description |
|--|---|
| Woodside Fountain Centre & Customer Access Point | <p>The Woodside Fountain Centre is a capital build project, initiated as part of the Council's Neighbourhood Community Action Plan for the Woodside area (as a direct output of the community planning agenda). The Council aimed to increase community facilities and access to services through the provision of a Customer Access Point – a one stop shop model for access to council services. The Council identified after initial funding was agreed that the provision of services at Woodside could be extended and, in-line with the Council's regeneration strategy, the scope of the project was expanded. This included an extension to the existing Woodside Community Centre to provide accommodation for the Customer Access Point and also additionally for a range of services to the local community which aimed to improve service provision and integration. The Centre opened in September 2009 and now houses Council services as well as community groups such as the Citizen's Advice Bureau, Drug Action Team and the Credit Union</p> |

Appendix Two: Risk Ratings

| Risk rating | Assessment rationale |
|------------------------|--|
| <p>●● Critical</p> | <p>Control weakness that could have a significant impact upon, not only the system, function or process objectives but also the achievement of the organisation's objectives in relation to:</p> <ul style="list-style-type: none"> ● the efficient and effective use of resources ● the safeguarding of assets ● the preparation of reliable financial and operational information ● compliance with laws and regulations. |
| <p>● High</p> | <p>Control weakness that has or is likely to have a significant impact upon the achievement of key system, function or process objectives. This weakness, whilst high impact for the system, function or process does not have a significant impact on the achievement of the overall organisation objectives.</p> |
| <p>● Medium</p> | <p>Control weakness that:</p> <ul style="list-style-type: none"> ● has a low impact on the achievement of the key system, function or process objectives; ● has exposed the system, function or process to a key risk. However, the likelihood of this risk occurring is low. |
| <p>● Low</p> | <p>Control weakness that does not impact upon the achievement of key system, function or process objectives. However implementation of the recommendation would improve overall control.</p> |

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