Public Document Pack

ABERDEEN
CITY COUNCIL

To: Councillor McCaig, Convener; Yuill, Vice-Convener, and Councillors Cameron, Cooney, Crockett, Donnelly, Jackie Dunbar, Graham, Greig, Lawrence, Malik, May, Jean Morrison MBE, Nathan Morrison, Noble, Reynolds and Townson.

Town House,
ABERDEEN 12 November 2014

AUDIT, RISK AND SCRUTINY COMMITTEE

The Members of the **AUDIT, RISK AND SCRUTINY COMMITTEE** are requested to meet in Committee Room 2 - Town House on **THURSDAY, 20 NOVEMBER 2014 at 2.00 pm**.

JANE G. MACEACHRAN
HEAD OF LEGAL AND DEMOCRATIC SERVICES

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7 ITEM THE COMMITTEE MAY WISH TO CONSIDER IN PRIVATE

7.1 Matters Under Investigation

7.2 Areas for Future Consideration

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Should you require any further information about this agenda, please contact Karen Rennie, tel 522723 or email karrennie@aberdeencity.gov.uk

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AUDIT AND RISK COMMITTEE

ABERDEEN, 23 September 2014. Minute of Meeting of the AUDIT AND RISK COMMITTEE. Present:- Councillor McCaig, Convener; Councillor Yuill, Vice-Convener; Councillor George Adam, the Lord Provost and Councillors Allan (as substitute for Councillor Cooney), Cameron, Cormie (as substitute for Councillor Jackie Dunbar), Dickson (as substitute for Councillor May), Donnelly, Graham, Greig, Lawrence, Malik, Nathan Morrison and Noble.

The agenda and reports associated with this minute can be located at the following link:
http://committees.aberdeencity.gov.uk/ieListDocuments.aspx?CId=347&MId=2850&Ver=4

Please note that if any changes are made to this minute at the point of approval, these will be outlined in the subsequent minute and this document will not be retrospectively altered.

DETERMINATION OF EXEMPT ITEMS OF BUSINESS

1. The Convener proposed that the Committee consider item 7.1 (Supply and Delivery of Internal Audit Services) on the agenda with the press and public excluded.

The Committee resolved:-
In terms of Section 50(A)(4) of the Local Government (Scotland) Act 1973, to exclude the press and public from the meeting for item 7.1 on the agenda (article 22 of this minute) so as to avoid disclosure of information of the class described in the paragraphs 8 and 10.

MINUTE OF PREVIOUS MEETING OF 26 JUNE 2014

2. The Committee had before it the minute of it previous meeting of 26 June 2014.

The Committee resolved:-
to approve the minute as a correct record.

WORKPLAN

3. The Committee had before it a workplan prepared by the clerk which set out the future schedule of reports.

The Committee resolved:-
to note the workplan.

AUDIT AND RISK COMMITTEE
23 September 2014

ELECTED MEMBER DEVELOPMENT - CG/14/095

4. With reference to article 5 of the minute of its previous meeting of 26 June 2014, the Committee had before it a report by the Acting Director of Corporate Governance which provided an update on the development of members of this committee.

The Committee resolved:-
(i) to note that training for members of the Audit, Risk and Scrutiny Committee would require to be undertaken if they had not been previously trained; and
(ii) to otherwise note the report.

INTERNAL AUDIT PROGRESS AND PERFORMANCE

5. The Committee had before it a report by PricewaterhouseCoopers which presented the progress against the 2014/15 Internal Audit Plans.

The internal auditor advised that management had requested that 30 of the contingent days be used, 20 days for extending the scope of the assurance mapping review and 10 days to undertake a Follow the Public Pound Review for the Aberdeen International Youth Festival. The committee heard that for future reports the background report would be included as an appendix to give members the opportunity to see the complete audit report.

The Committee resolved:-
(i) to approve the use of 20 days from the contingent days to extend the scope of the assurance mapping review;
(ii) to approve the use of 10 days from the contingent days to perform a "Follow the Public Pound" review of the Aberdeen International Youth Festival;
(iii) in relation to feedback requesting more concise audit reports, to note that the background report would be included as an appendix for future reports;
(iv) to otherwise note the report.

EXTERNAL AUDIT PROGRESS AND PERFORMANCE

6. The Committee had before it a report by the External Auditor which provided an update on progress with the external audit of the 201//14 financial year.

The Committee heard that the External Auditor would present their annual report to the Audit, Risk and Scrutiny Committee in November 2014.

The Committee resolved:-
to note the content of the report.

AUDIT AND RISK COMMITTEE
23 September 2014

SELF EVALUATION - CG/14/112

7. With reference to article 9 of the minute of its previous meeting of 26 June 2014, the Committee had before it a report by the Acting Director of Corporate Governance which provided an update on the progress with implementing the agreed development actions from the self-evaluation exercise undertaken by the Committee in April 2014.

The report recommended:
That the Committee note the progress and instruct officers to continue to implement the agreed improvement actions and provide regular update reports to the Audit, Risk and Scrutiny Committee.

The Committee resolved:-
to approve the recommendation contained in the report.

DATA PROTECTION MONITORING - CG/14/122

8. The Committee had before it a report by the Acting Director of Corporate Governance which provided an overview of (1) Aberdeen City Council Subject Access Request statistics; (2) Data Breaches and Near Misses; and (3) Data Protection Training.

The report recommended:
that the Committee note the content of the report.

The Committee resolved:-
to approve the recommendation contained in the report.

SYSTEM OF RISK MANAGEMENT - CG/14/105

9. With reference to article 10 of the minute of its previous meeting of 26 June 2014, the Committee had before it a report by the Acting Director of Corporate Governance which provided information on the development of the System of Risk Management.

The report recommended:
that the Committee -
(a) note the further developments in the System of Risk Management;
(b) approve the format of the revised Strategic Risk Register;
(c) note the progress update in delivery of improvement actions relating to the BACS risk incident;

(d) note the Risk Incident Review Report detailing a recent systems failure in the Registrars Service; and
(e) advise any further actions as appropriate.

The Committee resolved:-
to approve the recommendations contained within the report.

COMMUNICATION OF AUDIT MATTERS TO THOSE CHARGED WITH GOVERNANCE IN TERMS OF ISA 260

10. The Committee had before it a report by the External Auditor which advised that the International Standard on Auditing (ISA) 260 required auditors to report certain matters arising from the audit of the financial statements to those charged with governance of body in sufficient time to enable appropriate action to be taken. The report before members set out consideration of the matters arising from the audit of the financial statements for 2013/14 that required reporting in terms of ISA 260. Appendices to the report contained various draft statement of accounts or accounts for the period 2013/14 associated with the audit.

The Convener intimated that he was extremely unhappy that the report and associated appendices were issued the day before the meeting resulting in members not being able to read them in order for them to make an informed decision. He sought clarification from the external auditors and officers as to why the papers were issued late wherein a response was provided.

The Committee went into recess for ten minutes to allow officers, external auditors, the Convener and Vice Convener to discuss the matter in private.

The external auditor provided an explanation to the Committee as to why the papers were late and explained that the deadline for certification of the accounts was 30 September 2014 therefore there was a requirement for the report to be considered before that date. They further provided the Committee with two options for proceeding, neither of which the Convener accepted.

The Convener sought agreement form the Committee to schedule an additional meeting by the end of the week to discuss the content of the report and associated appendices and that a letter be issued to Audit Scotland expressing the Committee's dissatisfaction that the report was issued so late which presented concerns for the Committee's ability to discharge their scrutiny function.

AUDIT AND RISK COMMITTEE
23 September 2014

The Committee resolved:-
(i) to defer the item to a Special meeting of the Committee (Thursday 25 September at 4pm) in order that members could read the report to allow them to make an informed decision on the matter;
(ii) to request officers to write to Audit Scotland expressing the Committee's dissatisfaction that the report was issued so late which presented concerns for the Committee's ability to discharge their scrutiny function.

ASSURANCE AND IMPROVEMENT PLAN

11. With reference to article 22 of the minute of its previous meeting of 26 June 2014, the Committee had before it a report by the External Auditor which provided an update on progress with the local plans and activities set out in the scrutiny plan for 2014/15 and the national priorities, in particular following consultation with LAN members, to confirm where possible if there were any clearer scrutiny plans and timescales in place and if they were likely to involve Aberdeen.

The Committee resolved:-
to note the content of the report.

OFFICE OF THE SURVEILLANCE COMMISSIONER (OSC) - CG/14/121

12. The Committee had before it a report by the Acting Director of Corporate Governance which presented the recommendations arising from an inspection undertaken by the Office of the Surveillance Commissioners (OSC) of the Councils management of covert activities.

The report recommended:
that the Committee –
(a) consider the outcome of the OSC Inspection and approve the Action Plan detailed at Appendix B; and
(b) otherwise note the report.

The Committee resolved:-
to note the outcome of the Office of Surveillance Commissioners Inspection and to approve the Action Plan as detailed at Appendix B.

SELF DIRECTED SUPPORT

13. The Committee had before it a report by PricewaterhouseCoopers which presented an audit in relation to the progress made by the Self Directed Support Team

to implement the requirements of The Social Care (Self Directed Support) (Scotland) Act 2013.

The audit had been requested at an early stage to inform the progress of the Self Directed Support Programme by identifying areas of good practice and also risks to the successful implementation of Self Directed Support for all people who use the support in the City.

Members asked a number of questions of the internal auditors.

The Committee resolved:-
to note the content of the report and to endorse the recommendations for improvement.

COMPLAINTS HANDLING PROCEDURE

14. The Committee had before it a report by PricewaterhouseCoopers which presented an audit into the design and operating effectiveness of the key controls in relation to Aberdeen City Council's corporate complaints handling procedure.

The Chief Executive asked questions of officers relating to the recording of lessons learnt and requested that a sampling exercise be undertaken to determine the level of completeness.

The Committee resolved:-
(i) to request officers to undertake a sampling exercise of complaints upheld or partially upheld to determine the level of completeness specifically providing evidence for lessons learnt;
(ii) to note that feedback provided to the Customer Service Centre was being used to improve customer service provided; and
(ii) to otherwise note the content of the report and endorse the recommendations for improvement.

IT SECURITY REPORT

15. The Committee had before it a report by PricewaterhouseCoopers which presented an audit reviewing the threat and vulnerability management processes and security management controls in place over the council's network perimeter.

The Committee resolved:-
to note the content of the report and endorse the recommendations for improvement.

AUDIT AND RISK COMMITTEE
23 September 2014

STRUCTURES, FLOODING AND COASTAL RISK MANAGEMENT

16. The Committee had before it a report by PricewaterhouseCoopers which presented an audit into the design and operating effectiveness of the key controls in relation to flood and coastal risk management, specifically the implementation of the Flood Risk Management (Scotland) Act 2009, flood events, planning applications and water course inspections.

Members asked questions of officers and the Head of Asset Management and Operations confirmed that the service were in agreement with the recommendations for improvement although drew attention to the difficulty of allocating regular resources to this area.

The Committee resolved:-
to note the content of the report and endorse the recommendations for improvement.

SCHOOL COUNCILS

17. The Committee had before it a report by PricewaterhouseCoopers which presented an audit into Parent Council accounts specifically the documentation and handling of income, expense receipts and audit of the final statement of accounts in line with the Scottish Schools (Parental Involvement) Act 2006.

The Committee resolved:-
to note the content of the report and endorse the recommendations for improvement.

CAR PARKING AND BUS LANE ENFORCEMENT

18. The Committee had before it a report by PricewaterhouseCoopers which presented an audit into the design and operating effectiveness of the key controls in relation to car parking and bus lane enforcements.

Members asked questions of officers and the Head of Finance and Head of Asset Management and Operations confirmed that they were in agreement with the recommendations and that they would be implemented by the due dates.

The Committee resolved:-
to note the content of the report and endorse the recommendations for improvement.

AUDIT AND RISK COMMITTEE
23 September 2014

AUDIT FOLLOW UP

19. The Committee had before it a report by PricewaterhouseCoopers which provided an update on progress on implementing Internal Audit recommendations included within reports previously approved by the Audit and Risk Committee.

The report recommended:-
that the Committee consider the report and request actions or explanations as appropriate.

The Committee resolved:-
(i) to note the content of the report and the revised target dates provided by officers; and
(ii) to express disappointment that the number of overdue recommendations had increased from the previous report and to note that this would be highlighted with the Corporate Management Team as an area of concern.

ICO FOLLOW UP ON RECOMMENDATIONS

20. With reference to article 28 of the minute of its previous meeting of 26 June 2014, the Committee had before it a report by the Acting Director for Corporate Governance which provided an update on the progress with implementing the actions agreed following the UK Information Commissioner's Office Audit of the Council's Data Protection arrangements which was published in June 2013.

The report recommended:
that the Committee -
(a) note the progress with implementing the actions agreed following the Data Protection Audit; and
(b) instruct officers to report progress with implementation of the actions to the Audit, Risk and Scrutiny Committee as appropriate until complete.

The Committee resolved:-
to approve the recommendations contained in the report.

AUDIT SCOTLAND VALUE FOR MONEY NATIONAL REVIEWS - CG/14/112

21. With reference to article 31 of the minute of its previous meeting of 26 June 2014, the Committee had before it a report by the Acting Director of Corporate Governance which presented a summary of Audit Scotland national 'value for money' studies published in the last tranche of reports and set out any actions taken or agreed by the Council in response to these.

AUDIT AND RISK COMMITTEE
23 September 2014

The report recommended:
that the Committee -
(a) note the detail of the Audit Scotland's national "value for money" studies published in 2013 and the assessment of the implications for Aberdeen City Council summarised within the report;
(b) note the detail of the report "An overview of local government in Scotland" and gave consideration to officers comments made in respect of each of the priorities identified within the report.

The Committee resolved:-
to approve the recommendations contained in the report.

In accordance with the decision taken at article 1 of this minute, the following item of business was considered with the press and public excluded.

SUPPLY AND DELIVERY OF INTERNAL AUDIT SERVICES - CG/14/114

22. The Committee had before it a report by the Acting Director of Corporate Governance which set out an options appraisal and sought support for the future provision and delivery of Internal Audit Services when the current contract ended on 31 March 2015.

The report recommended:
that the Committee -
(a) approve, subject to satisfactory clarifications, to support the proposal for a shared Internal Audit Service with Aberdeenshire Council as the preferred option for the delivery of Internal Audit function beyond the end of the current contract; and
(b) note that the Finance, Policy and Resources Committee are requested to approve the preferred option.

The Committee resolved:-
to approve the recommendations contained in the report.

- **CALLUM McCAIG, Convener.**

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SPECIAL AUDIT AND RISK COMMITTEE

ABERDEEN, 25 September 2014. Minute of Meeting of the AUDIT AND RISK COMMITTEE. Present:- Councillor McCaig, Convener; Councillor , Vice-Convener; Councillor George Adam, the Lord Provost and Councillors Allan (as substitute for Councillor Cooney), Cameron, Cormie (as substitute for Councillor Jackie Dunbar), Dickson (as substitute for Councillor May), Donnelly, Graham, Greig, Malik, Milne (as substitute for Councillor Lawrence), Nathan Morrison and Noble.

The agenda and reports associated with this minute can be located at the following link: http://committees.aberdeencity.gov.uk/documents/b9938/Second%20Additional%20Circulation%2023rd-Sep-2014%2014.00%20Audit%20and%20Risk%20Committee.pdf?T=9

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COMMUNICATION OF AUDIT MATTERS TO THOSE CHARGED WITH GOVERNANCE IN TERMS OF ISA 260

1. With reference to article 10 of the minute of its meeting of 23 September 2014, the Committee had before it a report by the External Auditor which advised that the International Standard on Auditing (ISA) 260 required auditors to report certain matters arising from the audit of the financial statements to those charged with governance of body in sufficient time to enable appropriate action to be taken. The report before members set out consideration of the matters arising from the audit of the financial statements for 2013/14 that required reporting in terms of ISA 260. Appendices to the report contained various draft statement of accounts or accounts for the period 2013/14 associated with the audit.

Members asked a number of questions of the External Auditor and Officers.

The Head of Finance thanked the External Auditors and his team for the work undertaken on the accounts and the audit and expressed that there was a great working relationship between both parties. The Assistant Director of Audit expressed his thanks to the Finance team.

The Convener thanked everyone involved with the accounts and the auditing process.

The Committee resolved:-
(i) to note the thanks expressed to both Audit Scotland and to the Finance Team;
(ii) to otherwise note the content of the report.

- **CALLUM McCAIG, Convener.**

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AUDIT, RISK and SCRUTINY COMMITTEE

WORKPLAN

No.	Minute Reference	Item	Committee decision/ Update	Lead Officer(s)
20 NOVEMBER 2014				
Performance and Improvement				
1.	27/02/14 article 3	Elected Member Development	To endorse the proposals contained within the report for members' development, and instructs that "Elected Member Development" be a standing item on the Audit and Risk Committee agenda.	Committee Officer
2.	27/02/14 article 4	Internal Audit Progress and Performance	To instruct that a report be submitted to each meeting of the Committee providing details of the performance of the internal audit function against each of the metrics shown in appendix 3 to the report.	Internal Audit / Performance & Transformation Manager
3.	27/02/14 article 4	External Audit Progress and Performance	To request that a similar set of key performance indicators be developed for external audit.	External Audit / Performance & Transformation Manager
4.	23/09/14 article 22	Transfer of Internal Audit Services	Update on transition arrangements	Performance & Transformation Manager
5.		Data Protection Reporting July to September 2014		Legal Manager
Risk Management				
6.		Risk Registers	Social Care and Wellbeing Risk Register	Performance and Risk Manager
Control Environment and Assurance				
7.	27/02/14 article 8	Compliance with Laws and Regulations	Internal Audit Plan agreed	Internal Audit

No.	Minute Reference	Item	Committee decision/ Update	Lead Officer(s)
8.	27/02/14 article 8	Compliance with Public Records Phase 1	Internal Audit Plan Agreed	Internal Audit
9.	27/02/14 article 8	Fraud Governance within H&E	Internal Audit Plan agreed	Internal Audit
10.	27/02/14 article 8	Procurement Controls Outwith Pecos	Internal Audit Plan agreed	Internal Audit
11.	27/02/14 article 8	Transport Contracts within Education and Social Work	Internal Audit Plan agreed	Internal Audit
12.	27/02/14 article 8	Devolved School Management Phase 1	Internal Audit Plan agreed	Internal Audit
Control Environment and Assurance – audit follow up				
13.		Audit Follow Up	Standing Item	Internal Audit
14.	7/05/14 article 14	ICO follow up on recommendations	To instruct officers to report progress in implementation of the actions to the Committee as appropriate until complete.	Performance & Transformation Manager / Legal Manager
15.	N/A – instruction of Director of CG	Whistleblowing Policy – Scottish Government Petition		Performance and Risk Manager
16.	N/A – instruction of CEO	Corporate Health and Safety Committee Reporting Arrangements		Senior Democratic Services Manager
Finance				
17.	27/02/14 article 17	Annual report to Members and the Controller of Audit	External Audit Plan agreed.	External Audit
Exempt Report				
18.	N/A	Matters Under Investigation	Standing Item	Director of Corporate Governance
FEBRUARY 2015				
Performance and Improvement				
1.	27/02/14	Elected Member Development	To endorse the proposals contained within the report	Committee Officer

No.	Minute Reference	Item	Committee decision/ Update	Lead Officer(s)
	article 3		for members' development, and instructs that "Elected Member Development" be a standing item on the Audit and Risk Committee agenda.	
2.		Internal Audit Plan 2015/16	To present the Internal Audit Plan for 2015/16	Internal Audit / Community Planning & Corporate Performance Manager
3.	27/02/14 article 4	Internal Audit Progress and Performance	To instruct that a report be submitted to each meeting of the Committee providing details of the performance of the internal audit function against each of the metrics shown in appendix 3 to the report.	Internal Audit / Community Planning & Corporate Performance Manager
4.	27/02/14 article 4	External Audit Performance Indicators	To request that a similar set of key performance indicators be developed for external audit.	External Audit / Community Planning & Corporate Performance Manager
5.	7/05/14 article 5	Self Evaluation – update	To instruct officers to implement the agreed improvement actions and provide regular updates to the Committee.	Corporate Performance Manager
6.	N/A – instruction of Director of CG	Feedback/ Evaluation of External Auditors		Corporate Performance Manager
7.		Transfer of Internal Audit Services	Update on transition arrangements	Performance & Transformation Manager
Risk Management				
8.	27/02/14 article 6	System of Risk Management	To agree the regular submission of key elements of the system of risk for the Committee's consideration on a continuous basis.	Performance and Risk Manager
9.		Risk Register	Education and Children's Services	Performance and Risk Manager
10.		Best Value Audit		

No.	Minute Reference	Item	Committee decision/ Update	Lead Officer(s)
11.	N/A – instruction of Director of CG	Health and SC Integration (possible formation of a separate audit committee, appointment of a chief internal auditor, production of an internal audit plan, development of a system of risk management, production of a set of financial accounts for 15/16 confirmation around account requirements for 14/15)		Director of Corporate Governance
Control Environment and Assurance				
12.	27/02/14 article 8	Disaster Recovery	Internal Audit Plan agreed	Internal Audit
13.	27/02/14 article 8	Asset Management	Internal Audit Plan agreed	Internal Audit
14.	27/02/14 article 8	Compliance with Public Records (Scotland) Act	Internal Audit Plan agreed	Internal Audit
15.	27/02/14 article 8	Management Information	Internal Audit Plan agreed	Internal Audit
16.	27/02/14 article 8	New Schools Programme	Internal Audit Plan agreed	Internal Audit
17.	27/02/14 article 8	Procurement in Construction	Internal Audit Plan agreed	Internal Audit
18.	27/02/14 article 8	Care First budgetary control and forecasting	Internal Audit Plan agreed	Internal Audit
19.	27/02/14 article 8	Music Services	Internal Audit Plan agreed	Internal Audit
20.	27/02/14 article 8	Control Assurance Mapping	Internal Audit Plan agreed	Internal Audit
21.	07/05/14 article 8	Policy and Procedure Development	Internal Audit Plan agreed	Internal Audit
22.	07/05/14 article 8	ALEO Review	Internal Audit Plan agreed	Internal Audit
23.	26/06/14	Continuous Controls – Financial	Internal Audit Plan agreed	Internal Audit

No.	Minute Reference	Item	Committee decision/ Update	Lead Officer(s)
	article 6	Controls Programme		
24.	26/06/14 article 6	Procurement in Construction	Internal Audit Plan agreed	Internal Audit
25.	27/02/14 article 8	Service Reviews (care users)	Internal Audit Plan agreed	Internal Audit
26.	Annual	External Audit Plan 2015/16		External Audit
Control Environment and Assurance – audit follow up				
27.		Audit Follow Up	Standing Item	Internal Audit
28.	7/05/14 article 14	ICO follow up on recommendations	To instruct officers to report progress in implementation of the actions to the Committee as appropriate until complete.	Performance and Risk Manager / Legal Manager
29.		Annual Scheduled Private Sessions with Internal and External Audit	As identified as part of the self-evaluation exercise, the Committee agreed that separate private sessions with both Internal Audit and External Audit be arranged.	Internal Audit/External Audit/Corporate Performance Mnager
30.		Measures to Prevent and Detect Fraud		Head of Finance
31.	27/02/14 article 17	Targeted Follow up: Major Capital Investment in Councils	External Audit Plan agreed.	External Audit
Finance				
	N/A – instruction of Director of CG	Integration of Health and Social Care Budgets		Director of Corporate Governance/ Head of Finance
Value for Money				
32.	27/02/14 article 20	Audit Scotland Value for Money National Reviews	Standing Item	Performance and Risk Manager
Exempt Report				
33.	N/A	Matters Under Investigation	Standing Item.	Director of Corporate Governance
APRIL 2015				

No.	Minute Reference	Item	Committee decision/ Update	Lead Officer(s)
Performance and Improvement				
1.	27/02/14 article 3	Elected Member Development	To endorse the proposals contained within the report for members' development, and instructs that "Elected Member Development" be a standing item on the Audit and Risk Committee agenda.	Committee Officer
2.	27/02/14 article 4	Internal Audit Progress and Performance	To instruct that a report be submitted to each meeting of the Committee providing details of the performance of the internal audit function against each of the metrics shown in appendix 3 to the report.	Internal Audit / Community Planning & Corporate Performance Manager
3.	27/02/14 article 4	External Audit Performance Indicators	To request that a similar set of key performance indicators be developed for external audit.	External Audit / Community Planning & Corporate Performance Manager
4.	27/02/14 article 4	Audit and Risk Committee Self Evaluation	Annual report	Community Planning & Corporate Performance Manager
Risk Management				
5.	27/02/14 article 6	System of Risk Management	To agree the regular submission of key elements of the system of risk for the Committee's consideration on a continuous basis.	Performance and Risk Manager
6.		Risk Register	Communities, Housing and Infrastructure	Performance and Risk Manager
Control Environment and Assurance				
7.	27/02/14 Article 8	Roads	Internal Audit Plan agreed	Internal Audit
8.	27/02/14 article 8	Corporate Landlord Responsibilities (asset management)	Internal Audit Plan agreed	Internal Audit
Control Environment and Assurance – audit follow up				

No.	Minute Reference	Item	Committee decision/ Update	Lead Officer(s)
9.		Audit Follow Up	Standing Item	Internal Audit
10.	7/05/14 article 14	ICO follow up on recommendations	To instruct officers to report progress in implementation of the actions to the Committee as appropriate until complete.	Performance and Risk Manager / Legal Manager
Value for Money				
11.	27/02/14 article 20	Audit Scotland Value for Money National Reviews	Standing Item	Performance and Risk Manager
Exempt Report				
12.	N/A	Matters Under Investigation	Standing Item.	Director of Corporate Governance
JUNE 2015				
Performance and Improvement				
1.	27/02/14 article 3	Elected Member Development	To endorse the proposals contained within the report for members' development, and instructs that "Elected Member Development" be a standing item on the Audit and Risk Committee agenda.	Committee Officer
2.	27/02/14 article 4	Internal Audit Progress and Performance	To instruct that a report be submitted to each meeting of the Committee providing details of the performance of the internal audit function against each of the metrics shown in appendix 3 to the report.	Internal Audit / Community Planning & Corporate Performance Manager
3.	27/02/14 article 4	External Audit Performance Indicators	To request that a similar set of key performance indicators be developed for external audit.	External Audit / Community Planning & Corporate Performance Manager
Risk Management				
4.	27/02/14 article 6	System of Risk Management	To agree the regular submission of key elements of the system of risk for the Committee's consideration	Performance and Risk Manager

No.	Minute Reference	Item	Committee decision/ Update	Lead Officer(s)
			on a continuous basis.	
5.		Risk Register	Corporate Governance	Performance and Risk Manager
Control Environment and Assurance				
6.	27/02/14 article 8	Library Services	Internal Audit Plan agreed	Internal Audit
7.	26/06/14 article 6	Continuous Controls – Financial Controls Programme	Internal Audit Plan agreed	Internal Audit
8.		Pension Fund Financial Controls	Internal Audit Plan agreed	
Control Environment and Assurance – audit follow up				
9.		Audit Follow Up	Standing Item	Internal Audit
10.	7/05/14 article 14	ICO follow up on recommendations	To instruct officers to report progress in implementation of the actions to the Committee as appropriate until complete.	Performance and Risk Manager / Legal Manager
Exempt Report				
11.	N/A	Matters Under Investigation	Standing Item	Director of Corporate Governance

ABERDEEN CITY COUNCIL

COMMITTEE	Audit, Risk and Scrutiny
DATE	20 November 2014
DIRECTOR	Ewan Sutherland (Acting)
TITLE OF REPORT	Progress of Committee Decisions
REPORT NUMBER	CG/14/160
CHECKLIST COMPLETED	Yes

1. PURPOSE OF REPORT

This report provides members with an update on progress made with previous Committee decisions.

2. RECOMMENDATION(S)

The Committee are asked to note the content of the report and the analysis data provided in relation to Service and Corporate Induction.

3. FINANCIAL IMPLICATIONS

There are no financial implications arising from the report.

4. OTHER IMPLICATIONS

There are no direct legal or other implications arising from this report.

5. BACKGROUND/MAIN ISSUES

At the last pre-agenda meeting for the Audit and Risk Committee, it was agreed that there was a need to track decisions taken by the Committee that had been referred to other committees or to officers for action. This was to ensure that the Committee could be satisfied their recommendations were being actioned appropriately.

5.1 Committee Decision Tracking Sheet

The most up to date decision tracking sheet has been included on the agenda for your information. It will be included for all future meetings to provide an update on the action taken to date.

5.2 Review of Service Risk Registers

As part of the management of risk, each Service will have their Risk Registers presented to this Committee for review. The timetable for these is as follows:
20 November 14 – Social Care and Wellbeing
26 February 15 – Education and Children's Services
30 April 15 – Communities, Housing and Infrastructure
25 June 15 – Corporate Governance

5.3 Private Sessions with Internal and External Audit

In completing a self-evaluation in 2014, the Audit and Risk Committee identified best practice as having annual scheduled private sessions between the Committee and both Internal and External Auditors. The Committee agreed to put these in place with separate meetings for Internal and External Audit. These meetings will be arranged for February 2015.

5.4 Service and Corporate Induction

At its meeting of 26 June 2014, the Committee resolved to request that Organisational Development carry out an analysis of all new starts from the past six months in order to evaluate their experience of induction.

The Service has undertaken the analysis and the information and action plan has been attached for your information.

5.5 Elected Members Development

A further date for Session 4 – an overview of the Audit and Risk Committee's responsibilities in terms of the financial reporting statements of Council was arranged for 5 November for the four members still outstanding.

At its meeting of 23 September 2014, the Committee resolved to note that training for members of the Audit, Risk and Scrutiny Committee would require to be undertaken if they had not been previously trained.

The new members of the Committee have been identified and dates for their training have been organised.

6. IMPACT

The overall impact of implementation of the agreed actions is assurance of the Council's management of information and mitigation of risk.

7. MANAGEMENT OF RISK

N/A

8. BACKGROUND PAPERS

Previous Committee decision sheets and minutes.

9. REPORT AUTHOR DETAILS

Karen Rennie
Committee Services Officer
Email: karrennie@aberdeencity.gov.uk, Tel: 01224 522723

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Induction Process – Current Practice

1 Introduction

The way that employees are introduced to an organisation can have a long term impact on their performance and the overall organisation. This paper explores current practices that are being adopted when new employees are being introduced to the organisation. In order to get a clearer picture, 286 surveys were emailed and 21 paper surveys were distributed to employees. The survey covers individual who took up a new job during the period 1 December 2013 to 14 July 2014. This could include complete new starts to the organisation or existing employees who had moved jobs. A total of 136 responses were received which was made up of the following:

Number of online surveys completed – 119
Number of paper surveys completed – 9
Number of interviews conducted – 8

This paper presents the findings of the experiences of these respondents when they joined the Council.

2 The Participants

The table below outlines the number of respondents within each directorate and the period of time they have been in employment with the Council.

Answer Options	Response Percent	Response Count
Corporate Governance	21.5%	29
Education, Culture and Sport	18.5%	25
Enterprise, Planning and Infrastructure	14.1%	19
Housing and Environment	25.2%	34
Office of Chief Executive	0.0%	0
Social Care and Wellbeing	20.7%	28
	answered question	135
	skipped question	1

Answer Options	Response Percent	Response Count
0-6 months	77.2%	105
6-12 months	22.8%	30
Over 12 months	0.0%	0
	answered question	135
	skipped question	1

3	The Experience - Analysis

Answer Options	Strongly Agree	Agree	Neither Agree or Disagree	Disagree	Strongly Disagree	Response Count
I was formally introduced to the organisation by my line manager on my first day at work	61	50	7	6	4	128
During the introduction my role and objectives were clearly explained	48	53	14	8	4	127
From the introduction the organisational behaviours were outlined	42	61	10	9	4	126
During the introduction, it was clear what the values of the organisation are	45	52	19	8	4	128
During the introduction, it was clear what the aims and objectives of my team are, how I contribute to this and how this contributes to the overall goals of the organisation	40	52	21	13	2	128
I was made aware of training and development opportunities when introduced to the organisation	42	48	23	11	4	128
I had ready access to the appropriate resources, equipment, software etc required to carry out my work	38	42	10	27	9	126
An induction checklist was used during the introduction	69	39	6	8	6	128

The table illustrates that the majority of respondents received a formal introduction by their line manager. The introduction clarified the role, organisational behaviours, values of the organisation and any training and development opportunities available. In the majority of cases, the induction checklist was used. However, in terms of having access to the appropriate resources and equipment required to undertake their job, there is a slight dip and a higher number of people indicating that they may not necessarily have been given the required resources to undertake their role at an early enough stage. In addition, the question regarding the clarity of team aims and objectives and how this contributes to the overall goals of the organisation is an area which shows a lower level of agreement in comparison to the other statements.

From the comments gathered it was found that:

- The type of resources that people did not typically have access to includes ID badges, internet, specific software and ICT
- The line manager was not around to conduct the introduction process but they were shown around by other colleagues (3 comments)
- No formal induction was undertaken and the checklist was not used in a small but significant number of instances
- In some instances individuals had to source information on their own
- Much more emphasis was placed on practical areas, such as the use of telephone at work, rather than organisational values
- The time taken to cover the relevant information was felt appropriate since quite a lot of information to take in (2 comments).

Respondents were asked to use one word to describe how their introduction to the organisation made them feel. The table below outlines the words mentioned and the amount of times it was mentioned.

Word	Frequency
Motivated	19 comments
Engaged	18 comments
Welcome	8 comments
Excited	6 comments
Enthusiastic	5 comments
Confused	5 comments
Interested	3 comments
Overwhelmed	3 comments
Valued	3 comments
OK	2 comments
Comfortable	2 comments
Ready	2 comments
Positive	2 comments
Included	2 comments

The delivery of the introduction process also impacts on how respondents view the organisation as a whole.

Word Mentioned	Frequency
Positive	17 comments
Good place to work	6 comments
Accepted/welcomed into the organisation	6 comments
OK/alright	5 comments
Neutral/no change	5 comments
Good	5 comments
Motivated	5 comments
Confident	4 comments
Not organised	4 comments
It's a professional organisation	3 comments

The majority of the words used have positive connotations indicating that in general most respondents had a positive experience. Nevertheless, some applicants do feel overwhelmed or confused by their induction.

Respondents found that certain things were omitted and it was felt that if included, it would have enhanced the overall introduction experience. These have been categorised as follows:

- **Necessary equipments to carry out the work**: ICT software; ID badge/pass;
- **Corporate information:** Overview of the Council as a whole; HR support; annual leave; employee benefits; flexi time system; training opportunities; map of workplace; guide book
- **Information related to the job**: Job role; written guidance on processes; information about teams and departments
- **A structured induction process**
- **HR Support**

4	Corporate Induction Workshop - Analysis

Did you attend the Corporate Induction Workshop?		
Answer Options	**Response Percent**	**Response Count**
Yes	34.9%	37

No	65.1%	69
	answered question	106
	skipped question	30

For those who did attend the Corporate Induction workshop, 8 people found that the workshop helped them increased their understanding of the Council as a whole. 4 respondents found the experience very positive and there were 4 comments from respondents stating that it was a good opportunity to meet other colleagues who work for the Council. Only 4 respondents found that this had little impact on them. 9 intimated that they are presently booked onto the workshop and are due to attend.

For those who did not attend the Corporate Induction Workshop, the main reason provided was that they were not aware of the course or were not asked to attend (34 comments). It was also highlighted that the days and times that the workshop is scheduled for may not suit some work patterns.

Surprisingly some people who strongly agreed or agreed that their manager used the induction checklist said that they have not heard of the Corporate Induction workshop. One possible explanation is that the Line Manager themselves were not aware of the Corporate Induction Workshop.

If you are a manager, did you complete the Induction for New Managers programme?

Answer Options	Response Percent	Response Count
Yes	8.0%	8
No	5.7%	5
Not Applicable	86.4%	83
	answered question	96
	skipped question	40

If you did complete the programme, how useful did you find it?

Answer Options	Response Percent	Response Count
Very Useful	5.0%	4
Quite useful	11.25%	9
Not at all useful	2.5%	2
Not Applicable	81.25%	65
	answered question	80
	skipped question	49

The majority of respondents who completed the survey did not have any line management responsibilities therefore the New Managers programme did not apply to them. For managers who did attend, it was found to be quite useful or very useful. The benefits were that it provided an overview of the leadership behaviours and expectations of the organisation as a whole and it was a good opportunity to meet more senior staff. For those who did not attend the main reason was because they were not aware of it.

Finally, respondents were asked to provide any additional comments or suggestions they have in relation to being introduced to the organisation. A summary of the comments which have not been covered already includes:

- Goals and objectives being well explained
- More emphasis on health and safety
- More formalised introductions
- Having shorter first days
- Tour of Marischal College for new starts
- Meeting senior managers or Councillors
- Allow employees to have more time for introductions
- Having a section on the Zone for new starts so they can gain access to useful information
- Having information packs for each department
- Having one referral process only for accessing all the relevant ICT systems
- A "buddy" system where new start employee buddies with a colleague on informal aspects of work
- Perhaps some form of induction for staff who joined as agency since they may become council staff

5	**Summary of Findings**

- The majority of the participants have received some form of structured induction from their line manager. In most cases, the induction checklist was used and participants were provided with the equipment and tools that they required to do their job.
- Participants found that the delivery of the induction can have an impact on their attitude and how they feel about the organisation as a whole. The majority of the words used by participants to describe how they felt had positive connotations such as feeling motivated and engaged. However, some participants did express feelings of confusion and being overwhelmed.
- A high number of participants did not attend the Corporate Induction Workshop. One of the main reasons for this is due to the lack of information provided regarding this. For the participants who did attend, they found it was informative and increased their understanding of the organisation as a whole. It was also felt that it was a good opportunity to meet other colleagues.
- Some of the managers who completed the survey indicated that they did not complete the Induction for New Managers programme. Nevertheless, those who did complete it found it useful in providing an overview of leadership behaviours.

6	**Conclusions and Recommendations**

From the information gathered several conclusions can be drawn. Overall, people receive a positive induction experience. However, this report indicates that not every individual who starts their employment with the organisation receives a structured induction and may not always have access to the required equipment or tools to undertake their work.

The number of people who have completed the Corporate Induction Workshop and Induction for New Managers are relatively low therefore there is a requirement to raise awareness of these courses and providing the information regarding these.

It is recommended that there is a streamlined induction process which begins once a new start has been appointed into the post. They should be clear right from the start what is expected of them and how their role contributes to the overall vision of the organisation. In addition, information that new starts require at the beginning should be signpost to them through e-learning modules or the provision of guides. In addition, support and information should also be provided to line managers so that they have the skills and knowledge to deliver inductions and direct new employees.

YourHR would need to be further developed to ensure that both new start employee and manager can access the relevant materials through the system.

In addition, processes should need to be in place to ensure that new start employees have access to relevant ICT facilities and resources that they require to undertake their job from the day they start their job. Based on these recommendations, the following action plan is developed.

7	Action Plan

Based on the findings of this report, it is recommended that the following actions should be in place:

To ensure a robust and streamlined Induction process	• Close the gap between appointment and start date by developing onboarding materials which will inform and enthuse the new start • Ensure managers understand the importance of the day 1 welcome and orientation • Create sheets for managers with "top tips" which is uploaded to YourHR along with the induction checklist when the new start is added • Update and re-promote how to induct new employees e-learning
Ensure that employees are clear from day 1 what is expected of them and how their role contributes to the organisational overall	• Review job profiles and ensuring that the job purpose reflects outcomes/intended impact of job • Reminding managers that it is their responsibility to carry out PR&D with new recruits as part of revised PR&D • Monitor through YourHR to see if this is being carried out
Ensure that employees have access to information that they need as well as tools and support that they require to allow them to be effective at an early stage	• Reinstate and re-brand the former managers and employee handbooks with all the information a new start needs to know. This will be available on the Zone, OIL, disc and .pdf for non-pc users • Develop a single OIL module with all the key messages that a new start needs to know and signposting them to where more detailed information can be found that is relevant to their role. Module should be available on disc format for non PC users. • Ensure that the corporate workshops and induction information set out the context of transformation and performance culture.
Ensure induction process is streamlined and has impact	• YourHR to be developed to ensure that it automatically provides new starts and their managers with the induction checklist. The checklist can also be used by managers to review individual employee's progress • Using the reporting function from YourHR to provide council wide evidence of whether service and corporate induction is being carried out

	• Ensure that there are reliable mechanisms in place such as new starts having access to ICT from day 1 with the relevant usernames, passwords, email accounts, YourHR and other ICT facilities
Provide tailored induction processes to ensure they are meaningful and relevant to particular groups	• Monitor attendance at Induction for New Managers and address areas where uptake level is low • Rebrand and repromote the managers' handbook • Brief DSMs/PA's/HRBPs on the Chief Officer process and eInduction package • Ensure the development framework for recently appointed senior managers becomes an automatic part of the induction process at senior level; roll this out for all promoted posts • Providing a tailored Corporate induction for Headteachers who has recently been appointed to post.

AUDIT, RISK and SCRUTINY

DECISION TRACKING SHEET

20 NOVEMBER 2014

Please note that this statement contains a note of the decisions allocated to other Committees or to Officers to enable this Committee to track that audit recommendations and recommendations from the Committee are being actioned.

No.	Minute Reference	A,R&S Committee Decision	Lead Officer(s)	Responsible Service	Decision or Update
1.	Audit and Risk 26 June Article 10	**System of Risk Management** (ii) to instruct all Services to review their business continuity arrangements and to report back to their Service Committee	CMT	All Services	This item to be referred to all Directorates and added to the Committee Business Statements for the respective Committees.
2.	Audit and Risk 26 June 14 Article 18	**Community Centre Internal Audit Report** (ii) to request that the Service take an urgent decision in relation to the recommendation that the Council make a choice as to whether it takes on responsibility for carrying out the PVG checks, or whether it allows management committees to process PVG checks through an external organisation, to enable this part of the recommendation to be progressed as soon as possible, and to delegate to officers appropriately.	G Gorman/ G Woodcock	Education, Culture and Sport	GW meeting with Legal to discuss has been postponed therefore a detailed response will follow at a later date.
3.	Audit and Risk 26 June 14 Article 20	**Sourcing and Management of Agency Staff – Internal Audit Report** (i) to request that updates on the recommendations be provided through the performance report to the Finance, Policy and Resources Committee	E Sutherland	Human Resources and Organisational Development	The Finance, Policy and Resources Committee receive a Dashboard presentation rather than a performance report so the information would need to be captured within the Dashboard. **Complete**

No.	Minute Reference	A,R&S Committee Decision	Lead Officer(s)	Responsible Service	Decision or Update
4.	Audit and Risk 26 June 14 Article 23	**Internal Audit Follow Up** (iv) to note the work being done in relation to Arms Length Organisations and that a further report would be presented to the Committee in September	S Whyte	Finance	
5.	Audit and Risk 26 June 14 Article 25	**Social Care and Wellbeing Contracts Workplan** (ii) to request that updates on progress with the workplan be reported to the appropriate Committee.	A Macleod/ T Cowan	Social Care and Wellbeing	
6.	Audit and Risk 26 June 14 Article 29	**Service and Corporate Induction** (i) to request that Organisational Development carry out an analysis of all new starts from the past six months in order to evaluate their experience of induction.	E Sutherland	Human Resources and Org. Dev	The Service has confirmed that an analysis of induction for new starts over the last 6-12 months has been carried out and a copy is available. **Complete**
7.	Audit and Risk 23 Sept 14 Article 4	**Elected Members Development** to note that training for members of the Audit, Risk and Scrutiny Committee would require to be undertaken if they had not been previously trained	A McQuarrie M Murchie	Human Resources and Org. Dev Customer Service and Performance	When Councillors have been allocated Committee places training will be organised. Four sessions to be scheduled prior to the Committee in November 2014.
8.	Audit and Risk 23 Sept 14 Article 14	**Complaints Handling Procedure** to request officers to undertake a sampling exercise of complaints upheld or partially upheld to determine the level of completeness specifically providing evidence for lessons learnt	N Buck	Customer Service and Performance	
9.	Audit and Risk 23 Sept 14 Article 22	**Supply and Delivery of Internal Audit Services** to note that the Finance, Policy and Resources Committee are requested to approve the preferred	M Murchie	Customer Service and Performance	FP&R agreed the recommendations at its meeting on 30 Sept 14. **Complete**

No.	Minute Reference	A,R&S Committee Decision	Lead Officer(s)	Responsible Service	Decision or Update
		option			

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ABERDEEN CITY COUNCIL

COMMITTEE	Audit, Risk and Scrutiny
DATE	20 November 2014
DIRECTOR	Ewan Sutherland (Acting)
TITLE OF REPORT	Development of Elected Members – Update
REPORT NUMBER:	CG/14/095

1. PURPOSE OF REPORT

The purpose of this report is to provide an update on the development of members of this committee, since the last meeting of 23 September 2014.

2. RECOMMENDATION(S)

that the Committee note the content of the report.

3. FINANCIAL IMPLICATIONS

There are no financial implications – all training is being provided in house.

4. OTHER IMPLICATIONS

Staff in democratic services, finance, customer service and performance, human resources, internal audit are contributing to, and delivering training.

5. BACKGROUND/MAIN ISSUES

5.1 At its meeting of 27 February 2014, members approved a programme of development for members of this committee. An update on the programme is provided below:

	Date	*Event*	*Update*
Short term	**March**	Shareholders Scrutiny Group training for all members of the new Group (including trades union members) – Angela Scott to lead.	Held on 3 March, 8 attendees (including two TU reps).

March	Specific training for trades union members of the Shareholder Scrutiny Group on the Code of Conduct (which they will be required to sign up to) – Democratic Services to lead.	Held on 7 April, Unison TU rep attended.
	Session 1 – an overview of the role of the Audit and Risk Committee – Angela Scott to lead.	All A&R committee members have now attended.
April	Session 2 – an overview if the system of risk management and understanding the Audit and Risk Committee's role in examining the system of risk management – Community Planning and Performance Manager to lead.	All A&R committee members have now attended.
May	Session 3 – an overview of the internal audit control environment, and the Audit and Risk Committee's role in terms of questioning the reports it receives from internal audit on the internal control environment – Internal Audit to lead.	All A&R committee members have now attended.
June	Session 4 – an overview of the Audit and Risk Committee's responsibilities in terms of the financial reporting statements of Council – Finance Team to lead.	4 members to attend final session – date scheduled for November
November	New members of the Audit, Risk and Scrutiny Committee to undertake the training identified as Sessions 1 – 4	In progress

TBC	Members of the Audit and Risk Committee to visit Audit Committees of a local authority and another public sector body.	Deferred until new members of the Committee have been trained.

5.2 Feedback from Session 4:

- An excellent question and answer session clarified areas of doubt
- The relaxed approach and the organised presentation
- I will certainly be chasing up the implementation of agreed actions on the reports
- It was short and to the point. Key issues were explored in a measured way
- Thanks for being so patient in rescheduling.

6. IMPACT

Developing members in the area of the governance and scrutiny of arms length external organisations (ALEOs) should lead to an improvement in the governance and decision making in this area. Developing members' roles in the Audit and Risk Committee will strengthen the scrutiny and risk management arrangements of Council.

7. MANAGEMENT OF RISK

The recommendations address the risks identified in the report "Roles and Responsibilities – Is Aberdeen City Council Getting It Right?" and aim to reduce risk relating to ALEOs.

It is important that members are in a position to properly scrutinise committee papers and have a clear understanding of their responsibilities around risk management. This report seeks to address this and improve members' confidence and competency in these areas.

8. BACKGROUND PAPERS

Designing a Positive Framework Governance with Arms Length External Organisations – Audit and Risk Committee 27 February 2014

Elected Members Development – Audit and Risk Committee 27 February 2014, 7 May 2014 and 26 June 2014.

9. REPORT AUTHOR DETAILS

Karen Rennie, Committee Officer
kariddoch@aberdeencity.gov.uk
(01224) 522723

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Aberdeen City Council

Internal Audit Performance

(October - November 2014)

Final

Audit and Risk Committee

20 November 2014

Contents

Section 1 – Introduction

Background

1.01 The assurance you receive through the internal audit programme is a key component of your overall governance framework, which is ultimately reflected in the Statement on Corporate Governance presented in the annual financial statements. The purpose of this internal audit progress paper is to highlight the progress against the 2014/15 Internal Audit Plans since the previous Audit and Risk Committee (September 2014).

Internal audit reviews for 2014/15

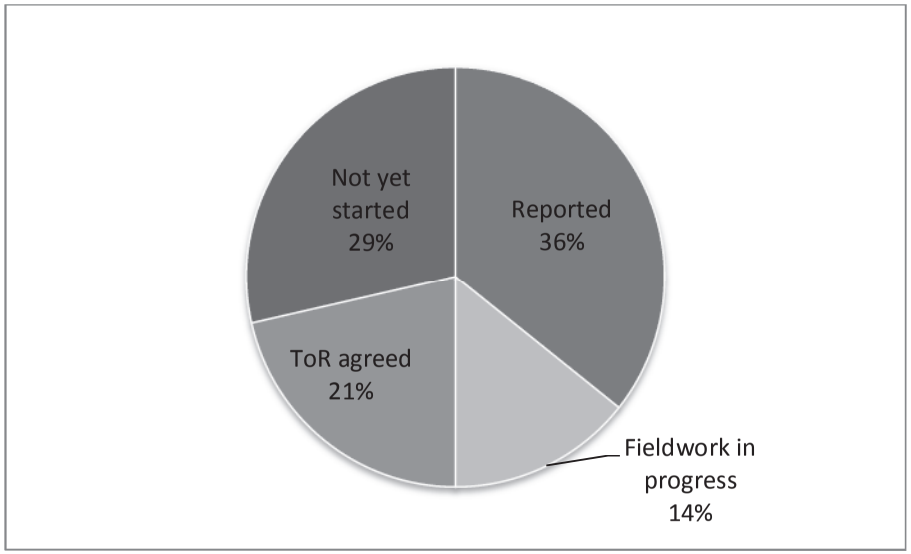
1.02 Since the last Audit and Risk Committee we have finalised the following 7 reviews and agreed detailed action plans with management to address the recommendations made:

- Compliance with Public Records Act – Phase 1 (Corporate Governance);
- Compliance with Laws and Regulations (Corporate Governance)
- Fraud Governance (Cross Cutting)
- Transport Contracts (Cross Cutting);
- Procurement controls out with PECOS (Cross Cutting); and
- Devolved School Management – Phase 1 (Education, Culture and Sport)
- Follow up (Cross Cutting)

These reports are included on the Audit and Risk Committee agenda in their entirety.

1.03 Where necessary the reports have been redacted. Internal Audit will present the Executive Summary for each report in accordance with usual practice, but will take questions on the detailed report and action plan as necessary.

Overall 2014/15 internal audit progress status – November 2014



1.04 Within the 2013/14 plan there was a review scheduled to assess compliance with Devolved School Management (DSM). The review was delayed as Education, Culture and Sport had not yet implemented the guidelines issued in March 2012. The scope was finalised in June 2014 and it was agreed with management that internal audit will provide project assurance support to the roll out of devolved school management arrangements. Phase 1 of this review is being reported at the November 2014 Audit and Risk Committee, and we expect to report Phase 2 in May 2015.

Performance against KPIs

1.06 Incorporated in our Internal Audit Charter are a range of KPIs against which the performance of PwC and client staff (Council Officers) involved in the reviews can be measured. The performance against these targets for the 7 completed reviews presented to this Audit and Risk Committee is as follows:

KPI	Target	Actual
Terms or reference agreed 4 weeks prior to fieldwork	95%	86%
Planned fieldwork start date	95%	86%
Fieldwork completion date	95%	71%
Issuing draft reports for management comments (2 weeks after fieldwork complete and a close out meeting held)	95%	71%
Receiving management comments (2 weeks after issuing draft report)	95%	71%
Issuing finalised reports (within 1 week of receiving final management response)	95%	100%
Final reports presented to the Audit and Risk Committee in accordance with pre-agreed timetable	100%	100%

1.07 Target dates for each review are included on the front cover of the individual reports presented to the Committee, including supporting narrative to explain why certain KPIs have not been achieved.

Recommendations from external audit and investigations

1.09 There is a requirement to ensure proper follow up of recommendations from external audit and investigations. As of November 2014, this is now included within our internal audit follow up reporting.

Section 2 – Summary of progress against the 2014/15 plan

2.01 The following table details the progress that has been made against the 2014/15 plan, as well as highlighting any reviews that have been postponed or replaced, which have previously been discussed at Committee.

Audit Title	Proposed timing	Terms of reference agreed	Fieldwork in progress/ complete	Draft Report Issued	Management Response Received	Report Finalised	Report to Audit and Risk Committee
Financial							
Continuous Controls – Financial Control Programme (first six months)	Q3	✓	✓				Feb-15
Continuous Controls – Financial Control Programme (last six months)	Q4						Jun-15
Car parking	Q1	✓	✓	✓	✓	✓	Sep-14
Parent Council Funds	Q2	✓	✓	✓	✓	✓	Sep-14
Pension fund financial controls	Q4						May-15
Compliance							
Disaster recovery	Q3	✓					Feb-15
Security Review	Q2	✓	✓	✓	✓	✓	Sep-14
Asset management	Q3	✓					Feb-15
Compliance with the Public Records (Scotland) Act - Phase 1	Q2	✓	✓	✓	✓	✓	Nov-14
Compliance with the Public Records (Scotland) Act - Phase 2	Q4	✓					Jun-15

Audit Title	Proposed timing	Terms of reference agreed	Fieldwork in progress/ complete	Draft Report Issued	Management Response Received	Report Finalised	Report to Audit and Risk Committee
Community Planning Aberdeen (formally Management Information)	Q4						Jun-15
Aberdeen International Youth Festival - following the public pound	Q3	✓	✓				Feb-15
Procurement Governance							
Procurement in Construction	Q2	✓					Feb-15
Procurement controls out with PECOS	Q2	✓	✓	✓	✓	✓	Nov-14
Governance of Assets							
New Schools Programme	TBC						TBC
Corporate Landlord responsibilities (Asset Management)	Q4						May-15
Flooding and Coastal Risk Management	Q1	✓	✓	✓	✓	✓	Sep-14
Corporate Governance							
Policy and Procedure Development	Q3	✓					Feb-15
ALEO review	Q3	✓	✓				Feb-15
Controls Assurance Mapping	Q2	✓	✓				Feb-15
Complaints Handling Process	Q1	✓	✓	✓	✓	✓	Sep-14
Operational							
Compliance with laws and regulations	Q2	✓	✓	✓	✓	✓	Nov-14

Audit Title	Proposed timing	Terms of reference agreed	Fieldwork in progress/ complete	Draft Report Issued	Management Response Received	Report Finalised	Report to Audit and Risk Committee
Library Services	Q4						Jun-15
Fraud governance - Housing Tenancy and Scottish Welfare Fund	Q2	✓	✓	✓	✓	✓	Nov-14
Service reviews	Q2	✓	✓				Feb-15
Roads	Q4						May-15
Care First budgetary control and forecasting	Q3	✓	✓				Feb-15
Value for Money							
Music Services	Q4	✓					May-15
Transport contracts within Education and Social Work	Q2	✓	✓	✓	✓	✓	Nov-14
Other							
Follow up	Q1	NA	✓	✓	✓	✓	Jun-14
Follow up	Q2	NA	✓	✓	✓	✓	Sep-14
Follow up	Q3	NA	✓	✓	✓	✓	Nov-14
Follow up	Q4	NA					Feb-14
Internal Audit Reviews from 2013/14							
Self-Directed Support	NA	✓	✓	✓	✓	✓	Sep-14
Devolved School Management - Phase 1	NA	✓	✓	✓	✓	✓	Nov-14
Devolved School Management - Phase 2	NA	✓	✓				Feb-15

External Audit Progress Update – 2013/14 Audit

Prepared for Aberdeen City Council Audit, Risk and Scrutiny Committee
November 2014

Purpose of this report

1. This report aims to provide an update of progress with the external audit of the 2013/14 financial year. The intention is to provide the Audit, Risk and Scrutiny Committee with an update at each meeting. Our roles and responsibilities were set out in our 2013/14 annual audit plan which was considered by the Committee in February 2014. A significant element of our work relates to gathering the assurances required to support our opinion on the council's financial statements.

Summary of planned audit work for 2013/14

2. . For 2013/14, our planned work includes:

- an audit of the financial statements and provision of an opinion on whether:
  - they give a true and fair view of the financial position of Aberdeen City Council as at 31 March 2014 and its income and expenditure for the year then ended
  - the accounts have been properly prepared in accordance with the Local Government (Scotland) Act 1973 and the 2013 Code of Practice on Local Authority Accounting in the United Kingdom (the Code)
- an audit of the financial statements and provision of an opinion for the charitable trusts where the local authority is the sole trustee
- reporting the findings of the shared risk assessment process in an Assurance and Improvement Plan Update. This will consist of the Local Area Network (LAN) examining new evidence in terms of its impact on existing risk assessments and will include updated scrutiny plans for the period 2014/15 - 2016/17 for the council

- a review and assessment of Aberdeen City Council's governance and performance arrangements in a number of key areas including a review of: internal controls; the adequacy of internal audit; Statutory Performance Indicators; national study follow-up work; and a review of the ICT environment
- provision of an opinion on a number of grant claims and returns, including Whole of Government Accounts
- targeted follow up of selected national studies
- review of National Fraud Initiative arrangements

3. In agreeing our fee for the audit with the Head of Finance, we agreed to deliver the following outputs in relation to the 2013/14 audit. A number of the outputs are delivered around the conclusion of the audit of the financial statements in September. A summary of progress against our plans is set out below.

Progress of 2013/14 audit work

Planned outputs /Related activity	Planned issue date	Actual issue date	Complete	Comments
Governance				
Annual Audit Plan including agreement of our fee for the audit	31 March 2014	28 February 2014	Yes	Considered by Audit and Risk Committee on 27 February 2014
Assurance and Improvement Plan Update	30 April 2014	3 June 2014	Yes	Considered by Audit and Risk Committee on 26 June 2014
Interim report on 2013/14 audit – covers internal controls and a follow up of 2012/13 Interim Action Plan	30 June 2014	17 June 2014	Yes	Considered by Audit and Risk Committee on 26 June 2014

Planned outputs /Related activity	Planned issue date	Actual issue date	Complete	Comments
Performance				
Targeted Follow-up: Arms Length External Organisations: Are you getting it right?	31 May 2014	31 May 2014	Yes	Considered by Audit and Risk Committee on 26 June 2014
Local impact returns submitted to Audit Scotland: • National Fraud Initiative Arrangements • Health Inequalities in Scotland	31 January 2014 31 March 2014	24 January 2014 24 March 2014	Yes	Follow up questionnaires by Audit Scotland's national study team which sought feedback on the council's response to national reports. Relevant findings were included in our interim report considered by Audit and Risk committee on 26 June 2014.
Financial statements				
Report to Audit & Risk Committee in terms of ISA 260 (Communication of audit matters to those charged with governance)	23 September 2014	19 September 2014	Yes	Report considered by Audit and Risk Committee on 25 September 2014
Independent auditor's report on the financial statements	By 30 September 2014	30 September 2014	Yes	The proposed audit opinion forms part of the ISA 260 Report above. Audited accounts were signed on 30 September 2014 and submitted to Audit Scotland, Edinburgh.
Annual report to Members and the Controller of Audit	31 October 2014	11 November 2014	Yes	Due to staff absence in my team, the Audit Scotland deadline for annual reports in my portfolio has been extended by a week. The Annual Report will be considered by Audit, Risk and Scrutiny Committee on 20 November 2014.

Planned outputs /Related activity	Planned issue date	Actual issue date	Complete	Comments
Audit opinion on charitable trusts	By 30 September 2014	30 September 2014	Yes	The proposed audit opinion forms part of the ISA 260 Report above. Audited accounts will be signed by 30 September 2014. Audited accounts were signed on 30 September 2014 and submitted to Audit Scotland, Edinburgh.
Audit opinion on Whole of Government Accounts (WGA)	Early October 2014	5 October 2014	Yes	The audited WGA pack is submitted to the Scottish Government who transfers it to HM Treasury for upload to the system which brings together the consolidation of all UK local government accounts. The WGA pack is a series of spreadsheets completed by Finance using the council's group accounts and requires a detailed list of inter-public sector transactions and debtor and creditor balances to be identified which is used later in the consolidation process to eliminate corresponding balances.

Planned outputs /Related activity	Planned issue date	Actual issue date	Complete	Comments
Grants				
Education Maintenance Allowances	31 July 2014	31 July 2014	Yes	Claim totalling £347,575 was certified on 31 July and forwarded to the Scottish Government. No significant matters reported as a result of the audit.
Criminal Justice Services Returns	30 September 2014	30 September 2014	Yes	Claim totalling £4.3 million was certified and forwarded to Northern Criminal Justice Authority.
Housing Benefit and Council Tax Benefit Subsidy	30 November 2014		Ongoing	The housing benefit subsidy claim for 2013/14 amounts to £53 million and represents the amount claimed back from the Department of Work and Pensions in respect of housing benefit paid by the council. While we verify the figures in the claim, much of our work to support the opinion on the claim relates to detailed examination of benefit case files. The first stage of testing 2013/14 benefit cases based on our HBCount methodology was completed in the summer. Findings and follow up work was discussed and agreed with the Revenues team. During November, we will be conducting the final tranche of benefit testing and

Planned outputs /Related activity	Planned issue date	Actual issue date	Complete	Comments
				pulling together the results of all cases examined as part of our audit. Having identified a high number of errors in recent years, we have generally undertaken an extrapolation exercise in order to estimate the overall errors for each category of benefit and type of payment. The outcome of that exercise is taken into consideration when I form my opinion on the subsidy claim. I should know the outcome of our 2013/14 testing when the committee meets on 20 November and I can give a verbal update then if helpful.
Non Domestic Rates Income return	February 2015			The NDR claim has been received for audit and will be submitted to the Scottish Government by the February 2015 deadline.

Anne MacDonald, Senior Audit Manager

November 2014

ABERDEEN CITY COUNCIL

COMMITTEE	Audit, Risk and Scrutiny Committee
DATE	20th November 2014
DIRECTOR	Ewan Sutherland
TITLE OF REPORT	Transition to Shared Internal Audit Services
REPORT NUMBER	CG/14/131
CHECKLIST RECEIVED	Yes/No

1. PURPOSE OF REPORT

The purpose of this report is to advise members of arrangements being put in place to manage the transition to a shared Internal Audit Service with Aberdeenshire Council.

2. RECOMMENDATION(S)

that the Committee:–

(a) Note the ongoing work to manage the transition from an outsourced internal audit service to a shared service between Aberdeen City and Aberdeenshire Councils; and

(b) agree to receive a further report at its meeting in February 2015.

3. FINANCIAL IMPLICATIONS

The current expenditure on Internal Audit is approx. £400,000 p.a. The proposal from Aberdeenshire Council identifies potential savings of £217,000 p.a. However, this is subject to the level of audit coverage required.

4. BACKGROUND/MAIN ISSUES

4.1 This Committee and the Council's Finance, Policy & Resources Committee have agreed to the development of a shared Internal Audit Service between Aberdeen City and Aberdeenshire Councils. Officers are currently working on designing and implementing transition arrangements which will ensure continuity of the function.

4.2 TRANSITION

Officers from both Councils have met, together with representatives from PWC to plan and begin the transition from, in the City Council's case, externally sourced provider to a shared resource.

A project plan has been prepared by Aberdeenshire Council for the actions which need to be undertaken in order for the new shared service to be effectively implemented. There are 6 key areas within the plan:-

Requirement	**Status**
Agreement and commitment from both Councils.	The proposal has been approved by both the Audit & Risk and Finance, Policy & Resources Committees of Aberdeen City Council. Aberdeenshire Council's Scrutiny & Audit Committee has approved the proposal and that Council's Policy & Resources Committee has agreed in principle subject to more detail being considered on 13 November 2014. This relates to HR issues and a verbal update can be provided to the Audit, Risk & Scrutiny Committee on 20 November.
Formal Mechanism to Share	Discussions have begun with colleagues on the most appropriate model for a shared service. Advice has been sought from Procurement colleagues and options are being prepared.
Staffing	Assuming formal approval of this proposal is given, Aberdeenshire Council intend commencing recruitment of additional staff during November 2014 with appointments expected in January or February 2015. Induction and training of staff will be carried out prior to commencement of the new shared service.
Audit Planning for 2015/16	A number of points have now been agreed by officers and PWC:- i. PWC will complete all reviews within the 2014/15 Internal Audit Plan. Any reviews included in the 2014/15 Plan which are not completed by 31st March 2014 will continue

	to be the responsibility of PWC unless both Councils agree to these being passed to the new shared service; ii. PWC will include the new shared service in the preparation of the scoping of all reviews between now and the establishment of the new service; iii. PWC will include the new shared service in final review and "close out" of all reviews between now and the establishment of the new service; iv. The Chief Internal Auditor for Aberdeenshire Council will lead on the preparation of an audit plan for Aberdeen City Council in 2015/16 and will include:- • Discussions with the Convenor and Vice-Convenor of the Audit & Risk Committee; • Discussions with the Corporate Management Team; • Discussions with external auditors; • A review of the Council's risk profile; • Review of the Council's assurance map once provided by PWC. v. As per the attached proposal from Aberdeenshire Council, the annual plan for 2015/16 will be submitted to the Audit and Risk Committee in February 2015 for agreement; vi. PWC will undertake and submit to the Committee in June 2015 the required annual opinion, in accordance with the Public Sector Internal Audit Standards (PSIAS), based upon and limited to the work performed, on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control.
Physical and ICT Requirements	Plans are being progressed to ensure that the transition is supported by early and effective arrangements to put in place all practical elements relating to access, accommodation, ICT, communications, management, etc.
Methodology and Reporting	The attached proposal from Aberdeenshire Council outlines the methodology envisaged for

Arrangements	the new shared service and recommends that a new Internal Audit Charter is presented to the Audit, Risk and Scrutiny Committee in February 2015 for approval. Officers will work to this timescale to identify any potential changes from the existing Internal Audit Charter and resolve these to the satisfaction of all parties prior to reporting to Committee.

5. REPORT AUTHOR DETAILS

Martin Murchie, Community Planning & Corporate Performance Manager
mmurchie@aberdeencity.gov.uk
(01224) 522008

APPENDIX B

PROPOSAL FOR A SHARED INTERNAL AUDIT SERVICE BETWEEN ABERDEENSHIRE AND ABERDEEN CITY COUNCILS

Internal Audit

The Public Sector Internal Audit Standards define internal auditing as an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. A professional, independent and objective internal audit service is one of the key elements of good governance, as recognised throughout the UK public sector.

The Local Authority Accounts (Scotland) Regulations 2014 will make it mandatory to have an Internal Audit service complying with recognised standards and practices.

Vision

This document details a proposal for a shared Internal Audit Service between Aberdeenshire Council and Aberdeen City Council based on the current Aberdeenshire model. Although the proposal is for the staff of the Internal Audit Section to be employed by Aberdeenshire Council, the Section will be a shared resource and will be committed to providing a professional service, complying with Public Sector Internal Audit Standards, to both Councils.

The vision is for the Section to be embedded in, and be an integral part of, both Councils. It will be flexible in service delivery, with the ability to substitute planned works with other works that emerge as a requirement during the year, subject to the Chief Internal Auditor being satisfied that an annual Internal Audit opinion can be delivered. It will not be an external agency to either and will adhere to the requirement to report independently, without fear or favour.

Both Councils provide broadly similar services and by being embedded within both Councils, unlike an external service provider, best practice that is identified in each will be able to be shared for the mutual benefit of both, with the potential to enhance and embed more cost effective processes and procedures, and assist in identifying further areas for shared services, helping both Councils achieve their drive for Best Value and improvement.

It is acknowledged that the ways of working detailed in this document will be different to those currently in place in Aberdeen City Council, and that it will take time for these changes to become accepted and embedded. However, it is anticipated that both Councils will benefit from the proposed shared arrangements.

It is the intention that Aberdeenshire's Internal Audit will provide a service to the Aberdeenshire Health and Social Care Partnership and, should this proposal result in a shared Internal Audit service, it will provide the base for proactively seeking opportunities with existing and other public sector partners in relation to Internal Audit provision.

Aberdeenshire Internal Audit – Background

Aberdeenshire's Internal Audit has been provided in-house since Local Government re-organisation in 1996. Being a part of the Council's structure, and available every day, allows strong professional relationships to develop with other staff in the organisation. This has helped with the dissemination of best practice through the provision of advice outwith the formality of Internal Audit's reporting structure and format. Many improvements in systems, understanding and compliance have been made through these channels.

There is a wide range of experience within the Internal Audit Section at present. The Chief Internal Auditor has worked in Local Government Internal Audit since 1986, having commenced his career in Aberdeen District Council. In the shadow year leading to Local Government re-organisation in 1996, he was the Acting Chief Internal Auditor of the City of Aberdeen District Council, and has been the Chief Internal Auditor with Aberdeenshire Council since then. During the period of its existence, the Chief Internal Auditor also held this role with Grampian Fire and Rescue Service through a shared service arrangement.

The two Senior Auditors have been with Internal Audit for six and two years respectively, having previously both worked in Aberdeenshire's Finance Service. Both are professionally qualified, are required to undertake professional CPD, and bring previous experience of Local Government Internal and External Audit to the Team.

The Assistant Auditors have experience of Internal Audit ranging from one to more than twenty years. Some are pursuing professional qualifications and all are subject to quarterly reviews by their line manager as part of Aberdeenshire Council's career development scheme for Assistant Auditors and Accountants.

Trainee Accountants studying for the CIPFA qualification regularly gain the required experience of Internal Audit through working in the Section, and this has included a trainee from NHS Grampian successfully fulfilling the requirements through working in the Aberdeenshire team.

A decision was taken a number of years ago that there would be no specialist audit resources (eg Computer or Contract Audit) in the team, with each member of staff tackling these types of audits as part of their job. However, an Assistant Auditor regularly attends meetings of the Computer Audit Sub-group of the Scottish Local Authorities Chief Internal Auditors' Group which helps bring current issues to the Section's attention. Inevitably, some staff display certain skills in relation to specialist audits and these are shared throughout the team.

The Council's external auditors have consistently stated that they have been able to place reliance on the work of Internal Audit.

Internal Audit Resourcing

Aberdeenshire Council's Internal Audit Section currently has an establishment of eleven posts comprising the Chief Internal Auditor, two Senior Auditors and eight Assistant Auditors. The Section is currently two Assistant Auditors short of full establishment with one vacancy being advertised at present and one member of staff on a short-term secondment.

It is proposed that the Section be brought up to establishment and, if the proposal for a shared service is agreed, to recruit two further Assistant Auditors. The revised structure is planned to produce around 2,400 audit days which would initially be split between Aberdeenshire and Aberdeen City Councils in the ratio of 1,600:800. Aberdeenshire Council currently receives 1,900 Internal Audit days per annum whilst Aberdeen City Council has, for 2014/15, 608 days plus Chief Internal Auditor input. The reduction in days for Aberdeenshire Council will be achieved, without impacting on the level of assurance provided, through developments currently being worked on within the Team.

Aberdeen City Council's officials believe that, should current arrangements with PWC continue, their Internal Audit costs will decrease. However, it is anticipated that a shared Internal Audit service will reduce the cost of Internal Audit between the two Council's by £270,000 per annum (Aberdeen City Council £217,000, Aberdeenshire Council £53,000). However, it may be prudent not to take the full amount of these anticipated savings in year one of the new arrangements. The costs are based on staffing and incidental costs, and do not include any on-costs or central administration recharge which, in the spirit of partnership working through a shared service, are not intended to be included.

As with any Council Service, there may be challenges with recruitment and retention. Aberdeenshire has been successful in maintaining an Internal Audit resource which has enabled improvements to be made and for an annual opinion on the Council's control environment to be adequately supported. Should challenges with recruitment and retention arise in future, this will impact on the levels of planned work that can be undertaken and completed.

Internal Audit Planning

The proposal is that a shared Internal Audit Service commence with effect from 1 April 2015. In order to achieve this, there are some vital steps that need to be completed. The first is to obtain agreement from each Council's senior management and relevant Council Committees. Subject to senior management approval, it is planned that reports requesting approval of the arrangements will be submitted to appropriate Committees in September 2014.

Assuming that approval is given to progress, there are a number of other stages that need to be completed including agreement of an Internal Audit plan for Aberdeen City Council, and ensuring that adequate resources are in place to undertake the work.

Aberdeenshire Council has a rolling three year plan in place which is reviewed annually through consultation with senior management. The plan is agreed by the Council's Scrutiny and Audit Committee around the end of each financial year so that the impact of

the previous year's work can, as far as possible, be taken into account. Aberdeen City Council has an annual plan that is determined through consultation with senior management and approved by the Audit and Risk Committee. It is proposed that, in the first instance, a one year plan for Aberdeen City Council will be developed by Internal Audit, with consultation with appropriate senior management, and that this be submitted to the Audit and Risk Committee in February 2015 for agreement. The results of the work contained therein would assist in informing future three year rolling plans which would be presented to Committee for agreement around the end of each financial year.

There will be differences between the two Councils in terms of governance and control arrangements, and the expectations of senior management and elected members. Aberdeenshire Council's Internal Audit Section would have to gain an early understanding of Aberdeen City Council's control environment and governance arrangements and it is proposed that this commence prior to the formal start of any shared arrangements.

In order to achieve this, and to inform the first year's Internal Audit plan, Internal Audit would engage with specific officers of Aberdeen City Council including the Chief Executive, Directors, Head of Finance, and Risk Manager. Discussions would also be held with Audit Scotland, the Council's current external auditor, and with the Council's current Internal Audit provider, PWC. Whilst such consultation is vital in forming the plan, it is important that the plan is that of the Chief Internal Auditor in order to comply with Public Sector Internal Audit Standards which require that the 'Chief Audit Executive' report on any limitations to the scope of his or her work.

Discussions with PWC would include reviewing their progress against the current Internal Audit plan and determining, in consultation with management, how and by whom any work that may not be commenced or complete by the end of the 2014/15 financial year should be progressed.

The above process will assist in identifying the areas of risk over which Internal Audit will need to review and provide assurance regarding the systems in place to control and mitigate risk, along with those areas where Internal Audit will need to gain an understanding and satisfy itself that they are working adequately.

The draft plan would be produced by Internal Audit and would cover the Council's General Fund, Common Good, HRA, Pension Fund and a small amount of assurance work over the group structure (i.e. ALEOs). This would be circulated for discussion to the Chief Executive, Directors, and Head of Finance before being submitted to the Audit and Risk Committee for approval. Although such discussions have not yet taken place, Internal Audit currently anticipates that the plan would include the audit of some of the Council's main financial systems, to establish and evaluate the controls in place, and also to assist Internal Audit gain a better understanding of the Council's control environment, along with some cross cutting reviews of the main transactional data streams (payments, payroll, etc) to determine the level of compliance with policies and procedures, achievement of best value, and assist in identifying areas that would justify more detailed examination in future.

Aberdeen City Council's current Internal Audit plan includes commencement and completion dates. It is not anticipated that future plans would include dates for each

assignment as this can be impacted on by factors outwith the control of Internal Audit. This will assist with Internal Audit being flexible and being able, as far as is practicable, to work around issues which may prevent the commencement or conclusion of work to a pre-planned timetable.

The level of planned input for each audit will be based on a risk based approach and assume that systems are adequately documented, detailing the controls put in place by management, and that testing identifies that these controls are being complied with. If this is not the case, there will be an impact on the time taken to review a given area, and this will impact on the achievability of the plan.

It is usual in any given year for additional work to be required, either within the planned work, as additional work requests due to issues arising during the year, or specific investigations into, for example, suspected financial irregularities. Although a contingency element will be built into the Internal Audit plan for each Council, it is possible that this allowance may not be sufficient. The Internal Audit Section has always planned at a high level within the available resources in the past to ensure that should additional work through planned work, additional work requests, or investigations does not materialise, then there is sufficient planned work agreed.

It will be for the Chief Internal Auditor to manage the competing demands between planned and additional works, between both Councils, and to report as appropriate to management and relevant Committees. This may mean that, as has regularly been the case in the past, agreed planned work may move from one year to the next, and that the allocation of resources and costs between the two Councils may change.

A copy of the most recent report to Aberdeenshire's Scrutiny and Audit Committee seeking approval of the current three year Internal Audit plan is attached for information. This provides further details on how the plan was developed but it should be noted that this plan is based on approximately 1,900 audit days per annum.

Audit Methodology

Aberdeenshire Council's Internal Audit Section has an Internal Audit Charter, approved by the Council's Scrutiny and Audit Committee. There are some differences between this and that approved by and for Aberdeen City Council. It is seen as essential to the efficient provision of a service that Internal Audit operates in the same way, as far as practically possible, within both Councils, and that any differences do not impact on this. In view of this, it is proposed that Aberdeenshire's Charter be presented to Aberdeen City Council's Audit and Risk Committee for approval in February 2015. A copy of Aberdeenshire's Internal Audit Charter is attached for information.

Aberdeenshire's Internal Audit methodology is designed to comply with the requirements of the Public Sector Internal Audit Standards. At the commencement of each planned audit, contact is made with the appropriate Service's nominated officer for that audit in order to establish whether there are any particular issues that they are aware of that need to be specifically covered and to advise of Internal Audit's scope and objective for the audit. Although this will be detailed in the Internal Audit plan, and will be discussed at the commencement of each review, if issues are identified during Internal Audit work that

are outwith the originally planned scope, that Internal Audit believes should be included in its work, this will be the case.

Systems of control under review will be documented either by flowcharting or narrative description. Ideally, Services will have such documentation in place and the planned level of Internal Audit resource assumes that this is the case. The controls that management have put in place are then evaluated to determine if they are sufficient. Specific testing of these controls is then undertaken to ensure compliance and, where appropriate, determine whether best value is being achieved.

Internal Audit Outputs

The results of testing will be discussed with management during the course of the review and at the conclusion of testing. A draft report will then be prepared and issued detailing relevant findings and any recommendations for improvement. Aberdeenshire Council's Financial Regulations require Services to provide a full response to draft Internal Audit reports within one calendar month, and it is proposed that this be adopted in relation to Aberdeen City Council. Final reports would be issued to the responsible Service Director, Head of Service, and Service Manager, the Head of Finance, External Auditor, and Risk Manager, and any others as appropriate.

The results of each planned assignment will be reported, in summary, to the next available Committee. Currently, Aberdeenshire's Internal Audit reports are submitted to the relevant Policy Committee and then the Scrutiny and Audit Committee. It is proposed that this arrangement, believed to be unique in Scotland, is reviewed. Internal Audit output relating to Aberdeen City Council would be reported as soon as is practically possible to the Audit and Risk Committee.

The Chief Internal Auditor will report, independently, in his or her own name.

The agreed recommendations from each report will have an implementation date agreed with the responsible Service. These will be followed up by Internal Audit and progress with implementation included in reports to the Audit and Risk Committee.

Internal Audit currently reports progress against the plan to the Scrutiny and Audit Committee twice each year; once in December and then following the year end. It is proposed that this be the case for Aberdeen City Council. A number of performance measures are in place within Aberdeenshire's Internal Audit Section and these will be reported as required.

All of the planned work undertaken, along with any additional work and the work of other assurance providers will be considered in completing Internal Audit's annual Internal Financial Control Statement which will feed into the Head of Finance's Governance Statement in the Council's Accounts. Internal Audit's annual report to Committee will include the annual Internal Financial Control Statement.

Sample reports to Aberdeenshire's Scrutiny and Audit Committee relating to Internal Audit's regular output, and presentation of Internal Audit's annual report, including performance data, are attached for information.

Reports to the Scrutiny and Audit Committee have resulted in the Committee holding specific Workshops to further investigate matters arising from Internal Audit work. Theses workshops supplement the Committee's own review and investigation process and helps ensure close working between those Members and Officers charged with scrutiny responsibilities.

As mentioned above, the Council's external auditors have consistently stated that they have placed reliance on Internal Audit's work. Recommendations made by the Team for improvements in systems, controls and compliance have, in part, helped the Council maintain a record of having an 'unmodified' audit certificate from external audit.

In addition to the assurance work undertaken by Internal Audit, there have been many improvements made over the years as a direct result of Internal Audit work. These include:

- Significant improvements in the management of Housing stocks which had a history of requiring material adjustments at each year end.

- Introduction of a Corporate Travel Team to help standardise procedures and drive down costs through creation of a centre of excellence.

- Introduction of hire and pool cars to drive down travel costs achieved through recommendations and trialling a hire car scheme.

- Changes in the way mileage can be claimed by staff using their own vehicles on Council business which will save around £250,000 per annum when introduced.

- Improvements in the timing and procurement methodology for ICT equipment in schools resulting in better planning and the ending of 'year-end spend'.

- Raising awareness of the requirements of Financial Regulations and procurement related legislation through a number of audits which has led to an on-going review of the Regulations and enhanced training for management which should result in improved compliance.

- Raising awareness of the requirement to demonstrate transformational project success factors through an appropriate benefits realisation tool which is now being implemented.

Quality Review

The Public Sector Internal Audit Standards require that each Internal Audit Section undertake an annual self-assessment of its compliance with the Standards. CIPFA has produced a detailed checklist to assist in this being done and Aberdeenshire's Internal Audit Section undertook such a review in relation to 2013/14. This can be made available if required.

A further requirement of the Standards is that an external assessment be undertaken on a five yearly cycle. Aberdeenshire's Scrutiny and Audit Committee has approved Internal Audit's involvement in a national scheme being devised by the Scottish Local Authorities Chief Internal Auditors' Group whereby an external assessment would be undertaken on a four yearly cycle by another Council's Chief Internal Auditor. Accreditation of this scheme is being sought from CIPFA.

Councils with outsourced Internal Audit arrangements are excluded from these arrangements due to the potential for commercial conflict arising. A shared Internal Audit service would be able to take advantage of the arrangements.

David Hughes,
Chief Internal Auditor,
Aberdeenshire Council.
17 July 2014

ABERDEEN CITY COUNCIL

COMMITTEE	AUDIT & RISK COMMITTEE
DATE	20TH NOVEMBER 2014
DIRECTOR	EWAN SUTHERLAND
TITLE OF REPORT	DATA PROTECTION REPORTING – JULY – SEPTEMBER 2014
REPORT NUMBER:	CG/14/139
CHECKLIST RECEIVED	YES

1. PURPOSE OF REPORT

The purpose of this report is to provide an overview for quarter 2 (July – September 2014) to Committee of the following areas:

a) Aberdeen City Council Subject Access Request statistics
b) Data Breaches and Near Misses
c) Data Protection training
d) General Update

2. RECOMMENDATION(S)

It is recommended that the Committee note the report.

3. FINANCIAL IMPLICATIONS

There are no financial implications at this time.

4. OTHER IMPLICATIONS

None

5. BACKGROUND/MAIN ISSUES

a) Aberdeen City Council Subject Access Request Statistics

A recommendation of the Information Commissioners Office (ICO) inspection of the Council's compliance with Data Protection legislation

was that the number of Subject Access Requests (SARs) and Third Party Requests received by the Council be recorded and reported to the appropriate Committee. As previously advised, these figures will be reported to the Audit & Risk Committee on a quarterly basis. The figures for the latest complete quarter, July – September 2014, are detailed below. As this quarter relates to the Council structure prior to the 5th October 2014 restructure, these are detailed in the former service names. The next quarterly report will reflect the revised structure arrangements.

In the reporting quarter Aberdeen City Council received **33** Subject Access Requests and **48** requests from 3rd parties for personal data held by it.

By Service:

Service	Subject Access Requests	3rd Party Requests
Office of Chief Executive	**0**	**0**
Corporate Governance	**1**	**0**
Education, Culture & Sport	**2**	**0**
Enterprise, Planning & Infrastructure	**0**	**2**
Housing & Environment	**5**	**9**
Social Care & Well Being	**25**	**37**
TOTAL	**33**	**48**

The requirement of the Data Protection Act is that requests are responded to within 40 days. **67** requests were responded to within 40 days in the reporting quarter, some **82.72%** of requests received.

The Council can charge a fee, maximum of £10, prior to responding to a Subject Access Request. In the reporting period fees were charged in respect of **3** requests.

b) Data Breaches

In addition to the above, the Council has an established procedure for the recording and reporting of data protection breaches. This information is reported to Members in order to provide an overview of the Council's performance in relation to keeping personal data secure.

In the reporting quarter the following breaches occurred:

By Service:

Service	Number of Breaches
Office of Chief Executive	0
Corporate Governance	3
Education, Culture & Sport	0
Enterprise, Planning & Infrastructure	1
Housing & Environment	0
Social Care & Well Being	2
TOTAL	**6**

By Breach Type:

Type of Breach	Number of Breaches
Human Error	4
Unauthorised Disclosure	1
Unauthorised Access	0
Loss	0
Theft	1
Other	0
TOTAL	**6**

Data Protection breaches are dealt with in a way which is dependent on the nature and potential severity of the breach. Where a breach involves or potentially involves a large volume of personal data or sensitive personal data which is likely to have an adverse impact of the data subject, then more often than not, the Council as Data Controller will 'self-report' the breach to the ICO.

During the reporting period none of the breaches were such that a self-report to the ICO was required. One incident was reported to the Police.

The regular reports to this Committee will also provide an opportunity to update Members in relation to any significant breaches, including those where the Council has 'self-reported'. It will also allow for an update in respect of previous significant breaches, particularly where there may have been media coverage.

There have been no determinations by the ICO of outstanding breach investigations during the reporting period.

The Council's Data Protection Breach Reporting Procedure is in the process of being reviewed by Officers in the Legal Services Commercial & Advice Team. The purpose of this review is to simplify reporting mechanisms and clarify when a report is required. It is hoped that this review will assist in ensuring a consistent and robust approach to the recording of data protection breaches.

c) Near Misses

As previously reported to Committee, the recording of breaches is to be enhanced by the incorporation of data protection near misses.

A data protection near miss is defined as 'a situation which did not result in a data protection breach occurring, but had the potential to do so'. It is envisaged that the reporting and monitoring of near misses will enable the identification of the causes of data protection risk situations and of procedural and / or training deficits which require to be addressed.

A draft Near Miss reporting framework will be incorporated into the reviewed Breach reporting procedure in due course.

d) Data Protection Training

The OIL Training Course 'Data Protection Principles' is a mandatory course which is to be completed by all employees. Despite this position, completion rates for this training are low (under 40%) and there is currently little or no monitoring by management of uptake.

Adherence to the requirement to complete this training is an important requirement as it enables the Council to demonstrate to the ICO that duties in respect of data protection are cascaded to all employees.

The Commercial and Advice Team is presently exploring options for supporting a more rigorous completion and monitoring framework for this mandatory training. These options will be reported to CMT in due course for consideration.

Additionally, feedback from the Organisational Development team indicated that the content of the training should be reviewed in order to ensure that key messages and expected behaviour were clearly stated.

As such, the content of the induction data protection training has been reviewed and is currently being redesigned. There will be core training which will require to be completed by all Council staff, with additional topics for staff working in Education services and staff working in Social Work services which will require to be completed. The training will be available via the on-line learning portal, OIL, and in paper format for staff without access to IT equipment. It is planned that the reformatted training will be launched in early 2015.

A further aspect of data protection training that is currently being developed is refresher training. It is envisaged that refresher training will be a requirement on all staff and for any person changing jobs. The Commercial & Advice Team are presently reviewing suitable periods for such refresher training to be required, based on the notional risks of different parts of the organisation. It is currently planned that refresher training will be available from Spring 2015.

6. IMPACT

None

7. MANAGEMENT OF RISK

Adherence to the Council's policies and procedures for the handling of personal data is essential to the management of the risk associated with the management of information. Strong monitoring of the effectiveness of these arrangements is necessary in order to identify any areas of concern and implement appropriate arrangements to mitigate this.

8. BACKGROUND PAPERS

None

9. REPORT AUTHOR DETAILS

Fiona Smith, Governance Support Officer

E-mail: fismith@aberdeencity.gov.uk
Telephone: 01224 522516

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Equality and Human Right Impact Assessment: The Form

EHRIA

Aberdeen City Council

There are separate guidance notes to accompany this form – "Equality and Human Rights Impact Assessment – the Guide." Please use these guidance notes as you complete this form. Throughout the form, **the word "proposal" refers to policy, strategy, plan, procedure, report or business case.** This then, embraces a range of different actions such as setting budgets, developing high level strategies and organisational practices such as internal restructuring. Please also refer to the "Completion Terminology" at the end of the form.

1:Equality and Human Rights Impact Assessment- Essential Information	
Name of Proposal: Monitoring of data protection compliance for period April – June 2014	**Date of Assessment: 06/11/2014**
Service: Legal & Democratic Services	**Directorate: Corporate Governance**
Committee Name or delegated power reference (Where appropriate): Audit & Risk Committee	**Date of Committee** (Where appropriate): 20th November 2014
Who does this proposal affect? Please Tick ✔	Employees ☐ Job Applicants ☐ Service Users ☐ Members of the Public ☐ Other (List below) ☐

2: Equality and Human Rights Impact Assessment- Pre-screening

Is an impact assessment required?	Yes ☐ No ☐
If No, what is the evidence to support this decision? (Once this section is completed, please complete section 8 of the form).	The report details statistics which demonstrate compliance with Council policy and procedures for data protection matters including subject access requests and data protection breaches. No EHRIA is required as no areas of non-compliance are highlighted and existing policies and procedures have previously been subject to EHRIA assessment.

3: Equality and Human Rights Impact Assessment

a- What are the aims and	

intended effects of this proposal?	
b- What equality data is available in relation to this proposal? (Please see guidance notes)	
c- List the outcomes from any consultation that relate to equalities and/or human rights	

issues e.g. with employees, service users, Unions or members of the public that has taken place in relation to the proposal.	
d- Financial Assessment If applicable, state any relevant cost implications or savings expected from the proposal.	**Costs (£)** Implementation cost £ Projected Savings £
e- How does this proposal contribute to the public sector equality duty: to eliminate discrimination, harassment and victimisation; advance equality of opportunity; and foster good relations?	

f- How does this proposal link to the Council's Equality Outcomes?

4: Equality Impact Assessment - Test				
What impact will implementing this proposal have on employees, service users or other people who share characteristics protected by *The Equality Act 2010* ?				
Protected Characteristic:	**Neutral Impact:** Please √	**Positive Impact:** Please √	**Negative Impact:** Please √	**Evidence of impact and if applicable, justification where a '*Genuine Determining Reason*'* exists** *(see completion terminology)
Age (People of all ages)				
Disability (Mental, Physical, Sensory and Carers of Disabled people)				
Gender Reassignment				
Marital Status (Marriage and Civil Partnerships)				
Pregnancy and Maternity				
Equality Impact Assessment Test:				

What impact will implementing this proposal have on employees, service users or other people who share characteristics protected by *The Equality Act 2010* ?				
Protected Characteristic:	**Neutral Impact:** Please √	**Positive Impact:** Please √	**Negative Impact:** Please √	**Evidence of impact and if applicable, justification where a '*Genuine Determining Reason*'* exists** *(see completion terminology)
Race (All Racial Groups including Gypsy/Travellers)				
Religion or Belief or Non-belief				
Sex (Women and men)				
Sexual Orientation (Heterosexual, Lesbian, Gay And Bisexual)				
Other (e.g: Poverty)				

5: Human Rights Impact Assessment Test	
Does this proposal have the potential to impact on an individual's Human Rights? Evidence of impact and , if applicable, justification where the impact is proportionate	
Article 2 of protocol 1: Right to education	**Yes** ☐ **No** ☐ **Evidence:**
Article 3: Right not to be subjected to torture, inhumane or degrading treatment or punishment	**Yes** ☐ **No** ☐ **Evidence:**
	☐ ☐

Article 6: Right to a fair and public hearing	**Yes** **No** **Evidence:**
Article 8: Right to respect for private and family life, home and correspondence	**Yes** ☐ **No** ☐ **Evidence:**
Article 10: Freedom of expression	**Yes** ☐ **No** ☐ **Evidence:**
Article 14: Right not to be subject to discrimination	**Yes** ☐ **No** ☐ **Evidence:**
	☐ ☐

Other article not listed above, please state:	**Yes** **No** **Evidence:**

6: Assessment Rating:	
Please rate the overall equality and human right assessment (Please see Completion terminology)	☐ Red ☐ Red Amber ☐ Amber ☐ Green
Reason for that rating:	

7: Action Planning

As a result of performing this assessment, what actions are proposed to remove or reduce any risks of adverse outcomes identified on employees, service users or other people who share characteristics protected by *The Equality Act 2010* ?				
Identified Risk and to whom:	**Recommended Actions:**	**Responsible Lead:**	**Completion Date:**	**Review Date:**
8: Sign off				

Completed by (Names and Services) :	Fiona Smith, Governance Support Officer, Legal & Democratic Services
Signed off by (Head of Service) :	Jane MacEachran, Head of Legal & Democratic Services

Please send an electronic copy of your completed EHRIA - without signatures - together with the proposal document and/or committee report to:

Equalities Team
Customer Service and Performance
Corporate Governance
Aberdeen City Council
Business Hub 13
Second Floor North
Marischal College
Broad Street
Aberdeen
AB10 1AB

Telephone 01224 523039 Email sandrab@aberdeencity.gov.uk

9: Completion Terminology:	
Assessment Pre-screening Rating:	This section will highlight where there is the obvious potential for a negative impact and subsequent risk of negative media coverage and reputational damage to the Council. Therefore, a full impact assessment is required, for example around sensitive issues such as marching, Gypsy/ Traveller issues, change to social care provision. It should also be completed to evidence why a full impact assessment was not required, example, there is no potential negative impact on people.
Assessment Rating:	After completing this document, rate the overall assessment as follows: **Red:** As a result of performing this assessment, it is evident that we will discriminate (direct, indirect, unintentional or otherwise) against one or more of the nine groups of people who share *Protected Characteristics.* It is essential that the use of the proposal be suspended until further work or assessment is performed and the discrimination is removed. **Red Amber:** As a result of performing this assessment, it is evident that a risk of negative impact exists to one or more of the nine groups of people who share *Protected Characteristics.* However, a genuine determining reason may exist that could legitimise or justify the use of this proposal and further professional advice should be taken. **Amber:** As a result of performing this assessment, it is evident that a risk of negative impact exists and this risk may be removed or reduced by implementing the actions detailed within the *Action Planning s*ection of this document. **Green:** As a result of performing this proposal does not appear to have any adverse impacts on people who share *Protected Characteristics* and no further actions are recommended at this stage.
	Equality data is internal or external information that may indicate how the proposal

Equality Data:	being analysed can affect different groups of people who share the nine *Protected Characteristics* – referred to hereafter as *'Equality Groups'.* Examples of *Equality Data* include: (this list is not definitive) 1: Application success rates by *Equality Groups* 2: Complaints by *Equality Groups* 3: Service usage and withdrawal of services by *Equality Groups* 4: Grievances or decisions upheld and dismissed by *Equality Groups*
Genuine Determining Reason	Certain discrimination may be capable of being justified on the grounds that: *(i) A genuine determining reason exists* *(ii) The action is proportionate to the legitimate aims of the organisation* Where this is identified, it is recommended that professional and legal advice is sought prior to completing an Equality Impact Assessment.
Human Rights	The rights set out in the European Convention on Human Rights, as incorporated into the UK Law by the Human Rights Act 1998.
Legal Status:	This document is designed to assist us in *"Identifying and eliminating unlawful Discrimination, Harassment and Victimisation"* as required by *The Equality Act Public Sector Duty 2011.* An Equality Impact Assessment is not, in itself, legally binding and should not be used as a substitute for legal or other professional advice.

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ABERDEEN CITY COUNCIL

COMMITTEE	Audit Risk and Scrutiny
DATE	20th November 2014
DIRECTOR	Liz Taylor
TITLE OF REPORT	Social Care and Wellbeing Risk Register
REPORT NUMBER	SCW/14/032
CHECKLIST COMPLETED	Yes

1. PURPOSE OF REPORT

The Audit and Risk Committee of 23rd September 2014 approved a report by the Council's Performance and Risk Manager, with regard to a "System of Risk Management".

Members of the Committee agreed a schedule of future reports, which included the Service Risk Register for Social Care and Wellbeing being presented to the Committee in this cycle. The Service Risk Register is attached as Appendix 1.

2. RECOMMENDATION(S)

The Committee are asked to:

(i) Approve the Service Risk Register for Social Care and Wellbeing;
(ii) Note the risks contained within it and the mitigating actions that the service is taking to address these risks;
(iii) Note that the Service Risk Register forms an integral part of the Service Business Plan and Strategy Map for the Service.

3. FINANCIAL IMPLICATIONS

There are no financial implications arising directly from this report.

However, the Service Risk Register identifies the increasing demand pressures upon the service and the risks that may arise, should action not be taken to act upon this demand; either in terms of the need for an increase in resources or actions to respond to and reduce demand through transformational change.

4. OTHER IMPLICATIONS

There are no other implications specifically arising from this report. Any implications arising from the risks identified, are addressed within the risk register itself.

5. BACKGROUND/MAIN ISSUES

5.1 The Social Care and Wellbeing Service Business Plan was approved by the Social Care, Wellbeing and Safety Committee at its meeting on 27th May 2014.

In conjunction with staff, service users and carers and our key partners, the Social Care and Wellbeing Service developed a vision of what it needs to achieve during the life of the business plan. We are working towards a City where:

- People are supported and cared for
- People are protected
- People are enabled and supported to put in place solutions
- We will maintain health and wellbeing.

In order to achieve this, our priorities are:

- Shifting the balance of care
- Personalisation of Services
- Working in partnership
- Improving the use of resources.

The vision, outcomes and objectives for the service have been condensed into a strategy map, at Appendix 2.

5.2 Part of the development process for the Service Business Plan included the identification of the key risks and challenges the service would face during the life of the Business Plan. The Service Risk Register formed an appendix to the Service Business Plan that was presented to the Committee.

Risks were identified under each of the six service outcomes identified as part of the business plan:

- People at risk are protected
- People are effectively supported within their families and communities
- People fully participate in individual and service planning, review and delivery
- Wellbeing is promoted in all care groups
- Our resources are managed effectively
- Our organisation is effective

5.3 The Service Risk Register was updated in October 2014, to reflect developments since the approval of the Service Business Plan in May and the updated Risk Register is attached at Appendix 1.

5.4 In particular, the revised Register highlights the potential for increased risk arising at a time of significant change for Social Care and Wellbeing. The restructuring of the Council's directorates and the integration of health and care take the single Social Care and Wellbeing service into new structures for children's and adult services, while certain cross-service business functions need to be retained as such.

5.5 The impact of change in terms of risk is considered particularly of note in relation to the outcomes: People at risk are protected; and People are effectively supported within their families and communities.

5.6 The revised Register demonstrates that vigilance will be maintained through mitigating actions to ensure that there is no disruption to services in the period of transition and that potential and real risks are identified and managed. New Risk Registers will be required under the new structures.

6. IMPACT

Corporate – The system of risk management impacts on all aspects of decision making across the Council. The Local Code of Corporate Governance tasks councils with following six principles. Principle 4 requires that councils maintain transparent, informed decision-making which is subject to effective scrutiny and the management of risk.

Public – The report is designed for information purposes and no Equalities and Human Rights Impact Assessment has been prepared.

Services are required to carry out regular reporting of risk to committees. The Service identifies and manages risk in accordance with National, Corporate and Local priorities, strategies, policies and procedures and with SSSC and Care Inspectorate standards for registered professional staff and services.

7. MANAGEMENT OF RISK

The report details the strategic risks identified by the Social Care and Wellbeing Service and the mitigating actions and controls which are in place to respond to these. The service also manages risks to individuals on a daily basis, as part of the professional social work task, in line with agreed national and local best practice for risk management.

8. BACKGROUND PAPERS

Corporate Risk Management Manual

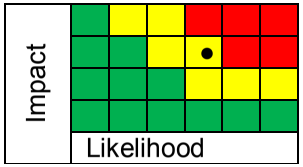
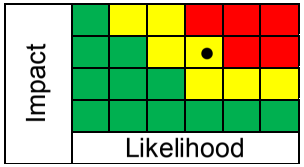
9. REPORT AUTHOR DETAILS

Liz Taylor
Director of Social Care and Wellbeing
01224 523797
litaylor@aberdeencity.gov.uk

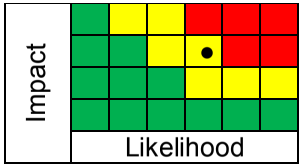
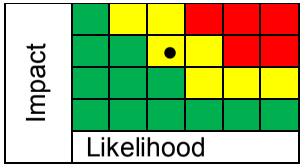
Kate Mackay
Business Manager
01224 523432
kmackay@aberdeencity.gov.uk

Risk Assessment and Risk Management

People at Risk are protected

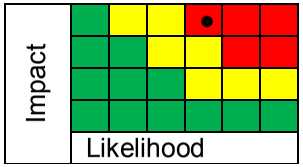
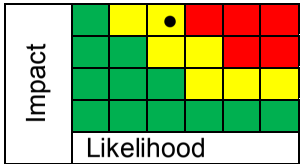
Title	Potential Impact	Current Risk	Residual Risk	Assigned To
Failure to identify those in need of support and protection	Impact is on individual service users, who may not receive services. Impact is on those who may not be protected. Impact is that serious harm may be caused to individuals. Council would be failing in its statutory obligations. Reputational risk to the council	 Impact: Serious Likelihood: Significant	 Impact: Serious Likelihood: Significant	Senior Management Team
Description	The risk is that the service fails to identify vulnerable children and adults who are in need of support and protection. This level of risk may be increased by increasing demand and workloads and at periods of significant change for the service.			
Internal Controls	New risk assessment framework, will assist in identifying those who may be at risk and assist in appropriately managing risk. Child protection policies and procedures, including joint working with Health and Police. Adult protection policies and procedures, including joint working with Health and Police. Criminal Justice policies and procedures including MAPPA.			
Mitigating Actions	Demographic information used to inform service planning, to identify and prepare for those who may be at risk or in need in the future. Child protection is deal with as the area of highest priority GIRFEC processes (agreed assessment models) identify those children who are in need of targeted specialist support and protection. Analysis of increased demand has been highlighted to CMT, including an analysis of the impact of this demand on existing services. Appropriate systems are in place in relation to the reporting and investigation of Adult Support and Protection concerns.			

Appendix 3

Title	Potential Impact	Current Risk	Residual Risk	Assigned To
Failure to appropriately assess and review	Impact is on individual service users, who may not receive services most appropriate to their needs Impact is on individual who may not receive a service that they require. Impact is on those who may not be adequately protected. Impact is that serious harm is caused to individuals due to an inappropriate assessment or review. Council would be failing in its statutory obligations.	 Impact: Serious Likelihood: Significant	 Impact: Serious Likelihood: low	Senior Management Team

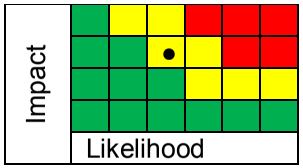
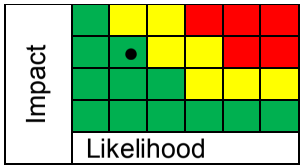
Description	The risk is that we fail to appropriately assess those in need of support and protection, leading to care plans which do not improve the circumstances of the individual, or to individuals who do not receive a service at all. Regular reviews monitor achievement of the outcomes in the care plan, if reviews are not happening or are not of a sufficient quality, there is the risk of the individual not achieving the outcomes in their care plan and the potential for deterioration in their situation.
Internal Controls	Criminal Justice policies and procedures. Care Management policies and procedures. 100% compliance with national standard for assessment. Children's Services Policies and Procedures, including CPCC and LAC processes. Wider children's services applying GIRFEC processes and operational procedures. Adult and Child Protection Policies and Procedures. Quality Assurance, self evaluation, PR&D and supervision policies and procedures.
Mitigating Actions	Monitoring of outcome measures, community care returns, and internal KPIs to identify issues. Specific indicators relating to Child and Adult Protection. Self evaluation and case auditing, to monitor practice.

Appendix 3

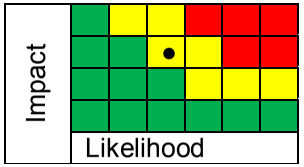
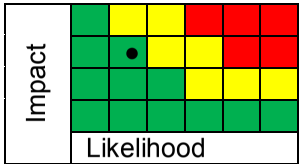
Title	Potential Impact	Current Risk	Residual Risk	Assigned To
Failure to manage risks for those who are in need of support and protection	Impact is on individual service users, who may not receive services most appropriate to their needs Impact is on individual who may not receive a service that they require. Impact is on those who may not be adequately protected. Impact is that serious harm is caused to individuals. Council would be failing in its statutory obligations	 Impact: Catastrophic Likelihood: Significant	 Impact: Catastrophic Likelihood: Low	Senior Management Team

Description	The risk is that we fail to appropriately identify and manage risk to vulnerable children and adults. Demand for service continues to increase with an increased complexity in need of service users. The service is in a period of major transition and this may increase the risk to those for whom we provide services and support. Reducing technical knowledge at a senior level, decreases the overview of the management of risk at all levels.
Internal Controls	New risk assessment framework, will assist in identifying those who may be at risk and assist in appropriately managing risk. Child protection policies and procedures, including joint working with Health and Police. Adult protection policies and procedures, including joint working with Health and Police. Criminal Justice policies and procedures including MAPPA. Adult and Child Protection Committees.
Mitigating Actions	Statutory processes for adult and child protection and for looked after children. GIRFEC operational procedures applied across wider children's services provision. Child protection the area of highest priority. Mental Health Officers and Appropriate Adults in place. Management of process of change and establishment of new joint structural and leadership arrangements. Position and influence of CSWO to identify and manage risks.

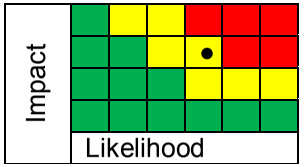
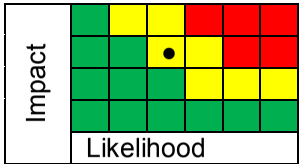
People Are Effectively Supported Within Their Families and Communities

Title	Potential Impact	Current Risk	Residual Risk	Assigned To
Failure to identify and provide appropriate supports	The impact is on the individual whose care plan and/or outcomes cannot be met. This may lead to a deterioration in their circumstances or increase the risks in their personal situation. Early interventions may fail, leading to further intervention and increased costs.	 Impact: Serious Likelihood: Low	 Impact: Serious Likelihood: Very Low	Senior Management Team

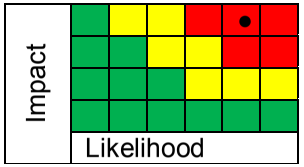
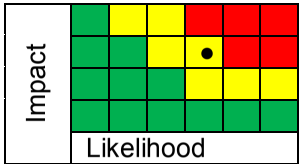
Description	The risk is that we do not identify and provide the right supports to allow service users to meet the outcomes and actions identified in their care plans. The risk is also that the appropriate supports are not available to meet assessed need...
Internal Controls	Eligibility criteria and thresholds for access to social work services. Children's Services policies and procedures. Care Management policies and procedures. Outcome measures. 1:1s and supervision. Quality assurance and case auditing.
Mitigating Actions	Adherence to policies and processes. Use of outcomes based approaches e.g. 'Talking Points' Review and evaluation of services (provided and commissioned) to ensure unmet need is identified and measures taken where possible to redesign services as appropriate.

Title	Potential Impact	Current Risk	Residual Risk	Assigned To
Failure to engage with families	Families are unaware of initiatives such as self directed support, person centred planning, systemic practice etc. Families fail to engage with these approaches. Families do not understand the rationale for such approaches and are not supportive. Families see these as negative actions being done to their family members. Individuals are at risk of harm.	 Impact: Serious Likelihood: Low	 Impact: Serious Likelihood: Very Low	

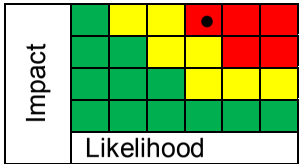
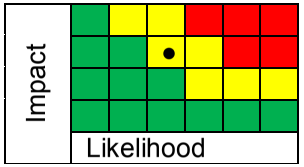
Description	The risk is that in moving away from paternalistic social care services, into initiatives such as self directed support and person centred planning, that we fail to appropriately engage families. There is a risk that families fail to engage with approaches and that this failure to engage undermines the achievement of outcomes for individuals.
Internal Controls	Consultation and engagement policy. 1:1s and supervision will identify where there are particular issues. Regular reviews will determine whether outcomes are being achieved and where potential issues may be arising. Category on the child protection register to record 'non engaging families' care plans are formed to take this into account.
Mitigating Actions	Communications and engagement strategies for major change programmes and projects. Clear care plans with stated outcomes and clear identified actions.

Title	Potential Impact	Current Risk	Residual Risk	Assigned To
Failure to engage with communities	Communities fail to understand the reasons behind changes in service delivery. Communities campaign against changes to service delivery. Individuals are not able to integrate into mainstream community activities. Activities which are identified in care and support plans are not achievable, leading to poorer outcomes for individuals. Savings associated with closing higher cost specialist services are not achieved.	 Impact: Serious Likelihood: Significant	 Impact: Serious Likelihood: Low	Senior Management Team

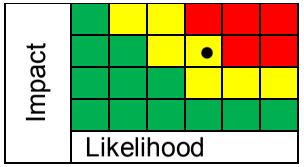
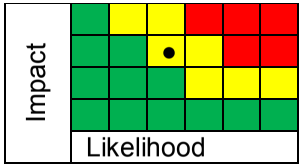
Description	The risk is that the service fails to engage with communities with regard to changes in service delivery and on specific service developments. There is also a risk of the failure to develop universal community based services which are available to all.
Internal Controls	Consultation and engagement policy. 1:1s and supervision will identify where there are particular issues. Regular reviews will determine whether outcomes are being achieved and where potential issues may be arising. Community, locality and strategic plan engages communities.
Mitigating Actions	Communications and engagement strategies for major change programmes and projects. Clear care plans with stated outcomes and clear identified actions. Community and Strategic planning partners are involved in discussions. Through ICSP, Community Planning & joint working, etc. we have the opportunity to influence universal services.

Title	Potential Impact	Current Risk	Residual Risk	Assigned To
Unavailability of appropriate resources	Inability for individuals to achieve the outcomes in their care plans. Failure to sufficiently develop the market and communities to enable support services to be available. Service users may need to be maintained in inappropriate high cost services, with associated poorer outcomes and higher costs to the Council. Service users needs escalate and require higher level of care package/support as needs are not addressed at an earlier stage. Failure to meet statutory targets for delayed discharge.	 Impact: Catastrophic Likelihood: High	 Impact: Serious Likelihood: Significant	Senior Management Teams

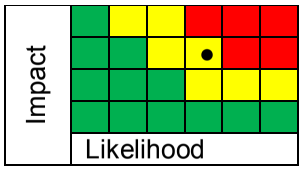
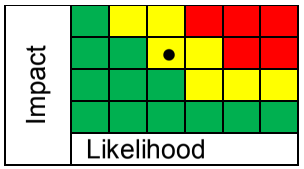
Description	The risk is that the Council is not able to source the services required to meet identified needs.
Internal Controls	Regular meetings with key partners, to highlight potential areas. Joint commissioning strategies. 3 year business plan identifies direction of travel. 1:1s and supervision will identify where there are particular issues. Regular reviews will determine whether outcomes are being achieved and where potential issues may be arising
Mitigating Actions	Joint workforce planning and development meetings with key partners. Regular meetings with providers. Communication with key providers with regards to future developments and required changes in services. Market development with CPU and looking at issues jointly across Grampian.

Title	Potential Impact	Current Risk	Residual Risk	Assigned To
Failure of the social care market	The failure of care providers, with the loss of care and support services and the loss of employment. Would leave some service users potentially without care services. Potential financial impact on the Council. Potential failure to meet statutory requirements, if care cannot be provided.	 Impact: Catastrophic Likelihood: Significant	 Impact: Serious Likelihood: Low	Senior Management Team

Description	The risk relates to the economic failure of care providers, or their withdrawal from the social care market in Aberdeen. The amount of service which is commissioned and the small number of providers has left the Council exposed to market failure and the potential for price shocks.
Internal Controls	Joint commissioning strategies. Framework contracts. Robust contract and commissioning processes. 5 year budgeting processes allows for early identification and action to address required price increases and allows flexibility in relation to contractual uplifts.
Mitigating Actions	Joint commissioning strategies lay down our commissioning intentions, which provides stability for providers. Joint frameworks for services provide stability for providers and the Council. National contracts provide some price stability. Bon Accord Care as identified provider of last resort.

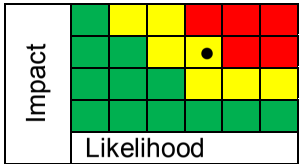
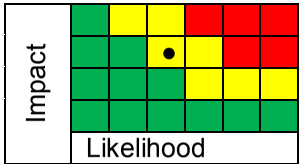
Title		Potential Impact	Current Risk	Residual Risk	Assigned To
Lack of a strengths/asset based model		Lack of an appropriate assessment and planning framework will lead to poorer outcomes for individuals. Benefits associated with self directed support will not be realised. Operate in a risk adverse framework, leading to increased spend.	 Impact: Serious Likelihood: Significant	 Impact: Serious Likelihood: Low	Senior Management Team
Description	The risk is that the tools used for assessment and care planning, focus on the inabilities and deficits of the individual, rather than looking at strengths and abilities. A deficit model is more likely to be a factor in families not engaging with the service.				
Internal Controls	1:1s and supervision. Quality assurance and case auditing. Outcomes based approaches e.g. Talking Points				
Mitigating Actions	Self directed support policies, procedures and guidance. Person centred planning. Systemic practice and staff training programme				

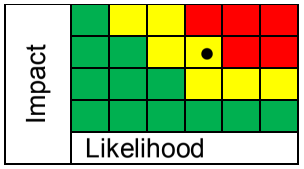
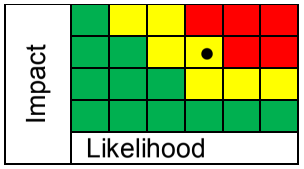
People Fully Participate In Individual and Service Planning, Review and Delivery

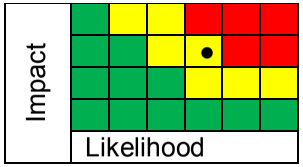
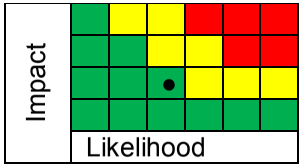
Title	Potential Impact	Current Risk	Residual Risk	Assigned To
Poor communication	Failure of service users and partners to understand the rationale for decision making. Inappropriate decision making, as service user and carer views were not sought – decisions made without full information. Decisions are seen as paternalistic or counter productive. Staff are not engaged, leading to poor morale. People are maintained at an existing level, with no opportunity to reduce dependence. Poor communication across directorates responsible for social work services may lead to increased risk in the system.	 Impact: Serious Likelihood: Significant	 Impact: Serious Likelihood: Low	Senior Management Team
Description	The risk is that we do not adequately engage with service users in individual and group situations, to seek their input into their own care planning and support and in wider service design and development.			
Internal Controls	Care planning and person centred planning. Community engagement strategy. Community planning and strategic planning/ CSWO role in ensuring the governance of social work services and standards			
Mitigating Actions	Involvement of service users, families and carers in care planning and review. Involvement of service users, families and carers in strategic planning processes, such as development of joint commissioning strategy for older people, self directed support.			

	Involvement of key partners on programme boards.

Appendix 3

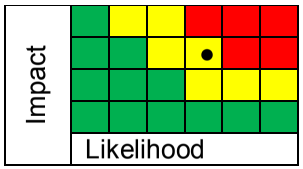
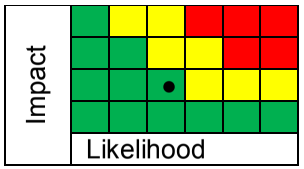
Title	Potential Impact	Current Risk	Residual Risk	Assigned To
Inability to access mainstream services	Outcomes are poorer for service users. Care plans are not met. Social isolation for already vulnerable individuals. Service users have to access more targeted specialist services, at higher cost.	 Impact: Serious Likelihood: Significant	 Impact: Serious Likelihood: Low	Senior Management Team
Description	The risk is that service users are unable to access mainstream universal services due to their race, religion, gender, language or disability.			
Internal Controls	Community planning partnership. Strategic planning partnerships. Equalities legislation and equalities plan.			
Mitigating Actions	Community capacity building. GIRFEC model ensures that mainstream services are available to support vulnerable children and young people. Involvement in key strategic forums ensures the need for universal access is discussed. Children's Audit identifies areas for improvement in terms of access to services for children with protected characteristics.			

Title		Potential Impact	Current Risk	Residual Risk	Assigned To
Early identification		Intervention is at a later stage, requiring more supports and interventions at a higher cost. Outcomes are poorer for service users.	 Impact: Serious Likelihood: Significant	 Impact: Serious Likelihood: Significant	Senior Management Team
Description	The risk is that we fail to identify at an early stage those who need additional supports to participate in the wider community, or to remain within their own community or home environment. Insufficient signposting those who do not meet our eligibility criteria.				
Internal Controls	Eligibility criteria National practice model in Children's Services (GIRFEC)				
Mitigating Actions	Wellbeing team and events One Community conference i-Connect NE Good assessments leading to appropriate service provision at an appropriate time				

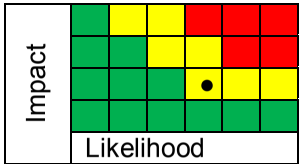
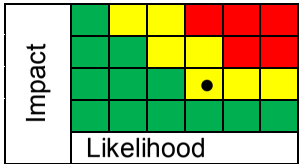
Title	Potential Impact	Current Risk	Residual Risk	Assigned To
Capacity building and co-production	Decisions are seen as paternalistic or counter productive. Staff are not engaged, leading to poor morale. People are maintained at an existing level, with no opportunity to reduce dependence. Individuals are not given the chance to develop their own solutions and resilience.	 Impact: Serious Likelihood: Significant	 Impact: Material Likelihood: Low	Senior Management Team

Description	The risk is that we fail to support people to develop their own capacity to manage and deliver outcomes.
Internal Controls	Care planning and person centred planning. Community engagement strategy. Community planning and strategic planning.
Mitigating Actions	Involvement of service users, families and carers in care planning and review. Supports are in place to support people to develop their own opportunities, e.g. support groups, use of the information hub. Innovative and creative practice opportunities for staff along with quality training programmes

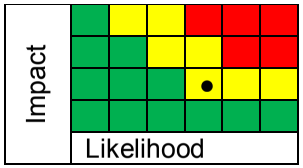
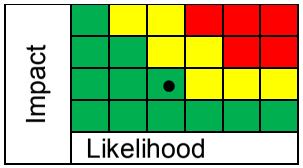
Wellbeing Is Promoted In All Care Groups

Title	Potential Impact	Current Risk	Residual Risk	Assigned To
Gap between targeted specialist and universal services	Some people are not able to access any supports. This may lead to a deterioration in their conditions and ultimately back into the service with a higher need. Unable to deliver key strategic changes service wishes to deliver, as alternatives to high end social work interventions are not available.	 Impact: Serious Likelihood: Significant	 Impact: Material Likelihood: Low	Senior Management Team

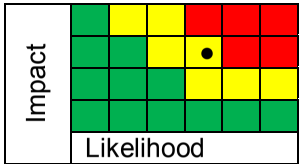
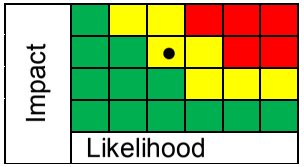
Description	The risk is that those people who are not assessed as requiring social work support and protection, or who do not meet our eligibility criteria, fail to access those universal services that could support them. Assumes universal services will do this
Internal Controls	Community planning partnership. Strategic planning partnerships. Equalities legislation and equalities plan.
Mitigating Actions	Community capacity building. Getting It Right For Every Child (GIRFEC) model ensures that mainstream services are available to support vulnerable children and young people. Involvement in key strategic forums ensures the need for universal access is discussed. Children's Audit identifies areas for improvement in terms of access to services for children with protected characteristics. Wellbeing Team in adult services

Title		Potential Impact	Current Risk	Residual Risk	Assigned To
What is wellbeing?		Lack of common understanding of what is meant by wellbeing, means that strategies and services are fragmented or not available.	 Impact: Material Likelihood: Significant	 Impact: Material Likelihood: Significant	Senior Management Team
Description	The risk is that there is a conceptual incoherence to the term “wellbeing” across the Council and the lack of a standard definition between planning partners.				
Internal Controls	Community planning partnership. Strategic planning partnerships. Equalities legislation and equalities plan.				
Mitigating Actions	Wellbeing is defined and understood within Children’s Social Work Services. Wellbeing team within Social Care and Wellbeing extending its locus into all Adult Services. Over 50s events team				

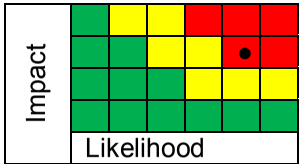
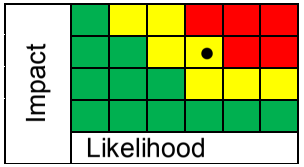
Our Resources Are Managed Effectively

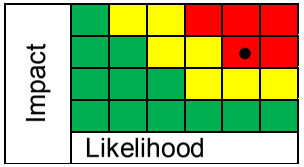
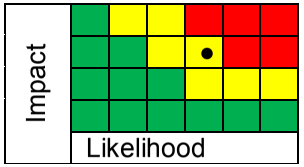
Title	Potential Impact	Current Risk	Residual Risk	Assigned To
Disaggregation of social work budget in transformational change	Inability to plan efficiently, as budget allocations are not in the correct place. Disaggregation of budgets meaning that some services will move into new structures with significant budget shortfalls.	 Impact: Material Likelihood: Significant	 Impact: Material Likelihood: Low	Senior Management Team Finance Business Partner

Description	Planning for the disaggregation of social work budgets, has highlighted that the current situation of being able to produce a balanced social work budget has masked that the current budget does not reflect current patterns of demand and ability to commission services. This has meant that it has been difficult to show increasing demand pressures in some services and the disaggregation of the budget will show that some services are currently underfunded.
Internal Controls	Priority based budgeting and service planning Financial Standing Orders Commitment reporting Official processes for budget virements, journal transfers etc. Financial reporting to CMT and Committee
Mitigating Actions	Monthly monitoring of budgets via BOXI reports. Monthly meetings with finance partners to identify areas of budget concerns. PBB process should ensure that budgets are sufficient to meet identified demands Costed service and commissioning plans Prioritisation of resources at service level

Title	Potential Impact	Current Risk	Residual Risk	Assigned To
Increasing demand	Insufficient resource (staff and services) to meet demand, meaning people are left at risk of serious harm, as risks are not identified and managed appropriately. Budget overspends. Inability to provide care to some service users, due to lack of resources. Failure to understand whole system impact and complexity of increasing demand, leading to inappropriate prioritisation of resources.	 Impact: Serious Likelihood: Significant	 Impact: Material Likelihood: Significant	Senior Management Team

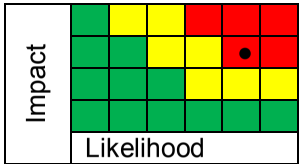
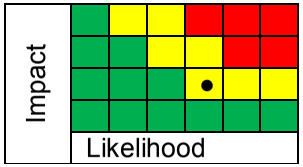
Description	Demand on the service continues to grow, due to demographic and social changes and resources are insufficient to deal with the increased demands on the service. Failure to acknowledge and respond to risk appropriately leads to people being left at risk of serious harm.
Internal Controls	Priority Based Budgeting. Community and Strategic planning. Joint commissioning strategies. Budget monitoring and reporting to SMT, CMT and Committee. Performance indicators and performance reporting identify areas of significant demand pressure.
Mitigating Actions	Service Business Plan lays out financial position and expected increased demand, to allow for longer term planning. Service transformation identifies different ways of doing business to restrain demand growth and provide lower cost services. Service and team plans identify improvements and different ways of doing more with less. Prioritisation and use of resources tries to ensure that those who are most at risk receive an appropriate response. Use of management information to identify and manage trends.

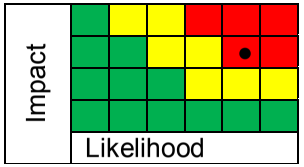
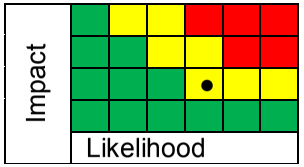
Title	Potential Impact	Current Risk	Residual Risk	Assigned To
Lack of knowledgeable, skilled, trained staff	An inexperienced staff group requires a large amount of training, guidance and support. Experienced staff have to carry larger proportions of complex cases, which can increase their workload and increase levels of stress. Experienced staff leaving are replaced with less experienced staff, due to difficulties in recruitment. Impact on service users if staff are less experienced.	 Impact: Serious Likelihood: High	 Impact: Serious Likelihood: Significant	Senior Management Team HR Business Partner
Description	The risk is that our staff group is not sufficiently trained and knowledgeable for the work that we expect them to carry out. There is a risk in our ability to recruit experienced qualified staff, an inexperienced staff group requires a large amount of management guidance and support.			
Internal Controls	Council HR Policies. 1:1s and PR&D Learning and Development Plan			
Mitigating Actions	1:1s and PR&D meetings identify training requirements. Council's Employee Development service provides generic and management training opportunities. Social care specific training to qualified staff is commissioned Learning and Development Plan identifies areas where training is required and gaps to be filled. Internal training also provided on Adult and Child Protection, SDS, systemic practice.			

Title	Potential Impact	Current Risk	Residual Risk	Assigned To
Recruitment and Retention	Inability to meet statutory requirements due to lack of staff. Need to prioritise staff to statutory work may mean other areas of work suffer. Inability to recruit support staff means inappropriate tasks falling to front line staff. Need to recruit agency staff at a higher cost. There is a risk to the reputation of the Council, if services cannot be maintained due to staff shortages.	 Impact: Serious Likelihood: High	 Impact: Serious Likelihood: Significant	Senior Management Team HR Business Partner

Description	The risk is around the service's ability to recruit quality staff to fill vacant posts and also around our ability to retain the staff that we already have. This is exacerbated by geographic location and Aberdeen's low rates of unemployment and issues of perception of working within the social care sector. The social care market in Aberdeen is a competitive market with a limited pool of staff, this is across all social care sectors and across public, private and voluntary agencies.
Internal Controls	Council HR policies. Council standing orders.
Mitigating Actions	Improved flexibility in terms of speed of recruitment and recruitment processes. Recruitment Workforce group with key partners, including service providers, to look at recruitment and retention issues across the sector as a whole. Review of skill mix to maximise benefit of staff resource. New ways of working, aiming to attract new staff who are attracted by service innovation (e.g. RSW, SDS) Smarter working / different ways of working, where appropriate to service involved, to improve staff retention.

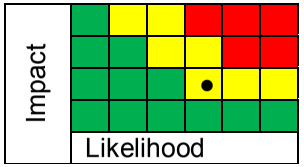
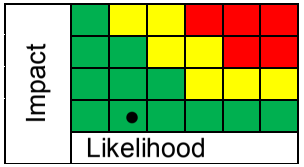
Our Organisation Is Effective

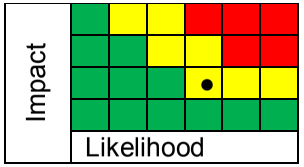
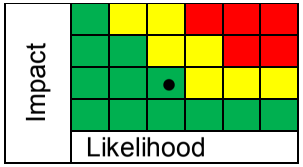
Title	Potential Impact	Current Risk	Residual Risk	Assigned To
Lack of clear strategic direction	Failure to represent social care and wellbeing interests in key decision making forums. Service becomes reactive, rather than responsive. CSWO is unable to maintain oversight of professional social work delivery. Reduced scrutiny and governance of social work as a whole, due to loss of SCW committee. Reputational risk to services and council	 Impact: Serious Likelihood: High	 Impact: Material Likelihood: Significant	Senior Management Team CMT
Description	The risk is the potential failure to maintain appropriate service delivery through period of major structural change, such as the restructuring of the Council and Health and Social Care integration. There is a potential risk in managing and mitigating cross service risks, in new structures.			
Internal Controls	Senior Management Team Corporate Business Plan and Service Business Plan Key Strategic Planning Forums, such as Community Planning Partnership, Integrated Children's Services Management Team, Integration Joint Board, etc Programme Boards for key internal change processes such as Reclaiming Social Work, Learning Disability Redesign, and Self Directed Support.			
Mitigating Actions	Service is represented on key decision making boards. Key transitional programmes are managed by programme boards, to ensure informed strategic decision making. CSWO has ready access to Chief Executive and elected members			

Title	Potential Impact	Current Risk	Residual Risk	Assigned To
Transformational change	Service is distracted by major organisational change and "takes its eye off the ball". Risk of major service failure. Time implications for staff involved, removes them from their normal tasks. Other development opportunities are not taken due to lack of capacity. Poor staff morale.	 Impact: Serious Likelihood: High	 Impact: Material Likelihood: Significant	Senior Management Team

Description	The risk is the failure to maintain appropriate service delivery during periods of major transformational change, such as the Learning Disability Redesign and Reclaiming Social Work.
Internal Controls	Senior Management Team, Extended Senior Management Team and Section Team meetings monitor performance. 1:1s, supervision, quality assurance and case auditing monitor service delivery. Programme boards receive risks and issues logs.
Mitigating Actions	1:1s, supervision, quality assurance and case auditing monitor service delivery and identify areas where action needs to be taken to mitigate risk. Programme boards receive risks and issues logs, identifying and monitoring the potential risks of the programmes.

Appendix 3

Title	Potential Impact	Current Risk	Residual Risk	Assigned To
Communication	People are unclear about who we are, what we do, how we do it and why. Partners are unclear about our role. Service users and potential service users are unclear about services and how to access them. Staff feel isolated and disconnected. Complaints are received.	 Impact: Material Likelihood: Significant	 Impact: Negligible Likelihood: Very Low	Senior Management Team
Description	The risk is that our communication with staff, service users, families, carers, partners and key stakeholders is poor and that the information that is available about how we are and what we do is not available.			
Internal Controls	Communications Strategy. Governance for Website and intranet.			
Mitigating Actions	Communications strategy approved by SMT, with associated action plan. Weekly internal communication with staff, monthly H&S bulletin, quarterly newsletter. Back to the floor events and staff briefings. External stakeholder events for key transformational programmes, such as LD redesign and Reclaiming Social Work. RSW has its own communications strategy, stakeholder analysis and communications plan. SBP event used stakeholder perception analysis to inform development. Health & Care Partnership Newsletter. Joint working arrangements – e.g. ISMT, IOMG, 'cluster' working			

Title		Potential Impact	Current Risk	Residual Risk	Assigned To
Bureaucratic Systems and Processes		Unable to support fast decision making. Lack of flexibility prevents quick decision making. Length of time for decisions to be made can lead to delays in problem solving. Lack of flexibility prevents "quick wins".	 Impact: Material Likelihood: Significant	 Impact: Material Likelihood: Low	Senior Management Team
Description	There is a risk that systems and processes (both Corporate and Service) do not support operational values and objectives. Adding delays and stifling innovation and creativity build risk into the system. The risk is that both Corporate and Service bureaucracy leads to wasted time and resource, thereby reducing the effectiveness and efficiency of the service.				
Internal Controls	Council standing orders Council procedures, including HR, finance and management. Internal SCW procedures.				
Mitigating Actions	Internal SCW procedures are out of date and require review. This is programmed into the Business Management work plan. Internal business partners seek to speed things up, or support innovation and creativity where this is possible.				

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Social Care and Wellbeing Strategy Map				
Corporate Priorities	People are supported and cared for People are protected People are enabled and supported to put in place solutions We will maintain health and wellbeing			
Strategic Priorities	Shifting the balance of care Personalisation of services Working in partnership Improving the use of resources			
Service Outcomes	People at risk are protected People are effectively supported within their families and communities People fully participate in individual and service planning, review and delivery Wellbeing is promoted in all care groups Our resources are managed effectively Our organisation is effective			
Stakeholder and Partners	**The community expects the Council to:**	**Our service users and carers expect:**	**Our partners expect:**	**Our staff expect:**
	• Actively listen • Provide information that is clear and jargon free • Have a common understanding of need with its partners • Recognise that cheapest is not always best • Increase social capital • Have systems in place to ensure the protection of vulnerable people • Respond to situations quickly • Monitor the services it commissions • Be creative • Support communities to do more for themselves	• The right services in the right place at the right time • To be involved in developing services, with proper representation • Information to be shared • The Council will identify gaps, unmet need and take action • The Council will listen to what people say they need, will intervene early and support and manage risk • The Council will use an asset based approach and let people direct their own lives • A named worker who is skilled and professional and who will help them move on with their lives • Regular reviews of need	• Honesty and transparency • Involvement in developing services and clear contractual arrangements • The Council to work with them and share information on unmet need, gaps and inefficiencies • That the Council will be prepared to change • That the Council will listen to them • The sharing of knowledge, skills and experience and to work together to develop bold plans and strategies • Council departments to work together • The Council will be solutions focussed • The Council will be accountable	• Safe and fair working conditions • Clear aims, objectives and guidance • The tools to dot eh job, easy systems and improved use of technology • Flexible and supportive management • That they can feedback concerns in a supportive environment • A learning culture with supported, dedicated and protected training and professional development • Low level decision making, including financial decisions

	People at risk are protected	People are effectively supported within their families and communities	People fully participate in individual and service planning, review and delivery	Wellbeing is promoted in all care groups	Our resources are managed effectively	Our organisation is effective
Outcome indicators	• SPIs 1 and 2 (Homecare) • eSAY, Child Protection, LAC and H1 return • SOA • Community Care Quarterly return • Youth Justice National Indicators • Early Years Collaborative Plan • Integrated Children's Services Plan indicators	• SPIs 1 and 2 (Homecare) • eSAY, Child Protection, LAC and H1 return • SOA • Community Care Quarterly return • MH benchmarking • Youth Justice National Indicators • Early Years Collaborative Plan • Integrated Children's Services Plan indicators	• SPIs 1 and 2 (Homecare) • eSAY, Child Protection, LAC and H1 return • SOA • Community Care Quarterly return • Youth Justice National Indicators • Early Years Collaborative Plan • Integrated Children's Services Plan indicators	• SPIs 1 and 2 (Homecare) • eSAY, Child Protection, LAC and H1 return • SOA • Community Care Quarterly return • Youth Justice National Indicators • Early Years Collaborative Plan • Integrated Children's Services Plan indicators	• SPIs 1 and 2 (Homecare) • eSAY, Child Protection, LAC and H1 return • SOA • Community Care Quarterly return • HGIOC, HGIOT • PR&D • Smart supervision and CLF • Financial returns	• SOA • Smarter Aberdeen indicators • HGIOC, HGIOT • Internal KPIs
Service Objectives	• We will ensure our staff are trained to deliver what they need to do • We will ask service users about their experiences and act on the feedback • We will be open and transparent with all partners about roles and expectations • We will ensure appropriate information sharing with our partners • Where something goes wrong we will investigate and take action	• We will empower and support service users to develop and become more confident and competent in self leadership • We will ensure service users can access the rights services, at the right time, in the right place, at the right cost • We will review and improve care pathways / access to services • We will develop services to promote parenting and attachment • We will invest in new services where these are needed	• We will actively listen to what service users tell us and evidence where and how this is acted upon • We will involve service users and carers in the development of new services • We will support service users to define and deliver their own objectives and outcomes	• We will manage growth through investing in preventative services • We will promote reablement • We will review and develop services for carers • We will work with partners to improve social inclusion and access to universal services • We will monitor the impact of welfare reforms on the most vulnerable members of society and take action where we can	• We will be open and transparent about available resources • We will jointly commission services were it is appropriate and we are able to do so • We will support staff to be clear about what we do, how we do it and what with • We will be clear about the services we commission, what we will expect and what we will pay • We will share resources with our partners where appropriate	• We will develop and support the infrastructure needed to allow the effective/efficient user of staff time • We will manage our assets in an effective and efficient manner, with investment where this is needed and appropriate

	People at risk are protected	People are effectively supported within their families and communities	People fully participate in individual and service planning, review and delivery	Wellbeing is promoted in all care groups	Our resources are managed effectively	Our organisation is effective
Internal processes	• MAPPA, MARAC, GIRFEC, APC • Serious Case Review Protocols • CP and AP processes • Children's Hearing System • Attachment Theory • Reclaiming Social Work • ISS/SRG • Risk Manageemnt Policy and Procedures • Adult and Child Protection Policies and Procedures • Adults with Incapacity Policy and Procedures • Guardianship cases reviews • Statutory duties carried out in accordance with legislation • Assessment, planning and review process • Data protection policies and procedures inc. data sharing and MOU	• SDS • Single Shared Assessment • Personalisation agenda • Person Centred Support Planning • Community integration and participation • Multi agency response and intervention • Outcome focussed recovery • Evidenced based interventions • GIRFEC • Adult and Child protection policies and procedures	• SDS • Single Shared Assessment • Personalisation agenda • Person Centred Support Planning • Citizen and self leadership • Involvement in reviews • CPA • Communication support • Service user evaluation and feedback • Children's rights • Advocacy	• Steps into leadership • Joint mental health strategy • Internal welfare reform working group • ASP / Child Protection / MAPPA • Strategic commissioning • ACC Good health group	• Smart Supervision • PR&D • HGIOT – team planning • Joint commissioning strategy • Best practice • Maximising attendance • Continuous Improvement Framework • Asset Management Plan • Financial Regulations • HR Policies and Procedures	• PBB • SCP • Corporate Asset Plans • HGIOC • Employee Opinion Survey • PR&D and Core Behaviours • Smarter Aberdeen • Corporate Business Plan metrics
Potential risks	• Failure to identify those in need of support and protection • Failure to appropriately assess and review • Failure to manage risks for those who are in need of support and protection	• Failure to identify and provide appropriate supports • Failure to engage with families • Failure to engage with communities • Unavailability of appropriate resources • Failure of the social care market • Lack of a strengths/asset based model	• Poor communication • Inability to access mainstream services • Early identification • Capacity building and co-production	• Gap between targeted specialist and universal services • What is wellbeing?	• Disaggregation of social work budget in transformational change • Increasing demand • Lack of knowledgable, skilled, trained staff • Recruitment and Retention	• Lack of clear strategic direction • Transformational change • Communication • Bureaucratic systems and processes

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Aberdeen City Council

Public Records (Scotland) Act -Phase I

Internal Audit Report 2014/2015 for Aberdeen City Council

September 2014

	Target Dates per agreed Internal Audit Charter	**Actual Dates**	**Red/Amber/Green and commentary where applicable**
Terms or reference agreed 4 weeks prior to fieldwork	08 July 2014	24 July 2014	**Red** – due to annual leave
Planned fieldwork start date	05 August 2014	05 August 2014	Green
Fieldwork completion date	11 August 2014	11 August 2014	Green
Draft report issued for Management comment	26 August 2014	26 August 2014	Green
Management Comments received	09 September 2014	09 September 2014 17 September 2014	Green (Initial comments received on time, follow up required)
Report finalised	24 September 2014	23 September 2014	Green
Submitted to Audit and Risk Committee	20 November 2014	20 November 2014	Green

pwc

Contents

1. Executive Summary

Report classification	Total number of findings ← Section 3 →				
		Critical	**High**	**Medium**	**Low**	**Advisory**
Low Risk	Control design	-	-	1	-	-
	Operating effectiveness	-	-	-	-	-
	Total	-	-	**1**	-	-
	Responsible Director: Director of Corporate Governance Project Sponsor: Community Planning & Corporate Performance Manager					

Summary of findings

1.01 The Public Records (Scotland) Act 2011 requires Local Authorities to prepare and implement a records management plan (RMP) which sets out proper arrangements for the management of records. Aberdeen City Council is required to submit the plan to the Keeper of the Records of Scotland in November 2014. A model plan which includes 14 elements has been developed by the "Keeper" to illustrate best practice. The Council is required to include all 14 elements within the submission or confirm that the element is not applicable, providing an explanation for the omission.

1.02 The review is split into two phases. The scope of the first phase was to compare the tasks listed in the RMP Business plan to the requirements detailed in the model plan guidance. For tasks marked as "complete" we have assessed these against best practice and confirmed that there is evidence to support their completion, for example appropriate policies and procedures are in place. For details of the evidence reviewed please refer to appendix 1 "RMP Business Plan". For tasks marked as "un-completed" we have assessed whether the intended actions meet best practice. The outcome of this phase highlights to management the steps which are required to be actioned to ensure a plan, compliant with best practice, can be submitted to the Keeper in November 2014.

1.03 A second phase of the review is scheduled for early 2015 and will assess management's plans for monitoring the policies and procedures in place, and seeking assurance that the plan is embedded throughout the Council.

1.04 Through our discussions with staff and review of the evidence provided we have concluded that 5 of the 14 elements in the RMP Business Plan meet best practice, or will meet best practice following the formal approval of newly drafted or updated policies and procedures.

1.05 The remaining 9 elements require further action to ensure that the Council is able to provide appropriate evidence that these meet best practice by the submission deadline. A medium risk finding has been raised in relation to this. The 9 elements requiring further action are:

- Senior Management Responsibility
- Records Management Policy Statement
- Business Classification
- Retention Schedules
- Destruction arrangements
- Archiving and transferring arrangements
- Information Security
- Audit Trail
- Assessment and Review

For full details of the actions required please refer to Section 3, Detailed Findings and Recommendations. Please refer to Appendix 1 for a summary assessment of our findings mapped against the tasks included in the RMP Business Plan.

Management comments

This first phase of internal audit for 2014/2015 has provided management with assurances that the Council has identified appropriate actions and timelines to ensure a compliant submission is made in November 2014 as part of their statutory duty under the Public Records (Scotland) Act 2011. The mechanism of internal review and assessment has been a useful exercise and will be further developed in the future as an annual activity. This will ensure the Council continues to manage their information and records in a way that provides evidence that it has a full understanding and effective controls in place.

2. Detailed findings and recommendations

2.01 Actions required to complete the Records Management Plan– Control design

Finding

The following elements of the model plane should to be addressed to allow the Council to submit a fully compliant Records Management Plan (RMP) to the Keeper of Records in November 2014:

- (1) Senior Management Responsibilities – the following actions should be addressed:
    - Produce documented evidence that that the SIRO accepts responsibility for the RMP. This could be achieved by providing a covering letter signed by the SIRO. The covering letter should also clarify that the SIRO endorses the Council's record management policy;
    - Update the CMT agenda to evidence that the SIRO will report to senior management on a regular basis;
    - Update the Information Management Strategy to reflect the revised corporate governance/ assurance framework and include Policy/Strategy/improvement programmes for specialist domains; and
    - Update the Records Management Policy so it is aligned to the IM Strategy and Information Records Lifecycle Management domain.

- (3) Records Management Policy Statement –
    - The following procedures which support the Records Management Policy should be developed:
        - Metadata guidelines
        - Collecting / preservation guidelines
    - Convert or migrate electronic records from one system to another

    - The draft Records Management Policy Statement should be updated to contain or make reference to the following elements:
        - A statement of how ACC will ensure that its records remain accessible, authentic, reliable and useable through organisational or system change;
        - A description of how metadata is created and maintained for electronic records;

- A description of the collection / preservation arrangements for records in all formats; and
- A description of how records management issues will be communication throughout the organisation and confirmation that there will be regular reporting to governance bodies.

- (4) Business Classification - the Business Classification Scheme (BCS) should be finalised and approved.

- (5) Retention Schedules - the corporate retention schedule should be finalised and approved.

- (6) Destruction Arrangements – the destruction schedule procedures and a standard template for use within the services should be developed. This should include the procedures for maintaining destruction certificates.

- (7) Archiving and transfer arrangement - the "collecting and preservation of records" policy should be drafted, finalised and approved.

- (8) Information Security- documented policies and/ or procedures detailing the process for ensuring the security and integrity of hard copy records held in archive/ corporate storage should be drafted, finalised and approved.

- (11) Audit Trail - business file plans which provide a record of the location, ownership, access and disposal of records within each service should be rolled out across the Council. This is expected to commence in September 2014.

- (13) Assessment and Review - specific procedures for on-going assessment of the plan and its effectiveness across the Council should be drafted and finalised. It is noted that this may include future reviews by Internal Audit.

Risks

There is a risk that an incomplete RFP is submitted to the Keeper of Records.

Action plan		
Finding rating	**Agreed action**	**Responsible person / title**
Medium	The actions noted above should be addressed prior to submitting the RMP to the Keeper of Records in November 2014.	Records Manager
		Target date:
		November 2014

Appendix 1 – Background and scope

Background

2.01 The Public Records (Scotland) Act 2011 requires Local Authorities to prepare and implement a records management plan (RMP) which sets out proper arrangements for the management of records. Aberdeen City Council is required to submit the plan to the Keeper of the Records of Scotland in November 2014.

2.02 A model plan which includes 14 elements has been developed by the "Keeper" to illustrate best practice. The Council is required to include all 14 elements within the submission or confirm that the element is not applicable, providing an explanation for the omission. The 14 elements, included within the model plan, are as follows:

1. Senior management responsibility
2. Records manager responsibility
3. Records management policy statement
4. Business classification
5. Retention schedules
6. Destruction arrangements
7. Archiving and transfer arrangements
8. Information security
9. Data protection
10. Business continuity and vital records
11. Audit trail
12. Competency framework for records management staff
13. Assessment and review
14. Shared information

2.03 As per the "assessment and review" element it is required that the operating effectiveness of the plan is assessed after implementation. To ensure this can be achieved management must develop an appropriate programme of controls testing. In preparation for completing of the RMP, a business plan has been produced by the Records Manager.

Scope and limitations of scope

2.04 The detailed scope of this review is set out in Appendix 3. We have undertaken a review of the design of the Council's Record's Management Business Plan.

2.05 See agreed terms of reference at Appendix 4.

Appendix 2 – RMP Business Plan

Management have developed a RMP Business Plan to organise and priorities the work related to the implementation of the Public Records Act. To ensure the findings included in section 3 can be easily mapped to the on-going work we have provided a summary assessment of our findings against the plan.

Task Reference	Task Description	ACC assessment ✓ if completed	PwC Assessment (Completed/ To action/In progress)	Evidence reviewed to support assessment	Notes
1. Senior Management responsibility Section 1(2)(a)(i) of the Act					
1.01	Senior post-holder - SIRO - to take overall responsibility for coordination, monitoring & reporting on all information management domains	✓	Completed	We understand that the current Senior Information Risk Owner (SIRO) is to have overall responsibility for the RMP.	
1.02	Evidence that SIRO has the support of that authority's senior management team (CMT)		To action		See detailed finding 3.01
1.03	Information Management Strategy requires updating to reflect revised corporate governance and assurance framework		In progress	Draft Information Management Strategy	See detailed finding 3.01
1.04	Information Management Strategy specialist domains require Policy/Strategy/improvement programmes		In progress	Draft Information Management Strategy	See detailed finding 3.01
1.05	Revise Records Management Policy aligned to IM Strategy and Information, Records Lifecycle Management domain		In progress	Draft Records Management Policy	See detailed finding 3.01

Task Reference	Task Description	ACC assessment ✓ if completed	PwC Assessment (Completed/ To action/In progress)	Evidence reviewed to support assessment	Notes
2. Records Manager responsibility Section 1(2)(a)(ii) of the Act					
2.02	A designated member of staff of appropriate seniority to have lead responsibility for records management within the authority. This lead role should be formally acknowledged and made known throughout the authority	✓	Completed	Records Manager job profile Draft Records Management Policy	
2.03	The records management plan (RMP) submitted for agreement with the Keeper confirms that an individual (or individuals) * has been appointed to have overall day-to-day responsibility for the implementation of the authority's RMP	✓	Completed	Confirmed that the records manager is to be responsible individual. Records Manager job profile	
3. Records Management Policy/Strategy					
3.01	The policy should be clear that the authority understands what is required to operate an effective records management system which embraces records in all formats	✓	Completed	Draft Records Management Policy	Considered 'completed' pending approval of the policy.
3.02	The policy statement should demonstrate how the authority aims to ensure that its records remain accessible, authentic, reliable and useable through any organisational or system change.		To action		See detailed finding 3.01.
3.03	The policy/strategy should include guidelines for: - describing how metadata is created and maintained;		To action		See detailed finding 3.01.

Task Reference	Task Description	ACC assessment ✓ if completed	PwC Assessment (Completed/ To action/In progress)	Evidence reviewed to support assessment	Notes
	- converting or migrating electronic records from one system to another.				
3.03a	Produce Metadata Practice and Procedures Guidelines		To action		See detailed finding 3.01.
3.04	The policy/strategy should include details for the collecting/preservation arrangements for records in all formats		To action		See detailed finding 3.01.
3.04a	Produce Practice & Procedure Guidelines (for collecting/preservation)		To action		See detailed finding 3.01.
3.05	The policy should include a description of the mechanism for records management issues being disseminated through the authority and confirmation that regular reporting on these issues is made to the main governance bodies.		To action		See detailed finding 3.01.
3.06a	Naming Conventions Approved	✓	Completed	Managing Our Records Corporate Practice and Procedures	
3.06b	Disposal Arrangements Approved		Completed	Managing Our Records Corporate Practice and Procedures	
3.06c	Version Control Approved	✓	Completed	Managing Our Records Corporate Practice and Procedures	
4. Business Classification/File Plan					
4.01	Create a Business Classification Scheme based on 4.01		In progress	Draft Business Classification Scheme (pdf)	See detailed finding 3.01

Task Reference	Task Description	ACC assessment ✓ if completed	PwC Assessment (Completed/ To action/In progress)	Evidence reviewed to support assessment	Notes
4.01a	Consult stakeholders at SMTs prior to BSC Version 1 Levels 1-3 submission to committee for approval		To action		See detailed finding 3.01
4.02	Create Service core business file plans to inform detail of BCS		In progress	Business Classification Scheme and Retention Schedule	See detailed finding 3.01
4.02a	Determining the arrangement of records: retention, disposal, location, access, security, sharing, volume, owner, publishing		In progress	Business Classification Scheme and Retention Schedule	See detailed finding 3.01
4.02b	Target service gap file plans amend to align with agreed BCS complete to include common corporate activities		In progress	Business Classification Scheme and Retention Schedule	See detailed finding 3.01
4.03a – i	File Plan Implementation Pilot(s) action plan stages		To action	Corporate BCS and File Plan project plan	See detailed finding 3.01
4.04	File Plan Implementation - Corporate Roll Out		To action	Corporate BCS and File Plan project plan	See detailed finding 3.01
5. Retention & Disposal schedule Section 1(2)(b)(iii)					
5.01	Create Records Retention Schedule based on 4.01		In progress	Business Classification Scheme and Retention Schedule	See detailed finding 3.01
5.02	Consult stakeholders at SMTs prior to RRS Version 1 submission to Committee for approval		To action		See detailed finding 3.01
5.03	An authority's RMP must demonstrate the principle that retention rules are consistently applied across all of an		To action		See detailed finding 3.01

Task Reference	Task Description	ACC assessment ✓ if completed	PwC Assessment (Completed/ To action/In progress)	Evidence reviewed to support assessment	Notes
	authority's record systems.				
5.04	Develop charging system for physical and virtual storage of records		To action		See detailed finding 3.01
6. Destruction Arrangements Section 1(2)(b)(iii)					
6.01	These should demonstrate security precautions appropriate to the sensitivity of the records. Disposal arrangements must also ensure that all copies of a record - wherever stored - are identified and destroyed.		Completed	Managing our Records Corporate Practices and Procedures; Corporate Records Storage and Retrieval Service practice and procedures; ICT Good Practice Guidelines	
6.02	It is very important the list of records sent for destruction is kept. Under the Freedom of Information regime this is the definitive proof that disposal of records is taking place in a controlled manner. As a general principle it is sensible for the records manager, or whoever is designated to control the process, to sign off and date the destruction schedule as proof that the records are no longer in the institution.		To action		See detailed finding 3.01
7. Archiving policy & transfer arrangements Section 1(2)(b)(iii)					
7.01	Create collecting/preservation policy including transfer arrangements		To action		See detailed finding 3.01
8. Information security Section 1(2)(b)(ii)					
8.01	An authority's RMP must include		Completed	Draft Management of	Considered 'completed'

Task Reference	Task Description	ACC assessment ✓ if completed	PwC Assessment (Completed/ To action/In progress)	Evidence reviewed to support assessment	Notes
	evidence that the authority has procedures in place to adequately protect its records.			Information Security Policy	pending approval of the policy.
8.02	Hard copy records scheduled for long term (50 - 100 years) or permanent preservation should be held a controlled environment - temperature/humidity controlled.		To action		See detailed finding 3.01
9. Data Protection Policy					
9.01	Corporate Data Protection Policy	✓	Completed	Corporate Data Protection Policy	
9.02	Information Security responsibilities, breach response procedures policy		Completed	Breach Reporting Procedure; Incident Reporting Procedure	
9.03	State the physical and technical security backed up by robust policies and procedures		Completed	Draft Management of Information Security Policy	Considered 'completed' pending approval of the policy.
10. Business continuity and vital records					
10.01	RMP should indicate arrangements in support of records vital to business continuity. Certain records held by authorities are vital to their function. The RMP will support reasonable procedures for these records to be accessible in the event of an emergency affecting their premises or systems.		Completed	Business Continuity Plan	
10.02	Appropriate business continuity plans		Completed	Business Continuity Plan	
10.03	Prepare a disaster recovery plan		Completed	ICT Business Continuity and	

Task Reference	Task Description	ACC assessment ✓ if completed	PwC Assessment (Completed/ To action/In progress)	Evidence reviewed to support assessment	Notes
				Disaster Recovery Plan (Schedule part 8.6); Schedules 2.1.1 and 2.1.5 from Atos Data Centre contract detailing disaster recovery & business continuity procedures in place at the data centre.	
10.03a	Test Disaster Recovery Plan		To action		We understand a test of the DR plan is scheduled for November 2014. This task was added to the plan by the Records Manager, however it is not a requirement needed by the November submission date and therefore not included in finding 3.01
10.04	Some vital records will be identified as part of the Information Audit but it really requires a distinct programme to bring the elements together fully. The objectives are: To define the vital records; to ensure Senior Management buy-in; identify potential hazards; designate appropriate protection methods; select appropriate storage sites and methods; develop operating procedures; bench Test programme procedures.		In progress	Business Continuity Plan	We understand that a testing schedule for the business continuity plans has been developed and further action is still required to ensure full engagement from the business. This task was added to the plan by the Records Manager, however it is not a requirement needed by the November submission

Task Reference	Task Description	ACC assessment ✓ if completed	PwC Assessment (Completed/ To action/In progress)	Evidence reviewed to support assessment	Notes
					date and therefore not included in finding 3.01
11. Audit Trail					
11.01	RMP should state how the whereabouts of records are known at all times and movement of files around an electronic system or between physical storage areas and office areas should be logged.		To action		See detailed finding 3.01.
11.02	Create an audit trail for all records		In progress	Corporate BCS and File Plan project plan	See detailed finding 3.01.
11.03	A description of how record retrieval is progressed in an authority should be part of the RMP. This might be a description of a 'paper trail' from retrieval request to return of a document. Alternatively, a description of an electronic tracking process could be included. It is probable that some system is already in place which enables staff to consult files and that this is an auditable system.		In progress	Corporate Records Storage and Retrieval Service Practice and Procedures	See detailed finding 3.01.
11.04	This audit trail information is needed to enable the working of the system to be demonstrated, as well as the progress of information through the system, from receipt to final deletion. Audit trails need to be comprehensive and properly looked after, as without them the integrity and authenticity, and thus the evidential weight, of the information stored in the		In progress	Corporate BCS and File Plan project plan	See detailed finding 3.01

Task Reference	Task Description	ACC assessment ✓ if completed	PwC Assessment (Completed/ To action/In progress)	Evidence reviewed to support assessment	Notes
	system could be called into question				
12. Competency framework for records management staff					
12.01	Create a competency framework listing the core competencies and the key knowledge and skills required by a job roles across ACC, including particular evidence in CPD.		In progress	Records Manager job profile	We understand that the job profile for SIRO is to incorporate additional responsibilities and requirements for the RMP. Revised job profile is to be finalised. This task was added to the plan by the Records Manager, however it is not a requirement needed by the November submission date and therefore not included in finding 3.01
13. Assessment & review procedures - self assessment, peer assessment, sectorial assessment Section 1(5)(i)(a)					
13.01	It is important that an authority's RMP is regularly reviewed to ensure that it remains fit for purpose. It is therefore vital that a mechanism exists for this to happen automatically as part of an authority's internal records management processes.		In progress		See detailed finding 3.01.
13.02	A statement to support the authority's commitment to keep its RMP under review must appear in the RMP detailing		Completed	Policy statement in the draft Records Management Policy.	Considered 'completed' pending approval of the policy.

Task Reference	Task Description	ACC assessment ✓ if completed	PwC Assessment (Completed/ To action/In progress)	Evidence reviewed to support assessment	Notes
	how it will accomplish this task.				
14. Shared Information					
14.01	Corporate Information Sharing policy and procedures including contracts with 3rd parties and ALEOs	✓	Completed	Routine Data Sharing Procedure; Subject Access General Procedure; 3rd Party Request General Procedure; FOI Checklist	
14.02	Corporate Information Sharing Register	✓	To action		At the time of the review we were unable to verify that this action was complete. We understand that the action is in progress by Legal Services. This task was added to the plan by the Records Manager, however it is not a requirement needed by the November submission date and therefore not included in finding 3.01

Appendix 3 – Basis of our classifications

Individual finding ratings

Finding rating	Assessment rationale
Critical	A finding that could have a: • ***Critical*** impact on operational performance; or • ***Critical*** monetary or financial statement impact; or • ***Critical*** breach in laws and regulations that could result in material fines or consequences***;*** *or* • ***Critical*** impact on the reputation or brand of the organisation which could threaten its future viability.
High	A finding that could have a: • ***Significant*** impact on operational performance; or • ***Significant*** monetary or financial statement impact ; or • ***Significant*** breach in laws and regulations resulting in significant fines and consequences ***;*** *or* • ***Significant*** impact on the reputation or brand of the organisation.
Medium	A finding that could have a: • ***Moderate*** impact on operational performance; or • ***Moderate*** monetary or financial statement impact; or • ***Moderate*** breach in laws and regulations resulting in fines and consequences; or • ***Moderate*** impact on the reputation or brand of the organisation.
Low	A finding that could have a: • ***Minor*** impact on the organisation's operational performance; or • ***Minor*** monetary or financial statement impact; or • ***Minor*** breach in laws and regulations with limited consequences; or • ***Minor*** impact on the reputation of the organisation.
Advisory	A finding that does not have a risk impact but has been raised to highlight areas of inefficiencies or good practice.

Report classifications

Findings rating	Points
Critical	40 points per finding
High	10 points per finding
Medium	3 points per finding
Low	1 point per finding

Report classification	Points
Low risk	6 points or less
Medium risk	7– 15 points
High risk	16– 39 points
Critical risk	40 points and over

Appendix 4 – Agreed Terms of reference

Background

The Public Records (Scotland) Act 2011 requires Local Authorities to prepare and implement a records management plan (RMP) which sets out proper arrangements for the management of records. Aberdeen City Council is required to submit the plan to the Keeper of the Records of Scotland in November 2014.

A model plan which includes 14 elements has been developed by the "Keeper" to illustrate best practice. The Council is required to include all 14 elements within the submission or confirm that the element is not applicable, providing an explanation for the omission. The 14 elements, included within the model plan, are as follows:

- Senior management responsibility
- Records manager responsibility
- Records management policy statement
- Business classification
- Retention schedules
- Destruction arrangements
- Archiving and transfer arrangements
- Information security
- Data protection
- Business continuity and vital records
- Audit trail
- Competency framework for records management staff
- Assessment and review
- Shared information

As per the "assessment and review" element it is required that the operating effectiveness of the plan is assessed after implementation. To ensure this can be achieved management must develop an appropriate programme of controls testing.

In preparation for completing of the RMP, a business plan has been produced by the Records Manager.

Scope

Internal Audit's review of the Public Records (Scotland) Act will consist of two phases of fieldwork. Both phases will be reported to Audit and Risk Committee in December 2014.

Phase	Objectives	Period	Days allocated
I	Review the RMP Business Plan to ensure: a) "Completed" tasks meet best practice (as detailed within the Keeper of the Records of Scotland Model Plan) and there is evidence to support that tasks have been completed as described. b) "Un-completed" tasks have an action plan in place, timescales are appropriate and the intended actions meet best practice (as detailed within the Keeper of the Records of Scotland Model Plan)	05 August – 11 August 2014	5
II	Assess the design of the programme of controls testing, providing recommendations where improvements could be made.	TBC	5

Limitations of scope

The scope of our review is outlined above.

Internal control, no matter how well designed and operated, can provide only reasonable and not absolute assurance regarding achievement of an organisation's objectives. The likelihood of achievement is affected by limitations inherent in all internal control systems. These include the possibility of poor judgment in decision-making, human error, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances.

Audit approach

Our audit approach is as follows:

- Obtain an understanding of the procedures in place through discussion with key personnel and review of documentation.
- Identify the key risks in respect of compliance with the Public Records (Scotland) Act.
- Review the Council's RMP Business Plan against best practice guidance (model plan).
- Evaluate the design of controls in place to assess compliance with the RMP.

Key Council Contacts

Name	Title	Role	Contact details
Ewan Sutherland	Director of Corporate Governance (Interim)	Sponsor	01224 522192
Martin Murchie	Community Planning & Corporate Performance Manager	Sponsor	01224 522008
Caroline Anderson	Records Manager	Key contact	01224 522521

Agreed timings

Note: If the Council amend or delay the timing of this review at short notice and we cannot utilise the internal audit staff on other reviews then the originally agreed days may still be charged at the normal day rate, in addition to the rescheduled days.

Phase I	
Fieldwork start	05 August 2014
Fieldwork completed	11 August 2014
Draft report to client	26 August 2014
Response from client	09 September 2014
Final report to client	16 September 2014
Reported to Audit and Risk Committee	December 2014
Phase II	
Fieldwork start	TBC
Fieldwork completed	
Draft report to client	
Response from client	
Final report to client	
Reported to Audit and Risk Committee	

Appendix 4 - Limitations and responsibilities

Limitations inherent to the internal auditor's work

We have undertaken a review of Public Records (Scotland) Act, subject to the limitations outlined below.

Internal control

Internal control, no matter how well designed and operated, can provide only reasonable and not absolute assurance regarding achievement of an organisation's objectives. The likelihood of achievement is affected by limitations inherent in all internal control systems. These include the possibility of poor judgment in decision-making, human error, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances.

Future periods

Our assessment of controls relating to Public Records (Scotland) Act is as at August 2014. Historic evaluation of effectiveness is not relevant to future periods due to the risk that:

- the design of controls may become inadequate because of changes in operating environment, law, regulation or other; or
- The degree of compliance with policies and procedures may deteriorate.

Responsibilities of management and internal auditors

It is management's responsibility to develop and maintain sound systems of risk management, internal control and governance and for the prevention and detection of irregularities and fraud. Internal audit work should not be seen as a substitute for management's responsibilities for the design and operation of these systems.

We endeavour to plan our work so that we have a reasonable expectation of detecting significant control weaknesses and, if detected, we shall carry out additional work directed towards identification of consequent fraud or other irregularities. However, internal audit procedures alone, even when carried out with due professional care, do not guarantee that fraud will be detected.

Accordingly, our examinations as internal auditors should not be relied upon solely to disclose fraud, defalcations or other irregularities which may exist.

Aberdeen City Council

Compliance with Laws and Regulations

Internal Audit Report 2014/2015 for Aberdeen City Council

November 2014

Internal Audit KPIs	Target Dates	Actual Dates	Red/Amber/Green	Commentary where applicable
Terms or reference agreed 4 weeks prior to fieldwork	23.06.2014	23.06.2014	**Green**	
Planned fieldwork start date	21.07.2014	21.07.2014	**Green**	
Fieldwork completion date	01.08.2014	01.08.2014	**Green**	
Draft report issued for Management comment	18.08.2014	18.08.2014	**Green**	
Management Comments received	15.09.2014	16.10.2014 (initial) 07.11.2014 (follow up with HR)	**Red**	Management comments were provided late due to internal pressures within the Service. Management informed internal audit of these delays and arranged a meeting at the earliest opportunity. Follow up was required with HR as recommendations impacted this service
Report finalised	14.11.2014	07.11.2014	**Green**	
Submitted to Audit and Risk Committee	20.11.2014	20.11.2014	**Green**	

Contents

1. Executive Summary

Report classification	Total number of findings ← Section 3 →				
		Critical	**High**	**Medium**	**Low**	**Advisory**
High Risk	Control design	-	-	3	-	-
	Operating effectiveness	-	1	-	-	-
	Total	-	**1**	**3**	**-**	-
	Responsible Director: Director of Corporate Governance Project Sponsor: Head of Legal and Democratic Services					

Summary of findings

1.01 Aberdeen City Council operates in a complex legal environment and is required to comply with a wide range of laws and regulations. To ensure compliance the Council has implemented processes and controls aimed at mitigating the risks of the organisation potentially breaching these laws and regulations. The scope of our review was to assess the design and operating effectiveness of those controls. From this review we have identified areas of good practice; however, we have also identified one high risk and three medium risk findings.

Areas of good practice

1.02 In our experience good practice is about embedding legal compliance into day-to-day operations and having legal advisors who are highly engaged with management to support decision making. Given the wide range of laws and regulations the Council must comply with it is difficult to monitor compliance without having this level of engagement. Achieving this requires a culture in which staff see legal compliance as more than just a 'tick-box exercise' or as an obstacle to be overcome. Through interviews with a sample of Heads of Service and with Legal Services it was clear that there was a desire to achieve a greater level of engagement and to change the culture of how Legal Services interacts with the services. However, it is recognised that this kind of behavioural change across an organisation takes time and requires a strong 'tone at the top' from the Corporate Management Team if it is to be successfully implemented.

1.03 Other areas of good practice identified include the process for reporting breaches of Data Protection and the new process being implemented for tracking consultations received by the Council for monitoring new laws and regulations.

High risk finding

1.04 Ten reports sent by officers to the Council, and its Committees, had incomplete report checklists, indicating they had not been submitted to the Head of Legal and Democratic Services for review. This review is a requirement of the Council's Standing Order 45, and is a key control for the Council in mitigating against the risk of breaches of laws and regulations. The report checklists are being monitored by Democratic Services; however, there is no process in place for following up on failures by report authors to submit completed checklists with evidence of submission to the Monitoring Officer. (Finding 3.01)

Medium risk findings

1.05 The Council has no policies, or guidance, which requires the involvement of Legal Services in Council services' senior management team meetings. There are also no policies, or guidance, requiring that Legal Services are consulted and engaged in Council projects. Legal Services has recently undergone a service review that saw a restructure of the service. This new structure was approved by the Council in June 2013 and implemented in January 2014. The primary purpose of this restructure was to improve collaboration between Legal Services and other Council services. Through interviews with a sample of Heads of Service and Legal Managers in Legal Services we identified that there are still challenges in achieving the level of collaboration desired. (Finding 3.02)

1.06 The Council has various training materials and courses on laws and regulations available to staff. Although elements of training are in place, there has been no central exercise to gain assurance that all applicable and significant laws and regulations are covered within this. It is also unclear if there is appropriate monitoring of completion rates. (Finding 3.03)

1.07 As per the Council's "Financial Regulations Management and Control - Code of Practice (September 2014), the Head of Legal and Democratic Services (the Monitoring Officer) is responsible for maintaining a register of matters relating to the Fraud, Bribery and Corruption and Whistleblowing. A report summarising these matters is required to be presented to the Audit, Scrutiny and Risk Committee no less than annually. As per the Audit Scotland Interim Report (2013/14), the Audit, Scrutiny and Risk Committee has not yet received this report. At present procedures are not yet in place for ensuring instances of fraud are reported to the Monitoring Officer, (Finding 3.04)

Management comments

Management welcome the findings which should go some way to assist Legal Services ensuring legal compliance across the Council.

2. Detailed findings and recommendations

2.01 Compliance with Standing Orders on reporting to Council Committees – Control operating deficiency

Finding

The Council's Standing Order45, 'Reports by Chief Officers', requires that all reports be submitted in draft to the Head of Legal and Democratic Services for review and consultation prior to consideration by the Council, Committees and Sub Committees. Since January 2014, Democratic Services have required that report authors prepare a checklist to record details of when draft reports were sent to the Monitoring Officer. The purpose of these checklists is to enable Democratic Services to monitor compliance with Standing Order 45.

In our review we identified 233 reports that were sent to the Council and its Committees in the period from 1 January 2014 to 31 July 2014. From this population we selected a sample of 30 reports and obtained the report checklist. In ten cases the checklists we inspected did not include details of when the report was submitted to the Head of Legal and Democratic Services. Our sample testing of checklists would indicate that the reports we inspected were not being submitted to the Monitoring Officer in accordance with the requirements of the Council's Standing Orders.

Our findings above correlate with the data collected by Democratic Services. Since March 2014 Democratic Services have been proactively monitoring receipt of checklists and tracking those where consultation with Monitoring Officer was recorded. In the three month period from April to July 92 reports were prepared for the Council and its Committees, of these Democratic Services had identified 19 reports with checklists that did not record any consultation with the Head of Legal and Democratic Services.

When we inquired with key staff in Legal and Democratic Services there was sensitivity around addressing non-compliance with Standing Order 45. Democratic Services have been collating checklist data since March 2014 and indicated that this had not yet been shared with Chief Officers. At present there are no consequences for Chief Officers and report authors who do not comply.

Risks

Monitoring of reports by Chief Officers to the Council, Committees and Sub Committees by the Head of Legal and Democratic Services is a key control in ensuring the Council complies with laws and regulations. The purpose of Standing Order 45 is to mitigate the risk to the Council of reports being approved that are in breach of laws and regulations.

Action plan		
Finding rating	**Agreed action**	**Responsible person / title**
High	• There will be a formal communication to Chief Officers and report authors about their responsibility for compliance with the Standing Orders when submitting reports to the Council, Committees and Sub Committees. • On approval from the Chief Executive, reports will be removed from the Committee agenda where the Monitoring Officer has not been given the report for review. • Non-compliance with the Standing Orders will be reported to the Corporate Management Team by the Head of Legal and Democratic Services on a quarterly basis.	Angela Scott, Chief Executive Jane MacEachran, Head of Legal and Democratic Services **Target date:** 30 November 2014

2.02 Legal Services engagement with Council services – Control design deficiency

Finding

Legal and Democratic Services conducted a stakeholder review that was commissioned during the latter part of 2012. The outcome of this was a service review of Legal Services, and the subsequent reorganisation of the service that was presented to a meeting of the Council on 26 June 2013. At this meeting the Head of Legal and Democratic Services was requested to report back to Council in 12 months to advise of the outcomes of the implementation of the new structure. An update was presented to the Council in June 2014 and a further update has been requested for December 2014.

Feedback from the stakeholder review highlighted two key issues:

- The need for closer relationships between Council services and Legal Services, with Legal Services being "embedded" in teams and projects; and
- The perception of Legal Services as risk averse and therefore becoming a block on Council services achieving their objectives.

In our review we interviewed a sample of Heads of Services from across the Council to gauge their view on how they felt the service engaged with Legal Services. We also obtained evidence from the Legal Managers within Legal Services to understand how they were engaging with Council services since the restructure. From these discussions and review of information it is apparent that a change in culture is required across the organisation if the desired level of engagement between Legal Services and Council services is to be achieved.

At present there is no requirement for Legal Services to be consulted or involved in Projects. There is also no requirement for Legal Services to be invited to participate in Senior Management meetings. Our experience of organisations with good practice in monitoring compliance with laws and regulations are those where the legal department is engaged with senior management and operational leads, and where this engagement is seen as part of 'normal' day-to-day operations. Council services should be engaging with Legal Services to help them to identify legal risks and to mitigate those risks before the risk exposes the Council to a legal or regulatory breach. The challenge for Legal Services is to provide a solution-focused and constructive approach when engaging with services.

Risks

Where Legal Services is not engaged with Council services, and working with services to identify legal risks, there is a risk that the Council is then exposed to non-compliance with laws and regulations. In relation to projects, this could cause delays and result in financial and reputational damage for the Council.

Action plan		
Finding rating	**Agreed action**	**Responsible person / title**
Medium	• Guidance will be issued to recommend Legal Services attend monthly Senior Management Team meetings across the Council. • Through discussions with the PMO Office we are aware that a new governance process is being put in place for all new projects. It is recommended that the Head of Legal and Democratic Services engage with the PMO Office to ensure the new process mitigates the risk of Legal Services not being appropriately consulted at the project appraisal phase.	Ewan Sutherland , Interim Director of Corporate Governance Jane MacEachran, Head of Legal and Democratic Services **Target date:** 30 November 2014

2.03 Training for staff – Control design deficiency

Finding
The Council has various training materials and courses on laws and regulations available to staff. The most significant example of this is the online learning material for Data Protection. In addition to this, mandatory training in relation to data protection, child protection and ICT security is available for new joiners, and a number of services have identified additional specific mandatory training which is identified on job profiles. Although elements of training are in place, there has been no central exercise to gain assurance that all applicable and significant laws and regulations are covered within this. It is also unclear if there is appropriate monitoring of completion rates. A draft paper is being prepared to address specific issues in relation to Data Protection training which was identified during the Information Commissioner's Office (ICO) voluntary assessment of the Council during April 2013. While this will improve the monitoring process for Data Protection training there is also a need to reassess training more widely, across the Council, on other areas of legal compliance.
Risks
Staff are not aware of the laws and regulations that impact them in their roles leading to breaches

Action plan		
Finding rating	**Agreed action**	**Responsible person / title**
Medium	• Legal Services will, in conjunction with Human Resources (HR) and the Services, perform a risk assessment to identify those laws and regulations for which breaches would have a significant impact on the Council. • HR, in conjunction with Legal Services and the Services, will compile a list of all training which addresses the laws and regulations identified in the risk assessment. Where gaps in available training materials exist, additional training will be developed. • HR, in conjunction with Legal Services and the Services, will assess the level of training required for each role. This exercise is already underway by HR but will now include any additional training identified in the risk assessment. • The output of the risk assessment and newly created training material will be used by the Services to update job profiles, ensuring staff have an understanding of the mandatory training required. • Completion of mandatory training for staff will be monitored and an appropriate process implemented for escalating issues with non-completion. Consideration should be given to including an annual sign off on the Your HR system which would be approved by line management during the performances management process.	Jane MacEachran, Head of Legal Service Jeff Capstick, HR Manager Members of Corporate Management Team **Target date:** 30 March 2015

2.04 Fraud reporting procedures– Control design deficiency

Finding

As per the Council's "Financial Regulations Management and Control - Code of Practice (September 2014), the Head of Legal and Democratic Services (the Monitoring Officer) is responsible for maintaining a register of matters relating to the Fraud, Bribery and Corruption and Whistleblowing. A report summarising these matters is required to be presented to the Audit, Scrutiny and Risk Committee no less than annually. As per the Audit Scotland Interim Report (2013/14), the Audit, Scrutiny and Risk Committee has not yet received this report.

Through discussions with the Head of Legal and Democratic Services it has been noted that procedures are not yet in place to ensure matters are reported to the Monitoring Officer. As a result, the register is not up to date.

The Council's "Policy and strategic Response to Fraud, Bribery and Corruption" is currently being revised and is due to be approved by the Audit, Scrutiny and Risk Committee on 20 November. Internal Audit has reviewed the draft policy and has suggested the following points are included prior to finalisation:

- Reference to the Head of Legal and Democratic Services (the Monitoring Officer) responsibility to maintain a register of matters relating to the Fraud, Bribery and Corruption and Whistleblowing; and
- The procedures for reporting matters to the Head of Finance and the Head of Legal and Democratic Services (the Monitoring Officer). At present the draft policy only states that matters should be reported to line management, or above if the matter relates to line management.

Risks

There is a risk that instances of fraud are not reported to the Monitoring Officer as specified in the Financial Regulations.

Action plan

Finding rating	Agreed action	Responsible person / title	Target date:
Medium	1. The Council's draft "Policy and strategic Response to Fraud, Bribery and Corruption" should be updated to include the above points prior to finalisation. 2. The finalised policy should be formally communicated to staff and line management should be reminded of the importance of escalating matters to the Head of Finance and the Head of Finance and the Head of Legal and Democratic Services (the Monitoring Officer). 3. A paper summarising the matters reported will submitted to the Audit Scrutiny and Risk Committee on an annual basis, commencing February 2015.	Jane MacEachran, Head of Legal Service Jonathan Belford, Corporate Accounting Manager	Point 1 and 2 - 31 December 2014 Point 3 – 26 February 2015

Appendix 1 – Background and scope

Background

2.01 Aberdeen City Council is required to comply with a wide range of laws and regulations. To ensure compliance it is essential that clear accountability is assigned, robust monitoring controls are in place and projects are assessed for implications. Our review assessed the design and operating effectiveness of the key controls to monitor compliance with laws and regulations. Detailed below is our understanding of those processes and controls in place obtained during our work with Legal Services and a sample of four Heads of Service.

Accountability and ownership

2.02 Responsibility for compliance with key laws and regulations is viewed as being part of the day-to-day activities of Council employees. There is an expectation that staff, as qualified professionals, are knowledgeable of their legal obligations relevant to their role. The various processes and controls that Services have in place for managing their day-to-day activities are there to monitor that staff are complying with any laws and regulations.

2.03 At the time of the review a protocol was in the process of being implemented to help identify new laws and regulations. As a Local Authority the Council is involved in numerous consultations on laws and regulations being developed by the Scottish Government and other Government agencies. In order to track all consultation requests, any consultations received by the Council will be recorded on a central database maintained by the Chief Executive's Service. The purpose of this database will be to monitor the progress of all responses to consultations and to ensure that the responses sent reflect the views of the Council and not solely of officers.

2.04 Registers of breaches of laws and regulations are maintained for specific areas as required by statute, for example for data protection or health and safety breaches. PwC and Legal Services do not consider it practical or desirable to maintain a register of all breaches out with those required by statute. The view is that Legal Services should be engaged with Services to prevent breaches occurring or to identify breaches early before they escalate.

2.05 Third-party legal firms are engaged to provide legal advice as required. When seeking to engage a third-party legal firm, Legal Services will follow the Council's procurement processes to obtain quotes and tender if applicable. Where there are longstanding engagements with third-party legal firms these are reviewed on a quarterly basis to monitor costs incurred and expected costs to complete. Quality and delivery of the service provided is also considered as part of the review. At present there is a joint tendering process ongoing with Aberdeenshire Council to develop a framework of legal service suppliers.

Engagement with Council Activities

2.06 The Council's Standing Order 45, requires that the Head of Legal and Democratic Services, as a monitoring officer, receives in draft all reports submitted by Chief Officers to the Council, it's Committees and sub-Committees. The Head of Legal and Democratic Services is expected to review all reports to identify any legal implications the reports may have for the organisation. Since January 2014 all reports must be accompanied by a report checklist where the report author is expected to record details of when the report was submitted to the monitoring officer. Democratic Services have been recording data on these checklists and the numbers submitted

with appropriate monitoring officer input.

Scope and limitations of scope

2.07 The detailed scope of this review is set out in Appendix 2 in the Terms of Reference. We have undertaken a review of the design and operating effectiveness of the Council's controls for monitoring compliance with laws and regulations in the areas contained within the Terms of Reference. Our work was undertaken using a sample based approach.

Appendix 2 – Agreed Terms of reference

Background

Aberdeen City Council is required to comply with a wide range of laws and regulations. To ensure compliance it is essential that clear accountability is assigned, robust monitoring controls are in place and projects are assessed for legal implications.

Scope

We will review the design and operating effectiveness of the key controls in place to monitor compliance with laws and regulations. The sub-processes included in this review are:

Sub-process	Objectives
Accountability and ownership	• Responsibility for complying with, and monitoring compliance with key laws and regulations is clearly defined between Legal Services and Directorates (including laws and regulations which are cross cutting); • Processes are in place and consistently followed for identifying and risk assessing new laws and regulations; • An escalation process is in place for known breaches. Breaches are reported to management, Head of Legal, Chief Executive and Committee where appropriate. Breaches are risk assessed and action taken where required. • The quality of service provided by third party legal firms is monitored. Performance is measured on attributes such delivery within budget/agreed timescales, expertise, knowledge share etc.
Engagement with Council Activities	• Processes are in place and consistently followed to ensure that items sent for Committee or working group approval been assessed and reviewed by Legal Services. Committee are clearly informed of items which have not been through this review; • Legal Services are actively involved in all significant project work across the Council and engaged at the earliest opportunity to ensure the legal requirements are assessed and addressed in a timely manner. If resource constraints exist, processes are in place to influence the timing of such projects or advise the service of the requirement and estimated cost of external consultants; and • There is regular stakeholder engagement to ensure a thorough understanding of the strategic and operational issues within the services.

Limitations of scope

The scope of our review is outlined above. This will be undertaken on a sample basis across a number of services.

Internal control, no matter how well designed and operated, can provide only reasonable and not absolute assurance regarding achievement of an organisation's objectives. The likelihood of achievement is affected by limitations inherent in all internal control systems. These include the possibility of poor judgment in decision-

making, human error, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances.

Audit approach

Our audit approach is as follows:

- Obtain an understanding of the procedures in place through discussion with key personnel, review of documentation and walkthrough tests where appropriate.
- Identify the key risks in respect of monitoring compliance with laws and regulations.
- Evaluate the design of the controls in place to address the key risks.
- Test the operating effectiveness of the key controls on a sample basis.

Key Council Contacts

Name	Title
Ewan Sutherland	Director of Corporate Governance
Jane MacEachran	Head of Legal and Democratic Services
Karen Donnelly	Legal Manager, Commercial and Advice
Alyson Mollison	Legal Manager, Litigation and Licensing

Appendix 3 - Limitations and responsibilities

Limitations inherent to the internal auditor's work

We have undertaken a review of compliance monitoring of laws and regulations, subject to the limitations outlined below.

Internal control

Internal control, no matter how well designed and operated, can provide only reasonable and not absolute assurance regarding achievement of an organisation's objectives. The likelihood of achievement is affected by limitations inherent in all internal control systems. These include the possibility of poor judgment in decision-making, human error, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances.

Future periods

Our assessment of controls relating to compliance monitoring of laws and regulations is as at 1 August 2014. Historic evaluation of effectiveness is not relevant to future periods due to the risk that:

- the design of controls may become inadequate because of changes in operating environment, law, regulation or other; or
- The degree of compliance with policies and procedures may deteriorate.

Responsibilities of management and internal auditors

It is management's responsibility to develop and maintain sound systems of risk management, internal control and governance and for the prevention and detection of irregularities and fraud. Internal audit work should not be seen as a substitute for management's responsibilities for the design and operation of these systems.

We endeavour to plan our work so that we have a reasonable expectation of detecting significant control weaknesses and, if detected, we shall carry out additional work directed towards identification of consequent fraud or other irregularities. However, internal audit procedures alone, even when carried out with due professional care, do not guarantee that fraud will be detected.

Accordingly, our examinations as internal auditors should not be relied upon solely to disclose fraud, defalcations or other irregularities which may exist.

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Aberdeen City Council

Fraud Governance – Housing Tenancy and Scottish Welfare Fund

Internal Audit Report 2014/2015 for Aberdeen City Council

November 2014

Final Report

Internal Audit KPIs	Target Dates	Actual Dates	Red/Amber/Green and commentary
Terms or reference agreed 4 weeks prior to fieldwork	21.07.2014	09.06.2014	**Green**
Planned fieldwork start date	18.08.2014	18.08.2014	**Green**
Fieldwork completion date	29.08.2014	01.09.2014	**Amber** – delays in accessing key ACC staff
Draft report issued for Management comment	18.09.2014	17.09.2014	**Green**
Management Comments received	02.10.2014	19.09.2014 23.10.2014 04.11.2014	**Amber** - initial comments received on time. Follow up required on Scottish Welfare Fund and management not available to discuss due to annual leave.
Report finalised	11.11.2014	04.11.2014	**Green**
Submitted to Audit and Risk Committee	20.11.2014	20.11.2014	**Green**

Contents

1. Executive Summary

Report classification	Total number of findings ← Section 3 →				
		Critical	**High**	**Medium**	**Low**	**Advisory**
Low Risk	Control design	-	-	2	-	2
	Operating effectiveness	-	-	-	-	-
	Total	-	-	**2**	**-**	**2**
	Responsible Director: Director of Housing and Environment Project Sponsor: Head of Housing and Community Safety					

Summary of findings

1.01 The scope of our review was to assess the design and operating effectiveness of controls for the prevention and detection of fraud in housing tenancy and the Scottish Welfare Fund. In the course of our review we have identified areas of good practice that help mitigate fraud risks; however, we have also identified areas for improvement and have made two medium and two advisory findings for the attention of management. Overall we identified that there is largely a reactive approach to fraud prevention and detection, and the challenge for the Council is to move towards a model of proactive fraud prevention and detection.

Housing tenancy

1.02 Tenancy fraud is a significant issue for Local Authorities and social housing providers. In Aberdeen it is of particular importance given that the demand for Council tenancies greatly exceeds the available supply. It is therefore essential that the Council is able to minimise the misuse of Council housing to ensure public confidence in the process and to protect the 'public purse'.

1.03 In the course of our review areas of good practice were identified in the controls implemented to prevent housing tenancy fraud. These include identification checks of applicants and verification of the applicant's details, which are cross-checked against the offer papers. However, there are gaps in the current process which may expose the Council to the risk of not preventing or detecting housing tenancy fraud.

1.04 Our primary finding concerns the lack of assessment and identification of fraud risks in housing tenancy. While controls exist that might prevent fraud, these have not been formalised, rationalised or tailored to address the fraud risks. Without a clear understanding of the fraud risks it is not possible for the Council to ensure that its processes and controls are sufficient to address the specific risks that may exist. Developing a fraud risk register would enable the Council to verify that its

fraud prevention and detection controls are appropriate. *(Finding 3.01)*

1.05 The Council also has a lack of data on housing tenancy fraud. This was underlined in the response to a recent Freedom of Information request (FOI-13-0253) in which Council officers were unable to provide figures on the number of suspected tenancy fraud cases, numbers of tenancy fraud investigations or the numbers of tenancy frauds identified. Implementing a fraud reporting register would enable the Council to monitor this data and to quantify the extent of potential housing tenancy fraud within the City. This data is important in building a clear rationale for investment in housing tenancy fraud prevention and detection. This data can also be used to identify fraud risks and inform the development of processes and controls. *(Finding 3.01)*

1.06 Our testing of the key fraud prevention controls identified areas of inconsistency in documentation that made it difficult to verify whether the appropriate verification checks of housing tenancy applicants had occurred as required. It is important that Housing Officers are clear in documenting the checks they have performed and that these are retained on file to evidence the proper performance of controls. Not only is this relevant for audit purposes, but it may also be relevant for evidencing proper procedures were followed in cases where frauds are later uncovered. We have also identified areas for improving on current controls based on what other Local Authorities have done to address housing tenancy fraud. *(Finding 3.02)*

Scottish Welfare Fund

1.07 The delivery of the Scottish Welfare Fund has been assigned to Local Authorities on an interim basis. Primary legislation (currently in progress) will set out the permanent arrangements for the fund. In the meantime, Local Authorities operate under guidance issued by the Scottish Government, and this includes a requirement that fraud is appropriately governed.

1.08 We identified areas of good practice around fraud prevention controls in the administration of the Scottish Welfare Fund. The fund offer grants of two types; crisis grants and community care grants. For both types of grant applicants details are verified using the Department of Work and Pension's (DWP) systems and identification checks are carried out at the point of awarding any grants, with applicants required to provide photographic or other appropriate personal identification. For community care grants, purchases are made through approved vendors using the Council's procurement systems and receipt of goods is verified by the vendor.

1.09 Similar to our findings for housing tenancy, we found a lack of assessment and identification of fraud risks relevant to the Scottish Welfare Fund. There is also no formalised process for recording fraud or suspected fraud. Quantifying the level of fraud and identifying the fraud risks is critical to establishing effective fraud prevention and detection controls and evidencing good fraud governance. *(Finding 3.03)*

1.10 Areas for improvement in the design of fraud prevention and detection controls have also been identified. Of particular importance among these is to implement a more formal risk profiling of applicants to identify those where visits by officers might be necessary to verify the claims made by applicants. There is also scope for improving internal controls around assignment of decision making to Scottish Welfare Team members in order to mitigate against the risk of internal fraud. *(Finding 3.04)*

1.11 Please note, at the time of finalising the report we were informed by management that the Scottish Government is currently satisfied with the processes and controls in place to administer the Scottish Welfare Fund. As a result, although we believe improvements could be made and consider the recommendations to be best practice, we have agreed that it is appropriate to raise these findings as advisory.

Management comments

We do not believe that there is a significant problem with regards to tenancy fraud, but accept that it is helpful to review our processes etc to minimise any risk of serious fraud. To that end my staff intend to carry out a Risk Assessment which will enable us to introduce controls which must be proportionate to our assessment of any risk. Presently we are required to carry out checks on EEA nationals to confirm their entitlement to both housing and access to Public funds. Whilst it might not be appropriate to do so for all UK nationals as well, taking account of our statutory and regulatory responsibilities an increase in the checks we carry out may be appropriate. The Risk Assessment will help with making any decision. I am aware that as a result of this report Housing staff will now have access to information held within our Revenues and Benefits systems which will further enhance our security.

The Scottish Welfare Fund is a scheme operated by Local Authorities' on behalf of the Scottish Government. Whilst Aberdeen City Council does not believe there is a significant fraud issue we do welcome any input in to improving the processes in operating the scheme.

2. Detailed findings and recommendations

2.01 Housing Tenancy: identification and assessment of fraud risks and fraud reporting – Control design

Findings
There is no formal documented identification and assessment of fraud risks for housing tenancy. There is also no policy document that outlines the Council's approach to addressing tenancy fraud. Developing a clear policy that identifies fraud risks, and the processes and controls in place to address those risks, is important in ensuring that risks are adequately addressed and gaps in the process are identified. It is recognised that many Local Authorities have not developed a policy; however there are Local Authorities in Scotland, who as a matter of good practice, have developed policies for housing tenancy fraud. Given that Aberdeen City may be considered as an area of greater risk for tenancy fraud (in the context of supply and demand), there is justification for the Council adopting good practice wherever possible in this area. A policy document that identifies the fraud risks and highlights the actions being taken to address those risks would enable the Council to clearly articulate its approach to fraud governance in this area, to the public as well as to Council staff. In addition to developing a clear policy, the Council should also develop a process for properly recording instances of fraud and suspected fraud in housing tenancy. At present the data available is poor and this was highlighted in a recent response to a Freedom of Information request (FOI-13-0253) where the Council could not provide figures on the total number of suspected tenancy fraud cases, the total number of tenancy fraud investigations undertaken, or the total number of tenancy frauds established over a three year period. Without this information it is difficult for the Council to quantify the extent of housing tenancy fraud as an issue, and therefore to adequately establish the level of resource required to address any problem.
Risks
Housing tenancy fraud risks are not adequately addressed exposing the Council to financial and reputational risks where fraud occurs.

Action plan		
Finding rating	**Agreed action**	**Responsible person / title**
Medium	• A fraud risk assessment and identification will be undertaken for Housing Tenancy. This will identify the fraud risks and map these to appropriate fraud prevention and detection controls in place that mitigate those risks. • A fraud register will be established for housing tenancy to allow cases of fraud or suspected fraud to be formally recorded. Processes will be established for staff to report fraud and suspected fraud for inclusion on the registers. • A formal policy document will be developed that clearly explains the Council's approach to tackling potential housing tenancy fraud. (ADVISORY ONLY)	Edward Thomas, Housing Access Manager Martin Smith, Housing Manager **Target date:** 30 November 2014

2.02 Housing Tenancy: fraud prevention and detection – Control design

Finding

Of a sample of 25 housing tenancy offers made in the period from 1 August 2013 to 31 July 2014 we identified 12 cases where paperwork on file was incomplete or inconsistently documented for evidencing the effective operation of fraud prevention and detection controls. This was predominantly for cases where the routine visit had been marked as having occurred in the iWorld system but the required routine visit pro-forma was not scanned and attached. In two cases, all the relevant paperwork had not been signed by both the Housing Officer and the tenant, and in one case there was no documentation at all on file to verify that the checks had been performed. It is understood that there are problems with iWorld scanning and it was noted during our work that the quality of the scanned documents was often poor, with scans of passport and photographic ID in particular completely unreadable.

Consistent and timely documentation is important to ensuring that controls are being performed as expected. Not only is this relevant from an audit perspective, but it may also be relevant in cases where there are disputes between the Council and tenants as to any areas of the lease agreement. Having signed paperwork documented on file enables the Council to prove it has followed procedures and complied with any legal obligations that it may have.

We have also identified areas for improvement in the current controls based on what other local authorities have been doing to tackle tenancy fraud. Some good practice controls that could be implemented include:

- Data matching between other Council systems to verify details submitted by housing tenancy applicants, for example read-only access for housing teams to the Revenues and Benefits System;
- Taking colour photographs of tenants at the start of the lease and during tenancy audits to give housing officers an easy visual aid to determining whether the person residing in the property is the registered tenant;
- Previous address checks to identify whether the applicant has a legal interest in any other properties;
- Annually selecting a random sample of tenancies to visit to verify that the person residing in the property is the registered tenant. Initially this could be performed on a random basis but as information of fraud risks is developed the approach could be tailored to target tenancies that have certain fraud risk indicators;
- Public awareness campaigns to alert the public to housing tenancy fraud and the means of reporting suspected fraud; and
- Training for staff in fraud prevention procedures and investigation techniques.

Please note: if the Council wish to implement these additional controls it is suggested that a cost benefit analysis is performed.

Risks

Fraud controls are not sufficient to prevent or detect housing tenancy fraud from occurring, thereby exposing the Council to financial, regulatory and reputational risks.

Action plan		
Finding rating	**Agreed action**	**Responsible person / title**
Medium	• Housing Officers will be reminded of their responsibility for timely and consistent documentation in evidencing proper fraud prevention checks have been performed at the start of a new tenancy. • Current fraud prevention and detection controls will be reviewed to identify where new controls could be implemented. This will be performed in conjunction with the recommendations in finding 3.01 and will take account of the risk to the Council of housing tenancy fraud, and an assessment of the available resource within Housing and Environment to manage new controls. Reference will be made to good practice adopted by other Local Authorities in determining appropriate controls to implement.	Edward Thomas , Housing Access Manager Martin Smith, Housing Manager **Target date:** 30 November 2014

2.03 Scottish Welfare Fund: identification and assessment of fraud risks and fraud reporting – Control design

Findings

As with housing tenancy there is no formal documentation that identifies and assesses fraud risk for the Scottish Welfare Fund. Without having considered the fraud risks it is not possible for the Council to be sure that all risks are being mitigated by current processes and controls. Performing a fraud risk assessment, and identifying the fraud risks, will enable controls to be designed that are effective in addressing those risks. Please note, due to the financial assistance on offer and the means in which fraud can be committed, we consider the risk and impact of fraud within the Scottish Welfare Fund to be less than housing tenancy. As a result, it is not anticipated that a formal Council policy would be developed within this area.

Fraud reporting is also not formalised and there is no register for recording cases of fraud or suspected fraud in respect of the Scottish Welfare Fund. Collecting data on cases of fraud enables the Council to identify where fraud risks exist and to ensure that fraud is being appropriately addressed when identified.

Please note, at the time of finalising the report we were informed by management that the Scottish Government is currently satisfied with the processes and controls in place to administer the Scottish Welfare Fund. As a result, although we believe improvements could be made and consider the recommendations to be best practice, we have agreed that it is appropriate to raise this findings as advisory only.

Risks

Housing tenancy fraud risks are not adequately addressed exposing the Council to financial and reputational risks where fraud occurs.

Action plan

Finding rating	Advisory action	Responsible person / title	Target date:
Advisory	• A fraud risk assessment and identification will be undertaken for the Scottish Welfare fund. This will identify the fraud risks and map these to appropriate fraud prevention and detection controls in place that mitigate those risks. • Fraud registers will be established for the Scottish Welfare Fund to allow cases of fraud or suspected fraud to be formally recorded. Processes will be established for staff to report fraud and suspected fraud for inclusion on the registers.	Wayne Connell, Revenue and Benefits Manager	Not applicable

2.04 Scottish Welfare Fund: fraud prevention and detection – Control design

Finding

From a sample of 50 crisis grants and community care grants, in three cases there was no evidence maintained of the completion of the CIS enquiry. This check involves verifying the claim made by the grant applicant against records held in the systems of the Department of Work and Pensions (DWP). All three cases related to applications for community care grants.

We have also identified areas for improvement in the controls to prevent and detect fraud that are currently in place:

- At present there is no formal control to prevent the two members of the Scottish Welfare Fund team who have appropriate access, submitting a fraudulent claim and assigning it to themselves for approval. This in effect means that these team members could award themselves a grant.
- Visits to grant applicants could be performed to verify the details of their claim. For a sample of successful applicants a follow-up visit could also be considered, especially in the case of community care grants, to confirm that the applicant has received the goods and is making use of the goods.

Please note, at the time of finalising the report we were informed by management that the Scottish Government is currently satisfied with the processes and controls in place to administer the Scottish Welfare Fund. As a result, although we believe improvements could be made and consider the recommendations to be best practice, we have agreed that it is appropriate to raise this finding as advisory only.

Risks

Fraud controls may not sufficient to prevent or detect fraudulently grants being obtained from the Scottish Welfare Fund exposing the Council to financial, regulatory and reputational risks.

Action plan

Finding rating	Advisory action	Responsible person / title
Advisory	• Staff will be reminded of their responsibility to ensure that all relevant documentation is retained to evidence proper checking of grant applicants in line with the fraud prevention controls. • All grant applications will be assigned to Scottish Welfare Fund team members for processing by the Team Leader or their designate. This will ensure that there is a segregation of duties between those processing claims and those approving claims. • Visits to grant applicants, both before and after grants being rewarded, will be performed. This process will be risk led focusing on those applicants who are deemed to meet certain fraud risk criteria. The criteria used will be developed in conjunction with the fraud risk assessment performed for finding 3.03.	Wayne Connell, Revenue and Benefits Manager **Target date:** Not applicable

Appendix 1 – Background and scope

Background

2.01 The overall scope of our review was to assess the design and operating effectiveness of the key controls in place to prevent and detect fraud for both housing tenancy and the Scottish Welfare Fund.

2.02 Aberdeen City Council has around 22,500 Council tenancies across the city. The demand for Council tenancies currently significantly outweighs the available supply. Specific fraud risks in housing tenancy include fraudulent representations in housing applications or illegal sub-letting. Both risks are of significance to the Council given the current demand for housing in Aberdeen.

2.03 The Scottish Welfare Fund has been temporarily established by the Scottish Government while it develops primary legislation that will define the permanent arrangements. The administration of the fund by Councils is an interim arrangement until legislation is finalised. The most recent figures, for the three months from April to June, show the fund has awarded £76,985 in crisis grants and £155,482 in community care grants. The average crisis grant award per person is £56 and the average community care grant aware per person is £442. Although an individual is normally restricted to a maximum of three grant awards in any 12 month period, Local Authorities can award additional grants at discretion. Specific fraud risks for the Scottish Welfare Fund include fraudulent representations in grant applications or successful applicants misusing their awards, for example selling furniture awarded under a community care grant.

Assessment and communication

Housing tenancy

2.04 Formal policies and procedures for assessing and identifying fraud risk are not in place for housing tenancy. The current process documentation communicates to staff the key processes and controls to be performed, but does not assess fraud risks or identify where fraud risk might occur.

Scottish Welfare Fund

2.05 As above, there is no formal policy and procedure that assesses and identifies fraud risks relevant to the Scottish Welfare Fund. There are process maps which detail the process to be followed by team members in determining grant applications, but this does not identify fraud risks or the key controls relevant to addressing those risks.

Prevention and detection

Housing tenancy

2.06 The key controls for preventing and detecting fraud in housing tenancy applications occur at the offer stage where an applicant is being made an offer for a Council tenancy. Offer papers are submitted by the Housing Access team to the relevant Housing Officers who are then responsible for verifying the details in the offer papers with the prospective tenant. The Housing Officer will complete a rent checklist and mark on the offer papers with a tick-mark to verify that they have confirmed the details with the prospective tenant. Non-UK nationals are required to provide a passport, or other photographic identification, and evidence of their right to work in the UK, as well as evidence of their employment. All documentation should be scanned and retained on the iWorld system.

2.07 Routine visits are conducted with the tenant after they have moved into the property. The target is for this visit to be conducted 28 days after the tenant has taken possession of the keys. A routine visit pro-forma is completed by the Housing Officer during the visit and should be scanned and retained on the iWorld system.

Scottish Welfare Fund

2.08 The key controls for the Scottish Welfare Fund are focused on fraud prevention. All grant applicants are checked against the benefits information on the Department of Work and Pensions (DWP) systems. This check is then documented on a CIS enquiry form to verify that the applicant's details match to those on the DWPs records.

2.09 Crisis grant applicants are generally awarded vouchers or cash payments; to collect these the applicant must present in person at the Council. On collection the applicant is expected to provide appropriate identification to verify their identity and may also be asked to provide further evidence in support of their claim. Appropriate identification includes photographic ID, but may also include bank statements or utility bills. The receipt of the grant is then signed and dated by the applicant and the Scottish Welfare Team member.

2.10 Community care grants generally involve the award of goods such as cookers, sofas or bedding, and these will be ordered by the Scottish Welfare Team using PECOS through the Council's preferred suppliers. Receipt of the goods is evidenced by the supplier and through the invoicing for the purchase.

Reporting

Housing tenancy

2.11 The reporting process for fraud is not formalised for housing tenancy. There is no fraud register maintained for recording fraud or suspected fraud. There are also no formal procedures through which staff can communicate fraud or suspected fraud. However, informally staff will raise concerns and these can be communicated to other areas of the Council, where appropriate, if there is a belief the fraud may impact other areas, for example housing benefit.

Scottish Welfare Fund

2.12 As with housing tenancy the fraud reporting process is not formalised for the Scottish Welfare Fund. Although no cases of fraud have yet been identified, instances of

misuse/abuse of the award (for example, a claimant is awarded a washing machine correctly but sells the machine for cash) have been. Informal processes exist but these do not evidence a consistent and documented procedure for fraud reporting.

Scope and limitations of scope

2.13 The detailed scope of this review is set out in Appendix 2 in the Terms of Reference. We have undertaken a review of the design and operating effectiveness of the Council's controls for Fraud Governance within Housing and Environment in the areas contained within this Terms of Reference. Our work was undertaken using a sample based approach.

Appendix 2 – Agreed Terms of reference

Background

Fraud is commonly used to describe a wide variety of dishonest behaviours such as deception, forgery, false representation, and concealment of material facts. Fraud can be perpetrated by persons outside as well as inside an organisation, and by collusion.

Aberdeen City Council must ensure appropriate preventive and detective controls are in place to protect against fraud. Preventive controls are designed to limit the possibility of an undesirable outcome being realised whilst detective controls are designed to spot errors, omissions and fraud after the events have taken place.

The Scottish Welfare Fund and housing tenancy have been identified as areas within Housing and Environment which are susceptible to fraud and have not yet been subjected to an independent review. The Scottish Welfare Fund guidance (issued by Scottish Government) and the Scotland Housing Act 1987 set expectations that fraud should be appropriately governed within these areas.

Scope

We will review the design and operating effectiveness of the key controls in place in relation fraud governance for the Scottish Welfare Fund and housing tenancy. Tenancy fraud will be specifically considered in relation to fraudulent applications for housing and unauthorised sub-letting. The sub-processes included in this review are:

Sub-process	Objectives
Assessment and Communication	• The area's most vulnerable to fraud (and how this can be committed) have been formally identified and assessed; and • The approach to fraud governance is clearly communicated to staff
Prevention and Detection	• Procedures are in place and consistently followed to prevent fraud in the areas identified; and • Procedures are in place and consistently followed to detect fraud in the areas identified.
Reporting	• Internal and external reporting lines are clearly defined and consistently followed; • Procedures are in place to ensure fraud is reported to other departments within the Council if there is a risk that fraud is more widespread; and • A register of fraud and suspected fraud is maintained.

Limitations of scope

The scope of our review is outlined above. This will be undertaken on a sample basis.

Internal control, no matter how well designed and operated, can provide only reasonable and not absolute assurance regarding achievement of an organisation's objectives. The likelihood of achievement is affected by limitations inherent in all internal control systems. These include the possibility of poor judgment in decision-making, human error, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances.

Audit approach

Our audit approach is as follows:

- Obtain an understanding of the procedures in place through discussion with key personnel, review of documentation and walkthrough tests where appropriate.
- Identify the key risks in respect of fraud governance
- Evaluate the design of the controls in place to address the key risks.
- Test the operating effectiveness of the key controls on a sample basis.

Key Council Contacts

Name	Title
Pete Leonard	Director of Housing and Environment
Donald Urquhart	Head of Housing and Community Safety
Wayne Connell	Revenues and Benefits Manager
Steve MacRae	Team Leader – Scottish Welfare Fund
Edward Thomas	Housing Access Manager

Appendix 3 - Limitations and responsibilities

Limitations inherent to the internal auditor's work

We have undertaken a review of Fraud Governance within Housing and Environment, subject to the limitations outlined below.

Internal control

Internal control, no matter how well designed and operated, can provide only reasonable and not absolute assurance regarding achievement of an organisation's objectives. The likelihood of achievement is affected by limitations inherent in all internal control systems. These include the possibility of poor judgment in decision-making, human error, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances.

Future periods

Our assessment of controls relating to Fraud Governance is as at 18 August 2014. Historic evaluation of effectiveness is not relevant to future periods due to the risk that:

- the design of controls may become inadequate because of changes in operating environment, law, regulation or other; or
- The degree of compliance with policies and procedures may deteriorate.

Responsibilities of management and internal auditors

It is management's responsibility to develop and maintain sound systems of risk management, internal control and governance and for the prevention and detection of irregularities and fraud. Internal audit work should not be seen as a substitute for management's responsibilities for the design and operation of these systems.

We endeavour to plan our work so that we have a reasonable expectation of detecting significant control weaknesses and, if detected, we shall carry out additional work directed towards identification of consequent fraud or other irregularities. However, internal audit procedures alone, even when carried out with due professional care, do not guarantee that fraud will be detected.

Accordingly, our examinations as internal auditors should not be relied upon solely to disclose fraud, defalcations or other irregularities which may exist.

Aberdeen City Council

Transport contracts within Education and Social Care

	Target Dates per agreed Internal Audit Charter	Actual Dates	Red/Amber/Green and commentary where applicable
Terms or reference agreed 4 weeks prior to fieldwork	04 August 2014	01 August 2014	Green
Planned fieldwork start date	01 September 2014	01 September 2014	Green
Fieldwork completion date	12 September 2014	12 September 2014	Green
Draft report issued for Management comment	29 September 2014	29 September 2014	Green
Management Comments received	13 October 2014	09 October 2014 04 November 2014	Amber – initial comments were received by the PTU Team Lead prior to the deadline. However, an additional close out meeting was requested by the Head of Procurement and due to diary commitments this could not be arranged until early November.
Report finalised	11 November 2014	06 November 2014	Green
Submitted to Audit and Risk Committee	20 November 2014	20 November 2014	Green

Contents

1. Executive Summary

Report classification	Total number of findings ← Section 3 →				
		Critical	**High**	**Medium**	**Low**	**Advisory**
Low risk	Control design	-	-	-	2	-
	Operating effectiveness	-	-	-	-	-
	Total	-	-	-	2	-

Summary of findings

1.01 The scope of our review was to consider the design and operating effectiveness of the key controls in relation to Aberdeen City Council's transport contracts for Education and Social Care. Our testing covered each of the key sub-processes and control objectives set out in the agreed terms of reference (appendix 2); including planning, utilisation, contract assessment and contract monitoring.

1.02 Based on our review of the controls implemented we have identified two low risk findings:

- Improvements are needed to contract monitoring. Performance is monitored on an aggregated level (by operator) and as a result the performance of individual contracts is not recorded or reported.

- Spot checks are performed on a regular basis to ensure drivers are compliant with regulations and service specifications, for example driver ID (demonstrating they have been PVG and licence checked, timeliness of arrival, cleanliness of vehicle, presences of an escort, number of passengers on board and the availability of a first aid kit). The documentation relating to these checks could be improved to ensure the accuracy of management information.

Management comments

We have found the internal audit process to be a worthwhile exercise in ensuring our operations are as robust as possible. The audit report is predominantly positive and highlights that many of the required processes are already in place and working well, which is testament to the hard work of the team. We welcome the findings and will endeavour to introduce the proposed measures at the earliest opportunity to improve our processes.

2. Detailed findings and recommendations

2.01 Contract monitoring – Control design deficiency

Finding		
Call off contracts are monitored by the PTU every six months across three key performance indicators: complaints, appraisals (spot checks) and liquidated damages. The monitoring is at an aggregated level and as such there is no specific monitoring on a contract by contract basis. It has been highlighted by management that due to the volume of contracts in any one year, combined with some contracts being relatively short-term, it would be logistically difficult to apply performance indicators to all contracts. The PTU team highlighted that a 'penalty-points' system is being considered for the next tender exercise which could act as a performance indicator at the individual contract level.		
Risks		
There is a risk that the poor performance of contractors is not appropriately managed and subsequently improved. There is a risk that transport spend within Social Care is not appropriately managed and overruns may occur.		
Action plan		
Finding rating	**Agreed action**	**Responsible person / title**
Low	The "penalty points" system should be implemented during the next tendering exercise to allow the performance of call off contracts to be monitored on an individual basis. Please note that this action will not be addressed until the next Framework Agreement is set in April 2016. As this is finding is low risk it is not considered necessary to write the agreement and seek approval for this change out with the normal tendering cycle.	Chris Cormack, Public Transport Unit Team Leader **Target date:** April 2016

2.02 Documentation of spot checks – control design

Finding

Spot checks are carried out on each individual call-off contract to ensure they are compliant with the requirements of the contract. Checks include but are not limited to the driver ID (demonstrating they have been PVG and licence checked, timeliness of arrival, cleanliness of vehicle, presences of an escort and the availability of a first aid kit). During our review we noted improvements which could be made to how spot checks are documented:

- There were a number of blank fields which make it difficult to assess whether the checks have been performed or not. From discussions with the CMO it was noted that on occasion there is not enough time to check each element of the check. This can be due to a vehicle arriving late or the narrow window available in which vehicle can be inspected. Documentation should clearly state if the check has not been performed and the reason for this.
- Spot checks include ensuring the correct number of passengers are in the vehicle, as there is a risk that someone is no longer using the service and has not notified the PTU. This element of the check is not formally documented and therefore we were unable to test the operating effectiveness.

Risks

There is uncertainty as to the results of spot checks, and as a result management information relating to performance may be inaccurate.

Management have little assurance that the check relating to passengers numbers is being carried out. In addition there is no management information to allow analysis of the results.

Action plan

Finding rating	Agreed action	Responsible person / title	Target date:
Low	Documentation relating to spot checks should be improved to clearly evidence: 1) The elements which were not performed due to time constraints; and 2) The number of passengers vs number of passengers expected	Chris Cormack, Public Transport Unit Team Leader	31 December 2015

Appendix 1 – Background and scope

Background

2.01 Aberdeen City Council holds contracts with a number of local firms to provide transport, including journeys to and from school, and for social care reasons. The Public Transport Unit (PTU) within Enterprise, Planning and Infrastructure (EP&I) manage these contracts on behalf of Education, Culture and Sport (EC&S) and Social Care and Wellbeing (SC&W). The budget for EC&S is owned by EP&I, whereas the budget for SC&W is managed within the directorate.

2.02 Education spent £2,908,196 and Social Care spent £326,224 on transport contracts in 2013/14.

Planning and Utilisation

2.03 Transport requests are sent to the PTU by the services and are channelled into two sub teams, the School Transport Team (STT) and the Social Work Transport Team (SWTT). The PTU has limited involvement in forecasting transport requirements as a significant amount of the work are demand initiated requests which have a minimal lead time. Mainstream school transport requests can be forecast based on student numbers and do not change substantially year on year. This is informally forecast during the summer renewals period.

2.04 Utilisation of transport contracts is partially monitored by the PTU through the role of the Contract Monitoring Officer (CMO). The CMO performs random spot checks on vehicles and considers utilisation as part of this check. It was noted however that these utilisation checks are not documented and as such we are unable to confirm the operating effectiveness of this control. During the review we observed one spot check and noted from observation that the CMO compared the passengers in the vehicle to the list of names per the contract to identify if expected passengers were no longer using the contract.

2.05 Operators may use any size of vehicle as long as it meets the capacity requirements stipulated by the Council for the journey in question. As a result, it is difficult for the PTU to monitor true utilisation levels. The Council does not pay extra if a larger vehicle is utilised by an operator.

2.06 The Council previously invested in a route planning system “Logical Transport”. However, due to system difficulties and the investment in time needed to operate the system, Logical was not used in the live environment and was fully withdrawn following Committee approval in 2011. As a result, the PTU work using a manual system and consider this to be more efficient. During the close out phase of the review, Head of Procurement highlighted that Aberdeenshire Council use the Trapeze system for route planning. Whilst Internal Audit is satisfied with the manual procedures in place, it has been agreed that the PTU Team Lead will meet with Aberdeenshire Council to discuss the possible efficiencies to be gained from using the Trapeze system.

Contract Assessment

2.07 The PTU awards contracts for transport based on a framework of operators that is created through a tender process, which presently, is every two years with the most recent having taken place in April 2014. To become part of this framework operators must provide details about minimum requirements for driver licencing, Protection for Vulnerable Groups (PVG) membership, insurance and vehicle licensing. Additionally checks are performed over the financial health of the prospective operator and, where an operator has five or more employees; there are minimum health and safety and equal opportunities requirements. Not all of these requirements need to be in place at the time of tender; however there must be a reasonable expectation that prior to being awarded the contract, the operator will be fulfilling these requirements. These checks are recorded in a central spreadsheet which also details the final decision as to whether the contractor is accepted into the framework. Contracts for individual transport requests under this framework (known as 'call off contracts') are then awarded, based on value for money, using mini-tenders for competed services and rankings for standard services.

2.08 Continued compliance with the requirements outlined in the invitation to tender and the contracts is monitored through spot checks and annual appraisals performed by the CMO. The spot checks, which are performed on a random basis include reviews of the vehicle condition and, in particular, whether drivers are approved by the Council (demonstrating that they have been PVG and licence checked) and escorts are present. The PTU have the ability to terminate a contract if there is a serious breach noted during the spot check. The PTU aim to assess 60% of contracts every six months.

2.09 Annual appraisals are performed on all operators who are not sole traders (who would be assessed during the spot checks) and have taken contracts under the framework. This check includes reviews of vehicles and drivers. The CMO also obtains copies of insurance certificates and monitors that they are all current through a manually maintained spreadsheet.

2.10 Prior to the annual tender the PTU made efforts to increase the number of operators under the framework through contacting transport operators in Aberdeen City as well as Aberdeenshire. Efforts to advertise also included promoting the tender to over 400 taxi drivers when they were required to get their meter adjusted and were all at the same location in one day. Improved service delivery is encouraged by the PTU at the call off contract level through monitoring of complaints and taking action such as issuing warnings, damages and potential contract cancellations depending on severity.

2.11 The PTU does not extend contracts, either through implicit or explicit renewals. All contracts that expire are either put out to a new mini-competition (for competed services) or the highest available operator per the rankings is selected (for standard services) to ensure that contracts are awarded to get best value for all contracts.

Contract Monitoring

2.12 There is a standard process within the PTU to ensure that billing is correct and that only utilised journeys are taken (excluding journeys where cancellation charges may reasonably apply in line with the contracts). This process is formalised into process guidance, and the STT and SWTT consistently follow this process (with minimal variations to reflect the realities of their areas).Both teams, when receiving an invoice, will review the invoice against the contract and confirm that the rate applied is accurate. Amounts are recorded in a payment record (competed services only) or compared to expectations (standard services only). Once reviewed an invoice will be approved by an appropriate individual who evidences their review through stamping, signing and dating the invoice. After this the invoice will be passed for payment. The team will contact operators if there are any queries.

2.13 As EP&I own the Education transport budget, the PTU Team Leader performs a review of contract spend with accountants on a monthly basis to evaluate how contracts are performing. Any overspend noted is discussed and the Team Leader will provide any explanations for why this has occurred. The Team Leader communicates any incidence of overspend to the Head of Planning and Sustainable Development as and when it may arise; however a formal record of these conversations is not maintained.

2.14 Social Care's budget is held outside of EP&I and as such monitoring is expected to be performed by the budget holder within SC&W. SWTT produce reports to allow the monitoring of contract spend and this is communicated to SC&W. During the course of the review we were unable to obtain evidence that these specific reports were being reviewed as expected by SC&W. However, we have obtained evidence that budgets are reported to the Social Care, Wellbeing and Safety Committee. From review of committee papers we can confirm that transport costs are highlighted by service and a variance analysis is provided.

2.15 Every six months the PTU produces a Contract Performance Report which details how all contracts are performing in aggregate against specified performance indicators including Complaints, Transport Appraisals (i.e. the checks performed on the contracts) and Liquidated Damages. This report is distributed internally to the team and management, and is also shared with operators to help them identify areas for improvement. Performance indicators are not set for individual contracts; however the team has proposed introducing a 'penalty points' system to provide a metric, in the next Framework Agreement with an anticipated commencement of April 2016, to assess performance for individual contracts.

Transport Strategy

2.16 Whilst the strategy of the PTU was not within scope of this review, during discussion with the Head of Procurement it has been highlighted that there is an opportunity for the PTU Team Leader to work alongside the Head of Procurement to help drive the strategy going forward. Early consideration is being given to sharing fleet across Aberdeen City Council, Aberdeenshire Council and the NHS. As noted above, the Head of Procurement and the PTU Team Leader will also work together to consider options in relation to the Trapeze system.

Scope and limitations of scope

2.17 The detailed scope of this review is set out in Appendix 2. We have undertaken a review of the design and operating effectiveness of the Council's transport contracts within Education and Social Care. Our work was undertaken using a sample based approach.

2.18 See agreed terms of reference at Appendix 2.

Appendix 2 – Agreed Terms of reference

Background

Aberdeen City Council holds contracts with a number of local firms to provide transport, including journeys to and from school and for social care reasons. The Public Transport Unit within Enterprise, Planning and Infrastructure (EP&I) manage these contracts on behalf of Education, Culture and Sport and Social Care and Wellbeing. The budget for Education, Culture and Sport is owned by EP&I.

Scope

We will review the design and operating effectiveness of the key controls in place over transport contracts. The sub-processes included in this review are:

Sub-process	Control objectives
Planning and Utilisation	Transport demand is forecast by the services on a regular basis using up to date information where possible. Forecasts are used by the Public Transport Unit to plan routes and maximise utilisation.
	Utilisation is monitored and actions are taken to address poor utilisation if required.
Contract Assessment	The awarding of contracts is assessed on value for money, as well requirements such as licencing, Protection for Vulnerable Groups (PVG) checks, insurance and the road worthiness of vehicles;
	Checks are in place and consistently followed to seek assurance on the above requirements on a regular basis;
	Efforts are made to increase competition among transport firms in the local area and improved service delivery is actively encouraged; and
	Value for money/best value can be demonstrated where a firm is continued to be used either via a contract extension or an implied contract.
Contract Monitoring	Process are in place and consistently follow to ensure billing is correct and only journeys taken are paid for;
	Contract spend is monitored against approved contract value/ budget and overspend is highlighted to management on a timely basis; and
	Performance indicators are set and contract performance is monitored on a regular basis.

Limitations of scope

The scope of our review is outlined above. This will be undertaken on a sample basis. Internal control, no matter how well designed and operated, can provide only reasonable and not absolute assurance regarding achievement of an organisation's objectives. The likelihood of achievement is affected by limitations inherent in all internal control systems. These include the possibility of poor judgment in decision-making, human error, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances.

Fieldwork start 01 September 2014

Audit approach

Our audit approach is as follows:

☐ Obtain an understanding of the procedures in place through discussion with key personnel and review of documentation.

☐ Identify the key risks in respect of transport contracts

☐ Evaluate the design of the controls in place to address the key risks.

☐ Test the operating effectiveness of the key controls on a sample basis.

Key Council Contacts

Name	Title	Role	Contact details
Ewan Sutherland	Director of Corporate Governance (Interim)	Sponsor	01224 522192
Craig Innes	Head of Procurement	Sponsor	01224 665650
Maggie Bochel	Head of Planning & Sustainable Development	Sponsor	01224 523133
Chris Cormack	Public Transport Unit Team Leader	Key contact	01224 523762

Agreed timings

Note: If the Council amend or delay the timing of this review at short notice and we cannot utilise the internal audit staff on other reviews then the originally agreed days may still be charged at the normal day rate, in addition to the rescheduled days.

Fieldwork completed	19 September 2014
Draft report to client	06 October 2014
Response from client	20 October 2014
Final report to client	27 October 2014
Reported to Audit and Risk Committee	December 2014

Appendix 3 - Limitations and responsibilities

Limitations inherent to the internal auditor's work

We have undertaken a review of transport contracts within Education and Social Care, subject to the limitations outlined below.

Internal control

Internal control, no matter how well designed and operated, can provide only reasonable and not absolute assurance regarding achievement of an organisation's objectives. The likelihood of achievement is affected by limitations inherent in all internal control systems. These include the possibility of poor judgment in decision-making, human error, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances.

Future periods

Our assessment of controls relating to transport contracts Education and Social Care is as at August 2014. Historic evaluation of effectiveness is not relevant to future periods due to the risk that:

- the design of controls may become inadequate because of changes in operating environment, law, regulation or other; or
- The degree of compliance with policies and procedures may deteriorate.

Responsibilities of management and internal auditors

It is management's responsibility to develop and maintain sound systems of risk management, internal control and governance and for the prevention and detection of irregularities and fraud. Internal audit work should not be seen as a substitute for management's responsibilities for the design and operation of these systems.

We endeavour to plan our work so that we have a reasonable expectation of detecting significant control weaknesses and, if detected, we shall carry out additional work directed towards identification of consequent fraud or other irregularities. However, internal audit procedures alone, even when carried out with due professional care, do not guarantee that fraud will be detected.

Accordingly, our examinations as internal auditors should not be relied upon solely to disclose fraud, defalcations or other irregularities which may exist.

Aberdeen City Council

Procurement Controls Out With PECOS

Internal Audit Report 2014/2015 for Aberdeen City Council

November 2014

	Target Dates per agreed Internal Audit Charter	Actual Dates	Red/Amber/Green and commentary where applicable
Terms or reference agreed 4 weeks prior to fieldwork	21 July 2014	21 July 2014	Green
Planned fieldwork start date	18 August 2014	18 August 2014	Green
Fieldwork completion date	29 August 2014	29 August 2014	Green
Draft report issued for Management comment	15 September 2014	29 September 2014	Red – auditor was on leave immediately after fieldwork however follow up questions were required after manager review
Management Comments received	13 October 2014	06 October 2014 07 November 2014	Green – initial comments received by Library & Information Services Manager. Follow up required however due to October holiday this has been delayed.
Report finalised	14 November 2014	07 November 2014	Green
Submitted to Audit and Risk Committee	20 November 2014	20 November 2014	Green

pwc

Contents

1. Executive Summary

Report classification	Total number of findings ← Section 3 →				
		Critical	**High**	**Medium**	**Low**	**Advisory**
Low	Control design	-	-	1	3	-
	Operating effectiveness	-	-	-	-	-
	Total	-	-	1	3	-

Summary of findings

1.01 The scope of our review was to consider the design and operating effectiveness of the key procurement controls in place over the Consilium (Building Services) and Capita (Library Services) systems. Our testing covered each of the key sub-processes and control objectives as set out in the agreed terms of reference (Appendix 2).

1.02 Based on our review of the controls implemented we have identified one medium risk and three low risk finding:

Medium

- Staff within Library Services who approve purchase orders are not on the Council's approved delegation of authority list.

Low

- The Capita system used by Library Services does not have functionality to enforce segregation of duties when approving and receipting orders. As a result, there is a risk that orders may be subject to theft on receipt.
- In a sample of 57 purchases, we identified 3 items which should have been purchased through PECOS, not Capita. The value of these items was £3,584.
- The Buildings Maintenance team do not obtain quotes or have a framework agreement in place for ordering goods for housing repairs requested through the contact centre. Purchases of this nature accounted for £7,811 (4%) of all items tested.

Management comments

Library Services - We welcome this review of our procurement process via our CAPITA Library Management System and will work to address the actions determined as a result of this review within the agreed timescales. It has been helpful at this time as we tender progress the tender for a new LMS and we will ensure that these recommendations are implemented in whichever system is selected.

Building Services - We welcome this review of our procurement process via the Consilium System and are pleased that only one low risk finding has been raised. We will work to resolve this issue as a matter of priority.

2. Detailed findings and recommendations

2.01 Purchase order approval out with authorisation limits – Library Services - Operating Deficiency

Finding		
The Council maintains an authorised signatory list which details individuals and their value limits for raising or approving purchase orders. In a sample of 57 Library Services purchase orders using Capita, in all 57 cases the person inputting and approving the order was not on the authorised signatory list or was designated as not having authority. These orders were placed by 3 individuals.		
Risks		
There is a risk that without appropriate authorisation, inappropriate items may be purchased.		
Action plan		
Finding rating	**Agreed action**	**Responsible person / title**
Medium	Library Services will work alongside Finance to create a scheme of delegation for the Capita system and ensure the appropriate staff are included.	Fiona Clark / Library & Information Services Manager Brian Dow / Finance Partner **Target date:** 31 December 2014

2.02 Lack of segregation during procurement– Library Services – Control design

Finding
In 2013/14 there was c. £500,000 worth of goods purchased via the Capita system used by Library Services. Segregation of duties is a key control for ensuring that only legitimate orders are raised, approved and receipted/paid. A purchase order should be raised, approved and receipted by separate individuals. The Capita system used by Library Services does not have functionality to enforce segregation of duties. In a sample of 57 orders there were 38 instances where the same person authorised the purchase order and receipted the items. On discussions with management it was highlighted that the problem stems from deliveries and invoices being consolidated from a number of orders. This may result in a member of staff having to receipt a delivery which includes an element of an order they had previously approved. Due to the limited number of staff, it is unlikely that there is someone available to receipt the delivery that is completely independent from the approving process.
Risks
Due to a lack of segregation between approving and receipting items, there is a risk that orders may be subject to theft on receipt.
Action plan

Finding rating	Agreed action	Responsible person / title
Low	The following management checks will be performed on a quarterly basis: • Items receipted but not in stock; • Items in stock not in transit or accepted by the location; and • Items remaining in transit over 1 week.	Fiona Clark / Library & Information Services Manager **Target date:** 31 December 2014

2.03 Items which should be ordered through PECOS– Library Services – Control design

Finding		
Library Services use a procurement system known as Capita for ordering media that will be lent to the public. All other items should be ordered using PECOS. From our sample of 57 purchases, 3 purchases to the value of £3,584 were incorrectly ordered through Capita. These items related to a website subscription, book wallets and book binding. Please note, the purchase with the highest value (£2,268) was historically purchased through Capita due to the terms of the contract, however this has since changed and management are in agreement that it should now be procured through PECOS.		
Risks		
The Council have invested significantly in PECOs given the enhanced control environment and quality of management information available. Not utilising PECOS when appropriate increasing the risk of inappropriate purchases and lessons the quality of management information available.		
Action plan		
Finding rating	**Agreed action**	**Responsible person / title**
Low	Management shall remind staff that all non-media purchases should be ordered via PECOS. Management should review purchases on a quarterly basis to ensure compliance.	Fiona Clark / Library & Information Services Manager **Target date:** 31 December 2014

2.04 Goods ordered for Building Maintenance– Building Services – Control design

Finding

To ensure the Council obtains value for money each Service is required to obtain the best price as part of the ordering process. This may take the form of using suppliers on an agreed framework, putting the work out to tender or obtaining multiple quotes from suppliers. Where not performed, a FR18 form is to be signed by the Head of Service to authorise an exemption.

The Quantity Surveying team put large contracts to tender and require quotes for all other items regardless of value. It was noted however, that the Buildings Maintenance team do not obtain quotes or have a framework agreement in place for ordering goods for housing repairs requested through the contact centre. On discussions with management it is understood that due to the high volume of items and the short time frames in which goods are required, it would be inefficient to obtain individual quotes. Consideration has been given to ensuring all items are under a framework agreement, however it has been highlighted that the delivery model for the store within Building Services is currently under review and it is not preferable to action this until the outcome is known.

Please note that this finding has been rated as low as the value of items purchased through the Building Maintenance team is significantly lower than other areas within Building Services. From the sample of purchases tested, Building Maintenance accounted for £7,811 (4%) of the total value.

Risks

There is a risk that items housing repair purchases may not be value for money.

Action plan

Finding rating	Agreed action	Responsible person / title	Target date:
Low	At the time of reporting it had not been possible to hold a meeting between the Operations Manager and the Head of Procurement to determine a way forward. A meeting will be held as a matter of priority to discuss the following options: • Re-designing the delivery model of the store in an appropriate timeframe so that a framework agreement is not required; • Re-designing the delivery model of the store and putting in place a framework agreement in the interim due to timeframes for implementation; • Implementing a framework agreement and not re-designing the deliver model of the store; or • Another appropriate action agreed by both Building Services and the Head of Procurement.	Kiemon Stewart / Operations Manager, Building Services Craig Innes / Head of Procurement	31 December 2014

Appendix 1 – Background and scope

Background

2.01 Aberdeen City Council uses PECOS which is a "Purchase-to-Pay" system. PECOS is used by approximately 100 Scottish public sector organisations from across central government, local government, NHS boards, universities and colleges.

2.02 PECOS encompasses the steps required for ordering a product or service, through the authorisation process, to sending the supplier the purchase order and ultimately to receiving the products/services and paying the suppliers invoice. Using PECOS to automate this process helps to achieve a sound control environment and deliver greater efficiencies.

2.03 A number of services within the Council use other procurement systems. Management should have assurance that the control environment out with PECOS is fit for purpose, working effectively and that value for money can be clearly demonstrated. This report reviews the effectiveness of the key procurement controls in place over the Consilium (Building Services) and Capita (Library Services) systems.

Procurement Procedures

Library Services

2.04 When Library Services require media, a member of staff will complete an order catalogue or print a saved online shopping basket from an approved supplier. Another member of staff will input and save the order as authorised on the Capita system. A signed copy is retained and the order submitted. If a new supplier is required, a standard form and supporting evidence is submitted to the Accounts Payable team to add to the eFinancials system.

2.05 The main supplier, Bertram Library Services within Scotland Excel Framework), offers an interface with Capita when the shopping basket is submitted, all order information imports overnight into Capita which then raises the purchase order automatically. This automates order input, with approval, and the rest of the process as detailed above.

2.06 Items received have their barcodes scanned into the system and their status changed from pending to being in stock. Upon being invoiced each item is checked against the PO and checked whether receipt has occurred and, if so, is marked as approved for payment. An overnight interface then extracts all approved invoices into the eFinancials ledger for payment to proceed. Payment is automatically blocked if the interface provides a supplier not in the eFinancials system.

Building Services

2.07 Building Services operate a contact centre for repairs and maintenance. The member of staff takes the tenant through a diagnostic tool which determines the trade required and creates a job on Consilium. Purchase orders may then be raised against the job code. Authorisation workflow was implemented in May 2014, so the system automatically enforces that separate individuals raise and approve the order. This authorisation workflow agrees with the Council's authorised

signatory list. It should be noted that sample testing of items purchased prior to May 2014 did highlight instances of the same person raising and approving the order. However, as the system now enforces segregation of duties a finding has not been raised.

2.08 Orders are printed with electronic signatures and mailed to the supplier. When the goods or services are confirmed as delivered, the order is marked as received on the system. Consilium automatically prevents payment authorisation if the item has not been receipted.

2.09 When the invoice is received, the creditors team matches items against the order and authorises payment. The team collates a batch of invoices and attaches a signed form stating they have been processed. The team leader then reviews the batch and signs the form as authorised, sending an email to the Development team as notification. At the end of the working day, the systems team manually instigates the automated interface, and all approved invoices upload to a server. The Development team then checks the upload against the notification email before importing into eFinancials.

2.10 Where there has been a tendered contract, the supplier receives automated emails from Consilium for every job raised against the contract. The contract serves as authorisation so individual POs are not raised for each job. The supplier then periodically provides a listing of completed jobs; these are matched against the system and confirmed as completed, before the invoice is signed as authorised and passed to creditors for processing.

Procurement System

Library Services

2.11 Library Services use a procurement system known as Capita for ordering media that will be lent to the public. All other items should be ordered using PECOS and through discussions with management it was highlighted that every effort is made to use PECOS when appropriate. A listing of what can and cannot be ordered via each system is formally defined in documented procedures.

2.12 Capita is a Library Management System and the ordering process feeds directly into its stock management function. Ordered items appear in stock as pending and require the item barcode to be scanned into Capita before being classed as stock. Barcode scanners are used for each transaction with the public, and the system automatically updates stock and manages whether items are overdue for return.

2.13 Capita is also used to maintain the library catalogue. When an item is scanned into the system its catalogue data can be imported from an external database of media records. The system interfaces with servers owned by the company behind Capita, and this company hosts the online catalogue where the public can search for and reserve media.

2.14 PECOS is unable to provide a stock management function and would not be able to provide a library catalogue or manage transactions with the public.

Building Services

2.15 Building Services use a procurement system known as Consilium for all work and repairs related orders. All other items are ordered using PECOS. Although the definition of what can and cannot be ordered via each system is not formally documented, it was noted that a purchase via PECOS was rare and related to items such as office furniture. On enquiry, members of staff were able to confirm this and through sample testing, we highlighted no exceptions to this.

2.16 Consilium is a job costing system centred around a costing ledger. All transactions, such as orders raised on the system populate the costing ledger so relevant costs against the job can be monitored. This includes monitoring of budgets, income, certified values, cash received, estimated versus actual quantities used and whether costs are committed or accrued.

2.17 Consilium also has a stock management module and a time keeping module. The former tracks quantities and the average price of each item in stock, while the latter enables workmen to record labour against assigned jobs. Average prices and labour used feed into the Costing Ledger.

2.18 PECOS is unable to provide a stock management function or record labour to charge against jobs.

Value for Money

2.19 To ensure the Council obtains value for money each Service is required to obtain the best price as part of the ordering process. This may take the form of using suppliers on an agreed framework, putting the work out to tender or obtaining multiple quotes from suppliers. Where not performed, a FR18 form is to be signed by the Head of Service to authorise an exemption.

Management Reporting

2.20 Business Objects reporting is used by both services to monitor costs. In Library Services those users with administrator privileges can run and customise reports on Capita data, and there is regular review of costs per budget code and location. In Building Services standard reports have been created and integrated directly into the online version of Consilium. Each user group has access to a different set of reports depending on their roles and privileges.

2.21 Both systems also allow direct querying to obtain costs per supplier, and this data may be exported for analysis.

Scope and limitations of scope

2.22 The agreed terms of reference and detailed scope of this review is set out in Appendix 2. We have undertaken a review of the design and operating effectiveness of the key procurement controls in place over the Consilium (Building Services) and Capita (Library Services) systems.

Appendix 2 – Agreed Terms of reference

Background

Aberdeen City Council uses PECOS which is a "Purchase-to-Pay" system. PECOS is used by approximately 100 Scottish public sector organisations from across central government, local government, NHS boards, universities and colleges.

PECOS encompasses the steps required for ordering a product/service, through the authorisation process, to sending the supplier the purchase order and ultimately to receiving the products/services and paying the suppliers invoice. Using PECOS to automate this process helps to achieve a sound control environment and deliver greater efficiencies including:

☐ Ensuring suppliers available for use are providing value for money;

☐ Increasing visibility of spending behaviours and patterns across an organisation;

☐ Develops insight and control over how items are ordered and invoices are processed;

☐ Automating the flow of transactions to release efficiencies and savings; and

☐ Provides management information to inform future procurement plans

Within number services it has been acknowledged that it may be impractical to use PECOS. As a result, management should have assurance that the control environment out with PECOS is fit for purpose, working effectively and value for money can be clearly demonstrated.

Scope

We will review the design and operating effectiveness of the key procurement controls in place over the Consilium (Building Services) and Capita (Library Services) systems. A review of controls in place over CareFirst (Social Care & Wellbeing) will be performed in November 2014. The sub-processes included in this review are:

Sub-process	Control objectives
Policy and Procedure	Guidance is in place governing the circumstances in which an order can be raised out with PECOS

Ordering and Receipting	For a sample of purchases ordered out with PECOS: • There is an appropriate business case for the purchase being raised out with PECOS. The rationale is allowable (as per guidance), or the exception has been subsequently reviewed and approved by the Central Procurement Unit (CPU); • The purchase has gone through a competitive tender process or an FR18 form has been signed by the Head of Service; • The contractor is on the Council's central contract list, or the rationale for adding a new contractor to the system is justified and approved; • A purchase order is raised for all purchases. Purchases are supported by a business need and approved in line with the delegated purchasing authority • Goods/ services received are matched to an approved purchase order before receipt and payment; and • There is segregation of duties between those who place orders, receive goods/services and authorise payment; and • Value for money can be clearly demonstrated.
Monitoring	Management have adequate visibility of spending patterns across the service.

Approach

Our audit approach is as follows:

☐ Obtain an understanding of the procedures in place through discussion with key personnel and review of documentation.

☐ Identify the key risks in respect of the procurement cycle out with PECOS

☐ Evaluate the design of the controls in place to address the key risks.

☐ Test the operating effectiveness of the key controls on a sample basis.

Please see Appendix 3 for a summary of the limitations to the scope of our review, and a summary of the respective responsibilities of the auditors and management.

Appendix 3 - Limitations and responsibilities

Limitations inherent to the internal auditor's work

We have undertaken a review of procurement controls out with PECOS, subject to the limitations outlined below.

Internal control

Internal control, no matter how well designed and operated, can provide only reasonable and not absolute assurance regarding achievement of an organisation's objectives. The likelihood of achievement is affected by limitations inherent in all internal control systems. These include the possibility of poor judgment in decision-making, human error, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances.

Future periods

Our assessment of controls relating to procurement controls out with PECOS is as at June 2014. Historic evaluation of effectiveness is not relevant to future periods due to the risk that:

- the design of controls may become inadequate because of changes in operating environment, law, regulation or other; or
- The degree of compliance with policies and procedures may deteriorate.

Responsibilities of management and internal auditors

It is management's responsibility to develop and maintain sound systems of risk management, internal control and governance and for the prevention and detection of irregularities and fraud. Internal audit work should not be seen as a substitute for management's responsibilities for the design and operation of these systems.

We endeavour to plan our work so that we have a reasonable expectation of detecting significant control weaknesses and, if detected, we shall carry out additional work directed towards identification of consequent fraud or other irregularities. However, internal audit procedures alone, even when carried out with due professional care, do not guarantee that fraud will be detected.

Accordingly, our examinations as internal auditors should not be relied upon solely to disclose fraud, defalcations or other irregularities which may exist.

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Aberdeen City Council

Devolved School Management – Phase 1

Internal Audit Report 2014/2015 for Aberdeen City Council

November 2014

Internal Audit KPIs	Target Dates	Actual Dates	Red/Amber/Green	Commentary where applicable
Terms or reference agreed 4 weeks prior to fieldwork	16.05.2014	02.05.2014	**Green**	
Planned fieldwork start date	30.06.2014	27.08.2014	**Red**	Delays in obtaining required documentation
Fieldwork completion date	11.09.2014	17.09.2014	**Red**	Extended leave of key ACC staff
Draft report issued for Management comment	06.08.2014	29.10.2014	**Red**	Extended leave of key ACC staff
Management Comments received	07.11.2014	07.11.2014	**Green**	
Report finalised	08.11.2014	08.11.2014	**Green**	
Submitted to Audit and Risk Committee	20.11.2014	20.11.2014	**Green**	

Contents

1. Executive Summary

Background

Aberdeen City Council is undergoing a review of their Devolved School Management (DSM) scheme. As part of this review we have performed a gap analysis using the Council's current DSM scheme documentation and comparing against the Scottish Government's guidance on DSM. To do this we have used the 'Devolved School Management Self-Evaluation Toolkit' produced by the Scottish Government as a guide to evaluating whether the Council's scheme is aligned to good practice.

The DSM scheme document provided to us was approved in 1996. A new DSM framework document and budget allocation formulae and operational procedures document were drafted in 2012, in response to updated guidance issued by the national DSM steering group. However, this redrafted documentation was never taken to Committee for approval and, therefore, has never been officially implemented. Consequently, as requested by management, we have focused our review on the 1996 version of the DSM scheme framework that was approved and implemented.

Summary of findings

Overall we have identified that the scheme framework requires significant updating to properly reflect current good practice guidance. The draft version of the DSM framework prepared in 2012 could be used as a basis for this update as it is aligned to current good practice guidelines. The most significant updates required are as follows:

- Clear guidance should be included on the consultation process between establishments and the Council. This should also extend to clarifying the process through which other stakeholders are consulted and engaged on DSM;
- The DSM framework should clearly show how it is linked to the Council's corporate plan and education service plan as well as national and local strategic priorities;
- Cross sector and partnership working guidelines should be included and the processes defined;
- A policy on training for heads of establishments, Parent Councils, elected members and other key staff involved in DSM should be included; and
- The budget allocation formulae and operational procedures should be developed in consultation with stakeholders and agreed and approved by elected members.

The detailed gap analysis is included below in Section 2.

Management Comments

To ensure that the revised scheme meets the principles of the national guidance work has been undertaken in the following areas:

- Benchmarking the delegated budgets for schools against those in other similar sized Council areas;
- Reviewing the draft DSM scheme against those published in other Council areas and against the comments contained within section 2 of this document;
- Re-modelling of delegated budgets to ensure that budgets follow the child and that this can be evidenced; and
- Reviewing the effectiveness of spending to meet the needs of children and the outcomes of corporate and school plans.

Once the work to update the DSM scheme has been updated it will be submitted to the Education and Children's Service Committee for approval. It is expected that this will be early in calendar year 2015.

2. Detailed gap analysis

Scottish Government Guidance Questions	Gap Analysis Performed by Internal Audit
Subsidiarity and Empowerment	
What arrangements are there in place to discuss future Education Service budgets and are there any impacts on delegated school budgets?	The scheme document states the principle of partnership and involvement of key stakeholders in the DSM scheme. However, the document does not explicitly state the arrangements in place to discuss future Education Service Budgets.
Are there clear and transparent formulae in place to distribute staffing and non-staffing budgets?	The scheme document provided does not include detail on formulae for distributing budgets. A draft 'Budget Allocation Formulae and Operational Procedures' document has been prepared. This document does elucidate the formulae to be applied; however this document has not been formally approved by Committee for implementation.
Are head teachers, depute head teachers, heads of establishment (nursery and special schools) and officers with delegated finance responsibilities provided with training on the local authority's DSM Scheme and financial management?	Unknown – training in the DSM scheme and financial management is not specifically mentioned in the DSM scheme document.
Does your Council operate 3 year indicative budget cycles?	The DSM scheme document does not state whether the Council operates 3 year indicative budget cycles.
Are your Education Service financial plans linked to Corporate and Departmental plans and do they reflect national and local strategic priorities?	Unknown – this detail is not specified in the DSM scheme document.
Are head teachers and other staff involved in discussions on DSM? Is the LNCT consulted?	The DSM scheme document states the requirement of establishments to have in place a consultation process with staff, non-teaching staff and the School Board. However, the document does not detail any process for how consultation on DSM should between establishments and the local authority should be conducted.

What criteria are used to create budget formulae in your local authority? Do budget formulae take account of school roll, deprivation factors, the numbers of young people at each stage in the school and rurality issues? Are these criteria agreed by elected members in consultation with all appropriate stakeholders i.e. schools, parents and Parent Councils?	The scheme document provided does not include detail on formulae for distributing budgets. A draft 'Budget Allocation Formulae and Operational Procedures' document has been prepared. This document does elucidate the formulae to be applied; however this document has not been formally approved by Committee for implementation.
Partnership Working	
Is there an appropriate framework in place to deliver strategic outcomes and local priorities?	The DSM scheme document does not include any framework on delivering strategic outcomes and local priorities.
Do schools contribute to partnership working?	The document does not specify how schools will contribute to partnership working.
Is there an appropriate consultation mechanism to engage with relevant stakeholders when the Council sets its Revenue Budget?	The DSM scheme document states the requirement of establishments to have in place a consultation process with staff, non-teaching staff and the School Board. However, the document does not detail any process for how consultation on DSM should between establishments and the local authority should be conducted.
Do schools link with other services and agencies in line with the principles outlined in Getting It Right for Every Child (GIRFEC) and the Early Years Framework?	The document does not reference GIRFEC or the Early Years Framework.
Are head teachers, other staff and parents involved in discussions on DSM?	School Boards are identified as requiring consultation on DSM. The form of how that consultation is managed between the establishments and the local authority is not defined.
Are consultation arrangements in place to ensure that relevant stakeholders are involved in setting the Education Service budget as part of the wider Council budget, in terms of likely impact on the level of resources delegated to schools?	The DSM scheme document states the requirement of establishments to have in place a consultation process with staff, non-teaching staff and the School Board. However, the document does not detail any process for how consultation on DSM should between establishments and the local authority should be conducted.
How do the objectives of your Corporate Plan and/or Community Plan promote cross sector working?	The document does not include any references to the Corporate Plan.

Is there a framework at authority level that sets out clearly how schools will work with other schools and agencies?	The document does not reference any framework.
As part of the budget setting process, does your local authority create separate budgets at Learning Community level (school clusters) which can be accessed by all establishments collaboratively to ensure successful outcomes?	Learning Community level budgets are not referenced in the document.
Accountability and Responsibility	
Is the content of the Corporate Plan/Community Plan/Single Outcome Agreement shared with head teachers?	Unknown – no reference to the Corporate Plan is included in the DSM scheme document.
Is elected member training on DSM offered?	Unknown – the plan for member training is not included in the document.
Have the Education Service Plan objectives been discussed with head teachers?	Unknown – the document does not provide information on whether Education Service Plan objectives have been discussed with head teachers.
Does your scheme set out a policy on deficits, carry-forwards and virement?	The document does set out a policy for carry-overs and virement.
Does the scheme encourage responsible use of those flexibilities in line with the principles of DSM?	The document does not detail any policies on how these flexibilities should be used.
Do school leaders have access to local and/or national leadership programmes and training which ensures an approach to DSM that encourages enterprising decision-making to promote better outcomes?	Unknown – the document does not reference any local and/or national programmes or training on DSM.
Has the local authority given clear guidelines to head teachers on how to prepare School Improvement Plans?	Unknown – the document does not reference School Improvement Plans.
Have Parent Councils been given training on their role?	Unknown – the document does not reference any training for Parent Councils.
Local Flexibility	
An underlying principles should be that devolution should be meaningful and allow head teachers genuine flexibility. Does your local authority scheme follow these guidelines?	N/a – not within the scope of the DSM document.
Once the budget is set, and in the context of 3 year indicative budget horizon, councils should seek to avoid mid-year reductions to school budgets. Is this the case in your local authority area?	N/a – not within the scope of the DSM document.

Appendix 1 – Agreed Terms of reference

Background

Devolved School Management (DSM) was introduced in 1993 to improve the management of resources within schools. As a result, councils were required to devolve 80% of school budgets to Head teachers with the aims of improving local decision making and providing more flexibility to respond to the needs of individual schools.

In 2006, the guidelines recommended that local authorities increase the level of devolved budgets to 90%; reflecting the principle that everything, except for specific areas of expenditure, should be devolved. Due to significant changes in policy landscape and financial climate for local authorities, further DSM guidelines were published in March 2012 which highlighted the principles of empowerment, partnership working, accountability and local flexibility.

Expenditure within schools across Aberdeen City Council currently accounts for £100 million (60%) of the total Education, Culture and Sport budget, with 90% of this being currently devolved through local DSM arrangements.

Education, Culture and Sport are performing an in-house review of the current DSM arrangement, in particular assessing the existing documentation in place which provides the frameworks and guidance for all stakeholders. The purpose of the review is to ensure that the Aberdeen City Council DSM scheme meets best practice and complies fully with the national guidance which was issued in 2012. The review will propose changes to procedures, processes and controls to ensure compliance.

Scope

Internal Audit will work alongside the work-stream to provide independent and objective assurance over the review. The expected internal audit input, timings and days allocated are outlined in the table overleaf.

An interim report, proving an assessment of progress and any internal audit observations will be reported to the Audit and Risk Committee in September 2014. A final report, providing an assessment of whether the DSM scheme design meets best practice and complies with the national guidance will be provided to the Audit and Risk Committee December 2014. A review to assess the effectiveness of controls implemented will be proposed for inclusion within the 2015/16 internal audit plan.

Phase	Objectives	Period	Days allocated
1	Participate in monthly workstream meetings	Jun-Sep 14	2
2	Perform a gap analysis of the Council's existing DSM scheme documentation and 2012 national guidance to assess if the scheme's principles meet national best practice.	Jun-Jul 14	7
3	Review the proposed internal controls and procedures to assess if design meets the requirements of the gap analysis performed in phase 2.	Aug-14	3
4	Provide support to the Infrastructure and Assets Programme Manager in rolling out the DSM scheme through workshops and stakeholders meetings.	Sep-14	3

Limitations of scope

The scope of our review is outlined above. This will be undertaken on a sample basis

Internal control, no matter how well designed and operated, can provide only reasonable and not absolute assurance regarding achievement of an organisation's objectives. The likelihood of achievement is affected by limitations inherent in all internal control systems. These include the possibility of poor judgment in decision-making, human error, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances.

Audit approach

Our audit approach is as follows:

- Attend workstream meetings
- Identify the key risks in respect of devolved school management.
- Review guidelines and workstream deliverables to evaluate the design of controls in place currently, and proposed as part of the new DSM scheme.

Internal audit team

Name	Role	Contact details
David Brown	Engagement Leader	07725 704549
Susan King	Engagement Manager	01224 253 327
Ricki McLaughlin	Auditor	01224 253 295

Key contacts – Aberdeen City Council

Name	Title	Role	Contact details
Gayle Gorman	Director of Education, Culture and Sport	Sponsor	ggorman@aberdeencity.gov.uk
Charlie Penman	Head of Education Development, Policy and Performance	Sponsor	cpenman@aberdeencity.gov.uk
Eaun Couperwhite	Infrastructure and Assets Programme Manager	Key contact	ecouperwhite@aberdeencity.gov.uk

To ensure that the revised scheme meets the principles of the national guidance work has been undertaken in the following areas:

- Benchmarking the delegated budgets for schools against those in other similar sized Council areas;
- Reviewing the draft DSM scheme against those published in other Council areas and against the comments contained within section 2 of this document;
- Re-modelling of delegated budgets to ensure that budgets follow the child and that this can be evidenced; and
- Reviewing the effectiveness of spending to meet the needs of children and the outcomes of corporate and school plans.

Once the work to update the DSM scheme has been updated it will be submitted to the Education and Children's Service Committee for approval. It is expected that this will be early in calendar year 2015.

Timetable

Review start date	01 July 2014
Review completion date	30 September 2014
Interim report to client	06 August 2014
Response from client	20 August 2014
Interim report to Audit and Risk Committee	September 2014
Final report to client	13 October 2014
Response from client	27 October 2014
Final report to Audit and Risk Committee	December 2014

In addition to the normal reporting cycle to the Audit and Risk Committee management have requested that a report is submitted to the Education Culture and Sport Committee in November. Internal Audit will work alongside the Infrastructure and Asset Programme Manager to produce this.

Agreed timescales are subject to the following assumptions:

- All relevant documentation, including source data, reports and procedures, will be made available to us promptly on request
- Staff and management will make reasonable time available for discussions and will respond promptly to follow-up questions or requests for documentation.

Appendix 2 - Limitations and responsibilities

Limitations inherent to the internal auditor's work

We have undertaken a review of IT Security (network and perimeter), subject to the limitations outlined below.

Internal control

Internal control, no matter how well designed and operated, can provide only reasonable and not absolute assurance regarding achievement of an organisation's objectives. The likelihood of achievement is affected by limitations inherent in all internal control systems. These include the possibility of poor judgment in decision-making, human error, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances.

Future periods

Our assessment of controls relating to IT Security (network and perimeter) is as at 05 August 2014. Historic evaluation of effectiveness is not relevant to future periods due to the risk that:

- The design of controls may become inadequate because of changes in operating environment, law, regulation or other; or
- The degree of compliance with policies and procedures may deteriorate.

Responsibilities of management and internal auditors

It is management's responsibility to develop and maintain sound systems of risk management, internal control and governance and for the prevention and detection of irregularities and fraud. Internal audit work should not be seen as a substitute for management's responsibilities for the design and operation of these systems.

We endeavour to plan our work so that we have a reasonable expectation of detecting significant control weaknesses and, if detected, we shall carry out additional work directed towards identification of consequent fraud or other irregularities. However, internal audit procedures alone, even when carried out with due professional care, do not guarantee that fraud will be detected.

Accordingly, our examinations as internal auditors should not be relied upon solely to disclose fraud, defalcations or other irregularities which may exist.

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Aberdeen City Council

Annual Report on the 2013/14 audit

Prepared for the members of Aberdeen City Council and the Controller of Audit

October 2014

Contents

Key contacts

Stephen Boyle, Assistant Director

sboyle@audit-scotland.gov.uk

Anne MacDonald Senior, Audit Manager

amacdonald@audit-scotland.gov.uk

Mark Johnstone, Senior Auditor

mjohnstone@audit-scotland.gov.uk

Deirdre Sim, Auditor

dsim@audit-scotland.gov.uk

Audit Scotland
Business Hub 11
2nd floor West, Marischal College
Broad Street
Aberdeen
AB10 1AB

Telephone: 0845 146 1010

Website: www.audit-scotland.gov.uk

Website: www.audit-scotland.gov.uk

Key messages

Financial statements	• Unqualified auditor's report on the 2013/14 financial statements.
Financial position	• An underspend of £7.9m against budget. • Usable reserves have increased from £108.8m to £116.8m. • The General Fund balance at 31 March 2014 was £57.1m of which £11.3m was unallocated. • Financial management remains sound with a robust budget setting process based on a 5 year business plan.
Governance & accountability	• New group governance arrangments agreed but not yet fully implmented. • Systems of internal control operated effectively. • The council has an effective internal audit function.
Best Value, use of resources & performance	• The council has started to make important developments to its performance management framework by the consideration of a performance dashboard. • For 2013/14, the council's statutory performance indicators showed improvement in 31% of cases but deterioriation in 40%.
Outlook	• The council faces rising demands for services and continued funding pressures alongside managing major capital projects and service reforms. The 5 year business plan identified a funding shortfall of £35m.

Financial Statements

1. We have given an unqualified audit opinion that the financial statements of Aberdeen City Council for 2013/14 give a true and fair view of the state of the affairs of the council and its group as at 31 March 2014 and of the income and expenditure for the year then ended.

2. We have also given an unqualified audit opinion on the 2013/14 financial statements of those charities registered by Aberdeen City Council and audited under the provisions of The Charities Accounts (Scotland) Regulations 2006 (the 2006 Regulations).

3. The council recorded an underspend of £7.9m against the revenue budget in the year. This was mainly due to savings arising from the management of staff vacancies.

4. Financial management remains sound with close budget monitoring and regular reporting to members.

Financial position

5. The closing balance at the year end on usable reserves was £116.8m representing an increase of £8m from 2012/13. The total value of the council's earmarked reserves, including the Housing Revenue Account, at 31 March 2014 was £48.5m an increase of 20% from the previous year. The council maintains a free balance of £11.3m which is approximately 2.5% of revenue expenditure.

6. The council's 5 year financial plan to 31 March 2019 identified a cumulative shortfall of £35.1m having taken additional cost pressures of £10m into account. In common with the rest of the public sector, the council has significant challenges ahead in addressing this matter.

Governance and accountability

7. An organisational review has recently been completed which implemented a '3+1' senior management model where the 'plus one' is a joint role with NHS Grampian to take forward the health and social care integration agenda. The committee structure has also been reviewed to provide better alignment with the organisational structure. Overall, the council has satisfactory governance arrangements including effective internal audit and systems of internal control.

8. New governance hubs were approved to provide a scrutiny framework within relevant services to consider performance information in respect of group companies and Arm's Length External Organisations (ALEOs). Overall responsibility for scrutiny of performance falls within the revised remit of the Audit, Risk and Scrutiny Committee. While the framework for the hubs was agreed in February 2014, the cycle of meetings did not commence until summer 2014. Once embedded, this will be a good practice example.

9. The council's local authority trading company for adult social care services, Bon Accord Care, commenced business in August 2013 and has recently reported a deficit for the year to 31 July. One year on, the planned scrutiny arrangements are still being implemented.

Best Value, use of resources and performance

10. In the 2014 Assurance and Improvement Plan, the Local Area Network concluded that Best Value follow up would be undertaken in winter 2014/15. The LAN felt it would be appropriate to consider improvement since the previous Best Value audit in 2009 and, in particular, to determine whether performance has been managed and sustained against a backdrop of significant change in political and managerial leadership.

11. In order to address ongoing housing benefit processing problems, the council invited the Department of Work and Pensions Performance Development Team to review its processes for housing benefits. A subsequent performance update to Audit Scotland demonstrated sufficient improvement that no further focused performance audit will be undertaken at the moment.

12. Following a review of the council's performance data, we highlight areas of high and low performance within the report. For example, while housing tenants report high satisfaction with the repairs service, the time taken to re-let properties between tenancies is now almost twice the target number of days, and managing homeless cases is taking 14 days longer than it did a year ago. These are areas the council acknowledges are unacceptable and is taking action to address.

Outlook

13. Demands on services and resources continue to increase and these need to be managed alongside major reforms in the welfare system and health and social care. This underlines the need for strong governance, leadership and decision making based on good cost and performance information. Effective working with partners will be required to make the best use of available resources as well as innovation and vision to design and deliver the services needed to serve the future needs of citizens.

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Introduction

14. This report is a summary of our findings arising from the 2013/14 audit of Aberdeen City Council. The purpose of the annual audit report is to summarise the auditor's opinions and conclusions, and to report any significant issues arising from the audit. The report is divided into sections which reflect our public sector audit model.

15. Our responsibility, as the external auditor of Aberdeen City Council, is to undertake our audit in accordance with International Standards on Auditing (UK and Ireland) and the principles contained in the Code of Audit Practice issued by Audit Scotland in May 2011.

16. This report should form the basis of discussions with the Audit, Risk and Committee as soon as possible after it has been issued. Reports should be made available to stakeholders and the public, as audit is an essential element of accountability and the process of public reporting.

17. This report will be published on our website after it has been considered by the council. The information in this report may be used for the Account's Commission's annual overview report on local authority audits. The overview report is published and presented to the Local Government and Regeneration Committee of the Scottish Parliament.

18. The concept of audit risk is of key importance to the audit process. Appendix III sets out the significant audit risks identified in our 2013/14 Annual Audit Plan and the work we undertook during the year to gather appropriate assurances to address each of these risks which assisted us in arriving at our opinion on the financial statements.

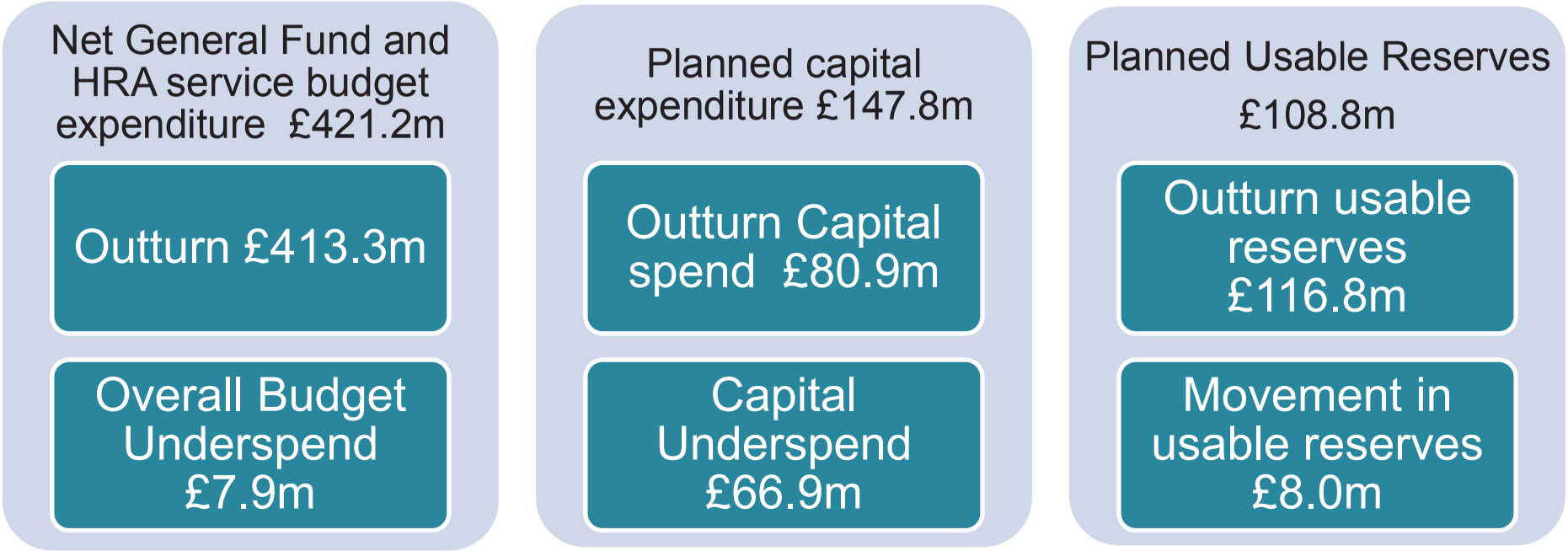
19. Appendix IV is an action plan setting out the high level risks we have identified from the audit for members' attention. Officers have considered the issues and agreed to take the specific steps in the column headed "Management action/response".

20. We recognise that not all risks can be eliminated or even minimised. What is important is Aberdeen City Council understands its risks and has arrangements in place to manage these risks. The council and the Proper Officer should ensure that they are satisfied with proposed management action and have a mechanism in place to assess progress and monitor outcomes.

21. We have included in this report only those matters that have come to our attention as a result of our normal audit procedures; consequently, our comments should not be regarded as a comprehensive record of all deficiencies that may exist or improvements that could be made.

22. The cooperation and assistance afforded to the audit team during the course of the audit is gratefully acknowledged.

Financial statements



Audit opinion

23. We have given an unqualified opinion that the financial statements of Aberdeen City Council for 2013/14 give a true and fair view of the state of the affairs of the council and its group as at 31 March and of the income and expenditure for the year then ended.

Other information published with the financial statements

24. Auditors review and report on other information published with the financial statements, including the explanatory foreword, annual governance statement and the remuneration report. We have nothing to report in respect of these statements.

Legality

25. Through our planned audit work we consider the legality of the council's financial transactions. This includes obtaining written assurances from the Proper Officer. There are no legality issues arising from our audit which require to be reported.

The audit of charities financial statements

26. The Charities Accounts (Scotland) Regulations 2006 (the 2006 Regulations) sets out the accounting and auditing rules for Scottish charities. These required, for the first time in 2013/14, a full audit of all registered charities accounts where a local authority or some members are the sole trustees.

27. Aberdeen City Council had 4 funds which were subject to the full charities financial statements audit for 2013/14.

28. Auditors of registered charities' statement of accounts have responsibilities to

- audit and express an opinion on whether the charity's financial statements give a true and fair view and are properly prepared in accordance with charities legislation
- read the trustees' annual report and express an opinion as to whether it is consistent with the financial statements
- report on other matters by exception to the trustees and to the Office of the Scottish Charity Regulator (OSCR).

29. We have given an unqualified opinion on these matters with respect to the 2013/14 financial statements of the relevant charities registered by Aberdeen City Council.

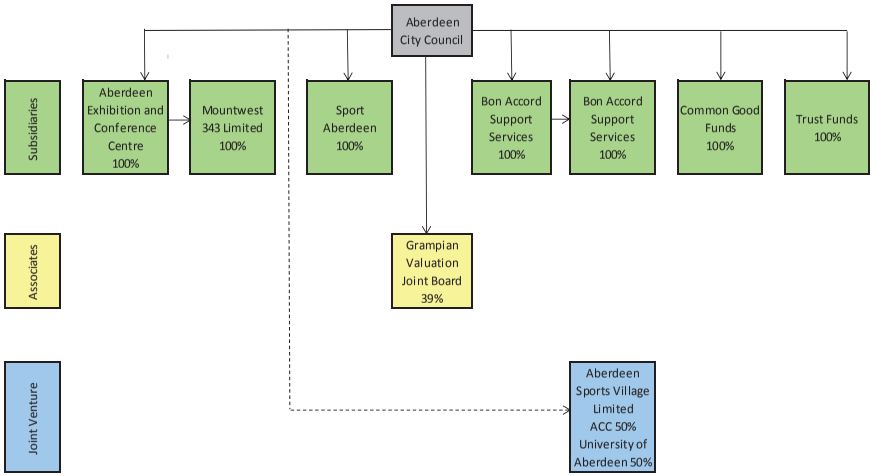
Group accounts

30. Local authorities are required to prepare group accounts in addition to their own council's accounts where they have a material interest in other organisations.

31. Within its 2013/14 group accounts, Aberdeen City Council has accounted for the financial results of seven subsidiaries including the Common Good Fund and trust funds, one associate and one joint venture (Exhibit 1). The overall effect of consolidating these balances on the group balance sheet is to increase total reserves and net assets by £99.2m.

32. The net assets of the group at 31 March 2014 totalled £1,264.1m, compared with £710.8m in 2012/13. The positive movement in the closing net worth balance is mainly due to the removal of Police and Fire pension liabilities following the transfer of these functions to new single service authorities from 1 April 2013.

Exhibit 1 – Aberdeen City Council Group Structure



Source: Aberdeen City Council Statement of Accounts 2013/14

Accounting issues arising

33. Our '*Report to those charged with governance on the 2013/14 audit*', was presented to the Audit and Risk Committee on 25 September 2014. The primary purpose of that report is to communicate the significant findings arising from our audit prior to finalisation of the independent auditor's report. The main items are summarised in the following paragraphs.

Presentational and monetary adjustments

34. Presentational and monetary adjustments identified in the financial statements during the course of our audit were discussed with finance and appropriate amendments made. The effect of these adjustments was a decrease in the comprehensive income and expenditure account and net assets of £3.122m and a decrease of £0.642m in the general fund. The main amendments related to:

- **Valuation of assets:** the amount recorded in the asset register as the valuation of Bankhead recycling centre was overstated by £0.135m. In addition, following the fire at the former Burnside school site, there was a need to carry out an impairment on the value of the property and consequently, an adjustment of £2.345m has been made.
- **Site of the former Summerhill Centre:** plans were in place for a supermarket to be developed on the site. The interested chain demolished the former building with a view to clearing the site. In July 2014, the interested party pulled out of the development leaving the council to consider alternative plans for the site. However, there was an agreement between the council and the supermarket requiring the council to reimburse the supermarket for the costs it had incurred in the demolition of the former buildings on the site. A claim was lodged with the council for approximately £0.650m which is within the limit capped in the formal agreement.

While the supermarket withdrew their interest in summer 2014 after the submission of the draft accounts for audit, there has been uncertainly around this development for some time and therefore the council has chosen to include the likely payment as a provision at 31 March 2014. We concurred with this treatment.

35. Adjustments were not made for other misstatements identified during the audit. These misstatements are immaterial to the accounts as a whole. If adjusted, the net impact of the misstatements would be a decrease of £0.383m in net assets and the general fund.

36. Supporting evidence in respect of grants of £1.0m received in advance from a number of organisations was reviewed during the audit. The amount was carried forward within creditors/grants in advance on the basis that the grants may have to be repaid if unspent. From our review, we felt there was evidence to suggest repayment of the grant was unlikely and therefore, in that situation, the accounting treatment would be to recognise the income in the year and to carry the balance as an earmarked balance within the general fund.

37. The matter was discussed with officers and having reflected on the content of the Code, we agreed there was an element of uncertainty in the guidance. No adjustment was made to the accounts but it was agreed that the year end close down procedures for accounts would reinforce expectations on this aspect of accounting.

Outlook

38. The financial statements of the council are prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom (the Code). The main new standards adopted in 2014/15 include :

- IFRS 10 Consolidated financial statements
- IFRS 11 Joint arrangements
- IFRS 12 Disclosures of interests in other entities
- IAS 28 Investments in associates and joint ventures.

39. These standards affect the group financial statements and include a change to the definition of control. This may require a reassessment of the group boundary and potentially further consolidations and disclosures.

40. The revised Local Authority Accounts (Scotland) Regulations 2014 (revised regulations) apply for financial years 2014/15 onwards. The revised regulations set out in more detail what is required in respect of financial management and internal control, and in respect of the annual accounts themselves. Some of the changes include the requirement for the unaudited accounts to be considered by the Audit, Risk and Scrutiny Committee. This can take place following submission to the auditor and up to 31 August if necessary. In addition the audited accounts must be considered and approved for signature by the committee by 30 September with publication on the council's website by 31 October. These timescales

were met in respect of the 2013/14 financial statements.

41. Highways assets are currently carried within infrastructure assets in the balance sheet at depreciated historic cost. The 2016/17 Code requires highways to be measured for the first time on a depreciated replacement cost basis. This represents a change in accounting policy from 1 April 2016 which will require a revised opening balance sheet as at 1 April 2015 and comparative information in respect of 2015/16. This is a major change in the valuation basis for highways and will require the availability of complete and accurate management information on highway assets. The council has been actively planning ahead to allow full compliance with the Code.

42. Subsequent to the year end, a ruling by the European Court of Justice in the case of Locke v British Gas Trading Company reached the opinion that the calculation of holiday pay could be based on variable payments in addition to basic pay, for example contractual overtime or bonus payments. Furthermore it may be possible for employees to make retrospective claims and for former employees to submit claims. As this is a recent development, the council has yet to assess the relevance and impact of the decision on its current and former employees and therefore a contingent liability was included in the accounts. However, this matter may expose the council to large potential claims for holiday pay arrears.

Financial position

43. The council reported a deficit of £21.9m on the provision of services in 2013/14. Adjusting this balance to remove the accounting entries required by the Code, the council increased its general fund balance by £8m.

44. In overall terms, the management of staff vacancies across all services produced savings of £14.6m (£9.2m - 2012/13), representing 6.1% (3.7% - 2012/13) of the general fund staff budget.

45. Exhibit 2 shows a continuing trend in underspends in recent years. Key variations against budget included:

- Housing and Environment Services achieved an underspend of £2.9m, 8% of budget, due to lower costs for homelessness linked with reduced dependence on bed and breakfast accommodation
- Enterprise, Planning & Infrastructure showed an underspend of £3.2m, 7.8% of budget, arising from higher planning and building warrant fee income than budgeted, reflecting the buoyant Aberdeen economy.

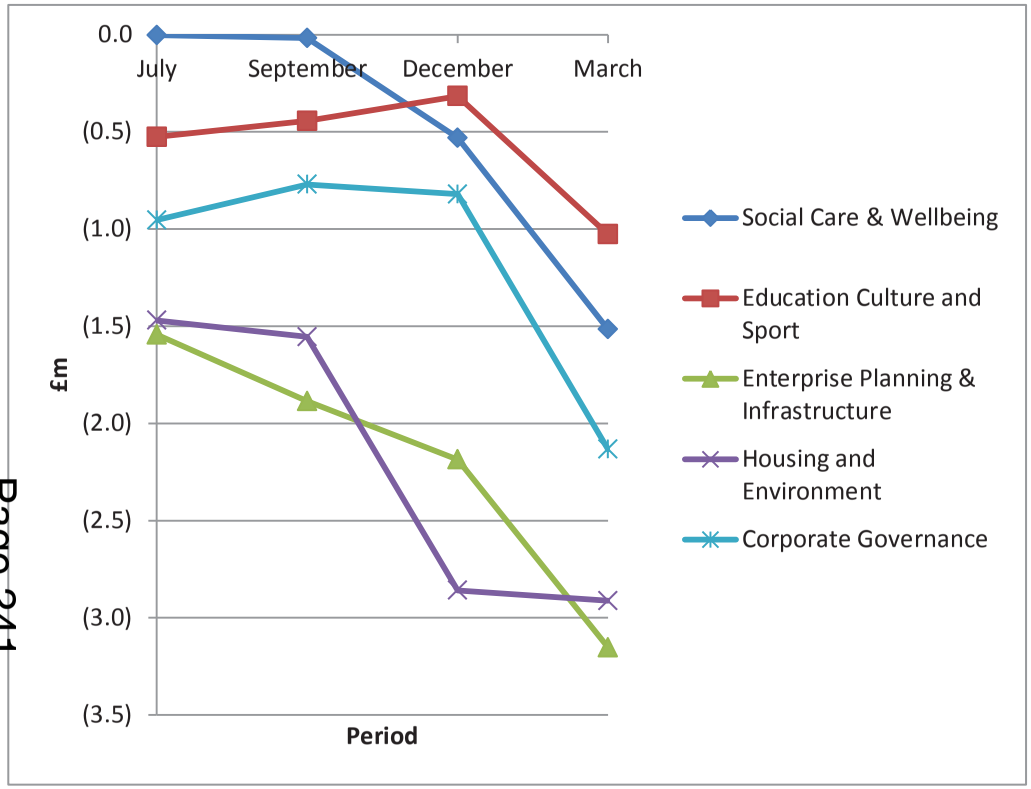
Exhibit 2 - Key Services (underspend)/ overspend

	2013/14 £m	2012/13 £m	2011/12 £m
Key Services			
Education, Culture and Sport	(1.0)	(1.0)	(0.7)
Housing and Environment	(2.9)	(3.9)	(0.8)
Social Care and Wellbeing	(1.5)	(0.2)	(2.2)
Enterprise Planning and Infrastructure	(3.2)	(1.8)	(3.0)
Corporate Governance	(2.1)	(2.5)	(2.8)

Source: Aberdeen City Council Statement of Accounts 2011/12, 2012/13 and 2013/14.

46. Exhibit 3 shows the departmental projected results as reported on a regular basis to members during the year. This shows the favourable projected outturn developing each quarter.

Exhibit 3 - 2013/14 Projected Outturn Variance against Budget



Source: Aberdeen City Council Revenue Budget Monitoring

47. Usable reserves are part of a council's strategic financial management and councils will often have target levels of reserves.

48. Aberdeen's usable reserves increased from £108.8m at 31 March 2013 to £116.8m at 31 March 2014 (Exhibit 4). The closing general fund balance at 31 March 2014 is made up of earmarked commitments of £45.8m and an unallocated balance of £11.3m. In contrast, an analysis of Scottish councils' unaudited 2013/14 accounts showed that over half of all councils utilised reserves brought forward, with around half of all councils ending 2013/14 with lower levels of reserves than they had at the start of 2012/13.

49. The council's policy is to maintain free balances at £11.3m which is approximately 2.5% of revenue expenditure. At 31 March 2014, the unallocated general fund balance was held at this level.

50. The total value of the council's earmarked reserves including the Housing Revenue Account balance as at 31 March 2014 was £48.5m (38 balances), an increase of 20.3% from 2013 (£40.4m representing 31 balances).

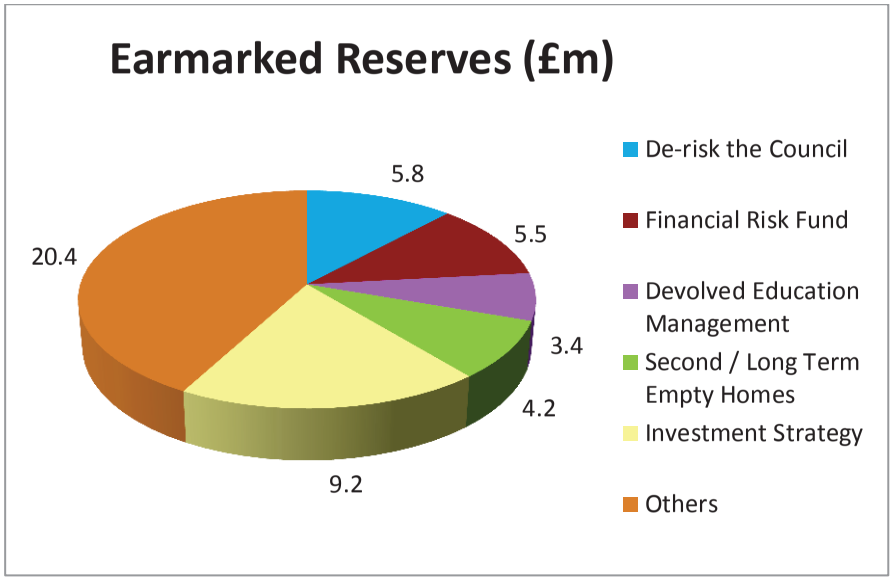
Exhibit 4: Usable reserves

Description	31 March 2014 £m	31 March 2013 £m	Movement %age
General Fund (unallocated)	11.3	11.3	0
General Fund (earmarked balances)	45.8	37.9	21.1
Housing Revenue Account (unallocated)	6.7	6.0	11.7
Housing Revenue Account (earmarked balances)	2.7	2.4	12.5
Statutory and other reserves	50.2	51.1	(1.8)
Capital grants unapplied	0.1	0.1	0
Total	**116.8**	**108.8**	**7.4**

Source: Aberdeen City Council Statement of Accounts 2013/14

51. The main earmarked balances held by the council at 31 March 2014 are analysed in Exhibit 5. There is a significant new balance in the year for an Investment Strategy Reserve of £9.2m. The Investment Strategy Reserve was established to set funding aside to support investment e.g. the council's Strategic Infrastructure Plan and other capital projects.

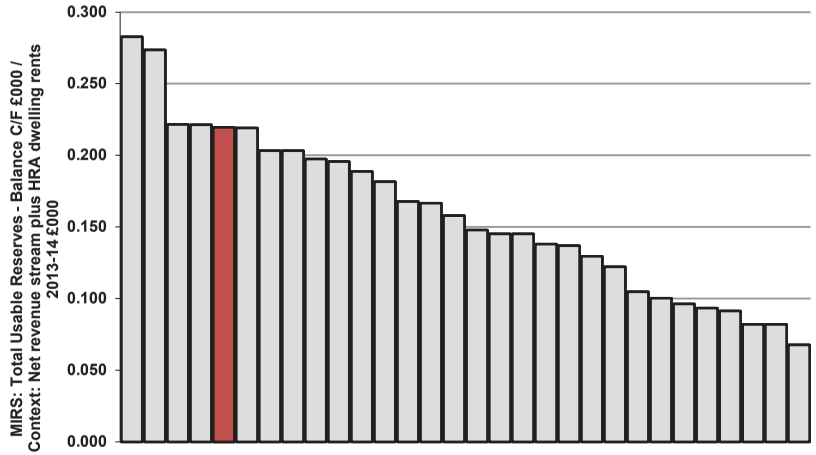
Exhibit 5 : Earmarked Reserves



Source: Aberdeen City Council Statement of Accounts 2013/14

52. Exhibit 6 presents the council's usable reserves position in relation to net revenue stream for the year in comparison to other Scottish councils (net revenue stream being presented as general revenue grant, council tax, non domestic rates and dwelling rents). Taking the increase in usable reserves and the level of earmarked balances into consideration, Exhibit 7 confirms that the council's performance is better than the median level.

Exhibit 6: Total Usable Reserves as a proportion of net revenue stream



Source: Scottish councils' unaudited accounts 2013/14

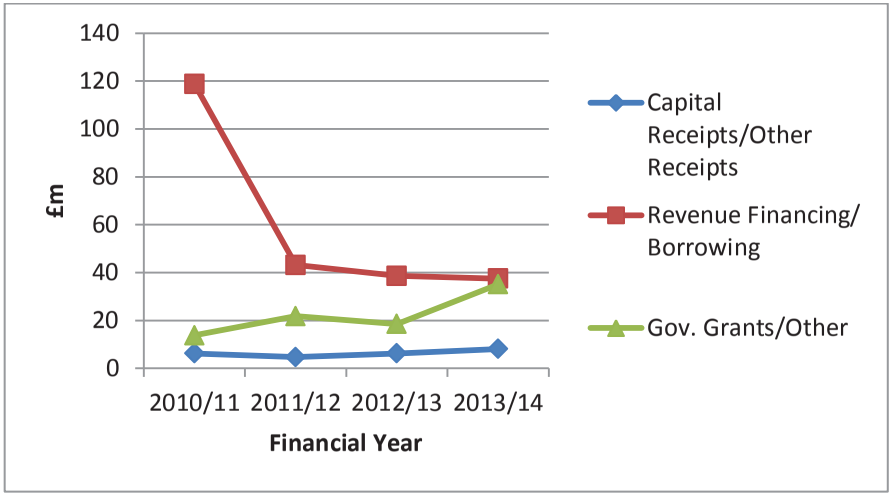
53. Total capital expenditure for 2013/14 was £80.9m. Investment during the year included £10.8m in enhancing schools and other assets, £22.1m in housing stock, £7.1m in hydrogen buses and fleet replacement and £ 15.1 in roads and infrastructure. The capital programme was funded as shown at Exhibit 7 below.

54. The financial statements show additions to the council's property, plant and equipment of £77.5m, the majority of which relates to enhancement expenditure on council dwellings. In the main, this represents planned expenditure to enable the council's stock to meet Scottish Housing Quality Standards. Where appropriate, the council took the opportunity to upgrade empty properties between lets. While this extended the void period highlighted on page 30, it also prevented disturbance to tenants. Overall, the percentage of stock that currently meets the standard is around 90% and this is above the national average.

55. The trend in sources of funding for capital expenditure is reflected in Exhibit 7. This shows that capital funding from the various sources for 2013/14 was broadly consistent with the previous year with the exception of the category for government grants/other funding. Included in other funding for 2013/14 was a contribution from the capital fund.

56. The council, in conjunction with Aberdeenshire Council and Transport Scotland has continued to progress the construction of the Aberdeen Western Peripheral Route (AWPR) and has an obligation to pay a share of the costs. In 2013/14, the council spent £9.1m on the project, and this formed a significant element of the council's capital programme.

Exhibit 7 - Sources of finance for capital expenditure 2010/11 – 2013/14



Source: Aberdeen City Council Statement of Accounts

57. The council has reported an underspend against the planned level of capital expenditure of £66.9m or 45.3% of the total programme for 2013/14. The main reasons for this slippage include the legal challenge in respect of the Western Peripheral Route which delayed progress and a delay in the delivery of hydrogen buses to the city.

Treasury Management

58. Treasury management activities are reported twice a year to the council and the strategy is updated annually. As at 31 March 2014, Aberdeen City Council held short term investments of £25.2m (£20.3m at 31 March 2013).

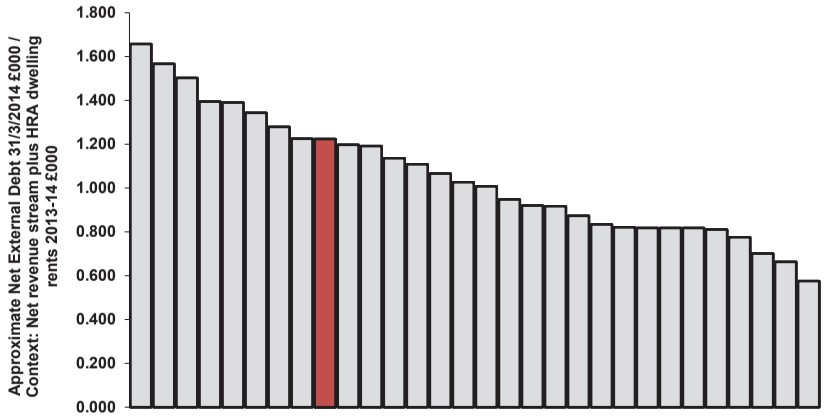
59. All borrowing undertaken by the council should be in accordance with the Prudential Code which requires the council to demonstrate that it is affordable and sustainable. During 2013/14, the council reduced its level of short term borrowing from £121.7m to £117.6m which represents around 21% of total borrowing. The use of short term borrowing carries a liquidity risk in making repayments and exposes the council to increasing costs should interest rates rise. Whilst the council recognises this risk, its treasury management strategy is aimed at benefiting from the current low interest rates offered on short term borrowing.

60. In the current financial climate, many councils have relatively high levels of internal borrowing, utilising available cash balances and deferring external borrowing. However, Aberdeen City Council's underlying need to borrow or capital financing requirement (CFR) at 31 March 2014 was £726.5m while net external borrowing was £88.6m lower at £637.9m.

61. In line with the council's strategy, only 20% of the council's

capital spend in the year was funded through borrowing with the remainder largely funded from grants and capital from current revenue. The council's level of net borrowing in 2013/14 has decreased by 5% compared to the previous year. Aberdeen's net external debt as a proportion of net revenue stream is heading towards the middle range relative to other Scottish councils (Exhibit 8).

Exhibit 8 : Net external debt as a proportion of net revenue stream



Source: Scottish councils' unaudited accounts 2013/14

62. Audit Scotland has, on behalf of the Accounts Commission, recently completed a national review of borrowing and treasury management in councils. The review focused on the affordability and sustainability of borrowing and governance arrangements and considered how councils demonstrate best value in their treasury management functions. The national report is planned for publication in January 2015.

Financial planning to support priority setting and cost reductions

63. The Aberdeen City Council Business Plan was approved by the council in February 2013 as part of the budget setting process for 2013/14. As part of the development of the Business Plan and budget, the council updated its Priority Based Budgeting (PBB) exercise to review all costs incurred and consider all services being delivered. While the budget setting process identified a shortfall of £5.5m, it was planned that the Financial Risk Fund would meet any shortfall actually required and this enabled the council to set a balanced budget for 2013/14. Financial forecasts and progress against savings packages are routinely reviewed and monitored as part of regular monitoring reported to the management team and members. The longer term position highlighted a cumulative shortfall of £20.0m in the 5 year period to 2017/18.

64. In February 2014 the council approved its budget for 2014/15. The net service expenditure budget set for 2014/15 is £440.4m which is comparable with that set for 2013/14. However the 5 year indicative budget highlighted a worsening position with an identified spending gap of £35.1m over the period of the plan. (Exhibit 9)

Exhibit 9: Movement in Financial Position 2013/14 – 2018/19

	2013/14 £'000	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000
2013/14 Budget – Agreed 14/02/13						
Funding	(434,005)	(436,559)	(445,470)	(451,572)	(456,228)	
Expenditure	439,546	447,910	452,187	466,672	476,276	
Shortfall	5,541	11,351	6,717	15,100	20,048	
Savings Agreed	(5,541)	(3,054)	0	0	0	
Revised Shortfall	0	8,297	6,717	15,100	20,048	
2014/15 Budget - Agreed 06/02/14						
Funding		(440,368)	(447,438)	(453,112)	(457,495)	(457,408)
Expenditure		440,368	449,363	467,516	482,598	492,543
Shortfall		0	1,925	14,404	25,103	35,134
Revised Shortfall		0	1,925	14,404	25,103	35,134

Source: Aberdeen City Council Revenue Budget 2013/14 and 2014/15

Refer Action Plan, Recommendation 1

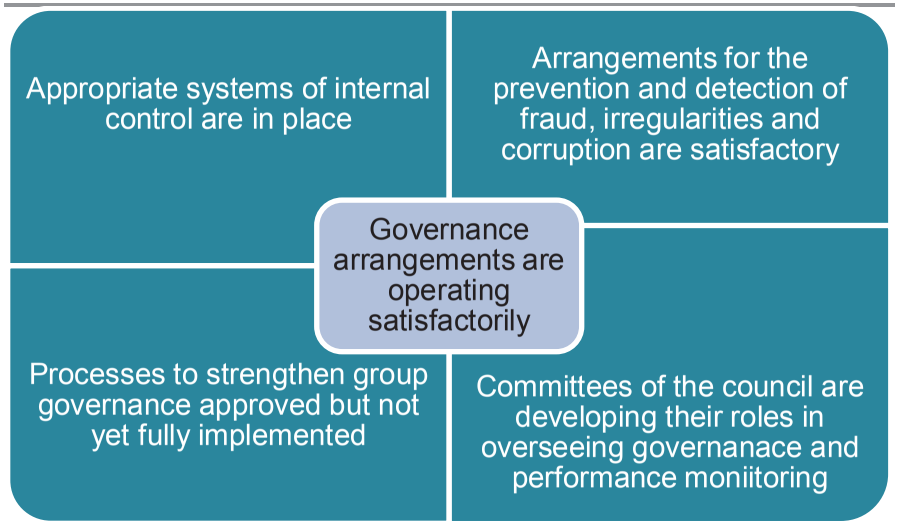
Outlook

2014/15 budget and beyond

65. As at July 2014, the 2014/15 outturn forecast reported to members was an underspend of £5.5m, around 1.3% of budget. This forecast results from expenditure and income being controlled and assumes that savings options will be delivered.

66. In the short term, the council has relative financial stability as a balanced budget was set for 2014/15 with no requirement for a range of specific savings to be delivered. In the medium to long term however, public sector finance remains significantly challenging for councils. Aberdeen, in common with other councils, has more work to do to address the funding shortfall.

Governance and accountability



67. Members of Aberdeen City Council, the Chief Executive and Head of Finance are responsible for establishing arrangements for ensuring the proper conduct of the affairs of Aberdeen City Council and for monitoring the adequacy and effectiveness of these arrangements.

Corporate governance

68. The corporate governance framework within the council is centred on the council which was supported in 2013/14 by the following standing committees.

Education, Culture and Sport

Enterprise, Strategic Planning and Infrastructure

Finance, Policy and Resources

Housing and Environment

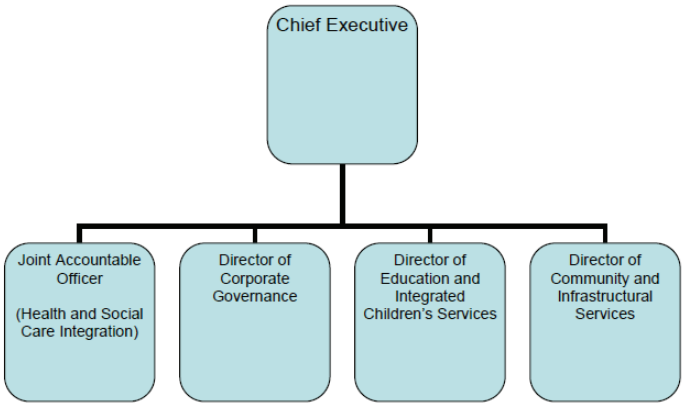
Social Care, Wellbeing and Safety

Audit and Risk

69. In March 2014, the chief executive announced her resignation and left the council in summer 2014. Action was taken to fill the position and the Director of Corporate Governance was announced as the new Chief Executive in early May 2014.

70. Proposals to revise the structure of the corporate management team were approved by the council in May 2014. The number, roles and remits of directors were reviewed resulting in a '3+1' model where the 'plus one' is a joint role with NHS Grampian to take forward the health and social care integration agenda (Exhibit 10).

Exhibit 10 – Revised senior management structure



Source: Council 14/05/14 – Organisational Review (Phase 1) Report

71. The aim of the new structure is to better enable the council to deliver its priorities in light of the needs of new legislation and national agenda initiatives. Phase 2 of the restructure involving heads of service is now reaching a conclusion in autumn 2014.

72. In terms of political leadership, a new Leader of the council was appointed in May 2014. She had previously been the chair of Education, Culture and Sport Committee. In addition, the committee structure of the council was revised in August 2014 to align committees with the revised organisational structure of the council.

73. In our report on the 2012/13 Audit, we commented on behaviours observed in the council chamber. We continue to observe meetings and monitor tone and behaviour as part of our routine audit work. In October 2014, the council began webcasting council meetings and we will monitor the impact of this development on future practices in the chamber.

74. Based on our observations and audit work, our overall conclusion is that the governance arrangements within the council have operated satisfactorily during 2013/14. We recognise however that there have been a number of important changes during the summer and these will need time to settle.

Internal control

75. As part of our audit we gather assurances on the high level controls in the council's key financial controls systems that impact on the financial statements. For 2013/14, we have largely placed reliance on internal audit's Continuous Financial Controls activity which covered, for example, payroll, accounts payable, accounts receivable, treasury management, council tax and non-domestic rates. Our overall conclusion was that Aberdeen City Council had appropriate systems of internal control in place during 2013/14.

Internal audit

76. Internal audit provides members of the council and the Proper Officer with independent assurance on the overall risk management, internal control and corporate governance processes.

77. Generally, we seek to rely on the work of internal audit wherever possible and, as part of our 2013/14 planning process, we concluded that the internal audit service operates in accordance with relevant Public Sector Internal Audit Standards (PSIAS) which enabled us to take assurance from their documentation and reporting procedures.

78. From 2014/15, the revised accounts regulations (paragraph 40) require the Audit, Risk and Scrutiny Committee to undertake an annual review of the internal audit function. Plans will need to be put in place to ensure the review is carried out.

ICT audit

79. For the first time in 2012/13, councils had to apply to connect to the Public Services Network (PSN) to allow the sharing of electronic data with other public bodies, such as the Department of Work and Pensions. This entailed complying with the strict security measures of the PSN Code of Connection which, if fully met, resulted in the issue of a compliance certificate. The application and approval process is subject to annual review and could result in a disruption to operations and service delivery if there were any non-compliance issues. The council's work programme for 2014 was completed satisfactorily and the current certificates covers the year to August 2015.

Arrangements for the prevention and detection of fraud and corruption

80. The council's arrangements in relation to the prevention and detection of fraud and irregularities were satisfactory.

81. Aberdeen City Council participates in the National Fraud Initiative (NFI). The NFI uses electronic data analysis techniques to compare information held on individuals by different public sector bodies and different financial systems, to identify data matches that might indicate the existence of fraud or error. Overall, we concluded that the council has good arrangements in place and we noted that data matches were generally reviewed promptly.

82. The council's arrangements for the prevention and detection of corruption are satisfactory and we are not aware of any specific issues that we need to record in this report.

Local authority trading company (LATC) – Bon Accord Care

83. One of the initiatives taken forward within the council's 2011 five year business plan was an alternative delivery model for the council's adult social care services.

84. The plans set out that the LATC would be a trading company wholly owned by the council, have a turnover of £26 million and employ around 650 FTE staff. In addition to the contract with Aberdeen City Council, the LATC expected to generate additional income by offering its existing services to service users who were previously 'out of reach' or the provision of existing services to new customers. Retained profits over five years were estimated at £2.2 million and would provide for additional investment in older people's services.

85. The council agreed to establish a Shareholder Liaison Group (SLG) of elected members to hold directors to account and scrutinise performance. Directors would meet the SLG quarterly and the managing director would report to full council annually. In addition, as part of a wider council initiative, a series of governance hubs were introduced which established a group of officers within each relevant service to consider performance information in respect of the council's group companies and ALEOs. It was agreed that the new governance hubs would include the LATC and that a sub-committee to the Audit and Risk Committee, to be known as the Shareholder Scrutiny Group, would be established to review the LATC's performance.

86. It was intended that the LATC would commence trading with effect from 1 April 2013 but this was delayed until 1 August 2013. At that point, the council transferred the operation of its Adult Social Care Services to Bon Accord Care Ltd (BAC) and Bon Accord Support Services Ltd (BASS). BAC and BASS are private companies limited by shares which are 100% held by Aberdeen City Council. BAC is the main employer and provides regulated (by the Care Inspectorate) care services to BASS which in turn delivers both regulated and unregulated adult social care services to the council including support and facilities services to BAC. The two companies model provides a client/contractor arrangement and in addition, BASS holds the operating licence to use the council's care homes.

87. It was expected that the Social Care and Wellbeing Committee would receive twice yearly progress reports on a range of service delivery and performance matters. However, the only reporting to committee was an interim report comparing service delivery received from BAC against targets set. A full report on year one performance, including financial performance, was to be considered by the Social Care, Wellbeing and Safety Committee in August 2014. However, the report was not ready and was instead submitted to full council in October 2014.

88. The report covered the first 12 months trading to 31 July 2014 and highlighted the following:

- staff absence had recently shown some improvement and the initiative would be developed further in the year ahead. Consequently planned savings had so far not been achieved.
- a number of central office costs expected to be absorbed within the first year's budget contributed to the deficit of £384k.
- the contract with the council is being revised to bring it into line with the demands of the service.

89. At 31 March 2014, after 8 months of trading, BAC broke even having incurred expenditure of £13m mainly on staff costs. BASS however reported a loss. The accounts show expenditure of £17m, mainly the supply of services from BAC, and income from the council of £16.5 million. Income is largely in line with the original contract price although there have been some variations in budget lines.

90. We wish to highlight the following points in relation to the LATC:

- the provision of performance information to and the scrutiny of it by members has been limited. One year on, planned scrutiny arrangements in respect of the LATC are only now showing signs of progress. While the Liaison/Scrutiny Group was agreed some time ago, the first meeting has not yet taken place.
- the director of social care and wellbeing who led the LATC initiative left the council in June 2013. This combined with other significant changes in the organisational structure may have contributed to the slower progress in reporting.
- the terms of the contract with the council are being reviewed and office costs, which were expected to be absorbed in the year one budget, contributed to the deficit.

Refer Action Plan, Recommendation 2

Correspondence referred to the auditor by Audit Scotland

91. Part of Audit Scotland's duties as external auditors of Aberdeen City Council is to consider concerns raised with us by members of the public about the council. If appropriate, we may investigate them further.

92. Audit Scotland received a large volume of correspondence about a letter, which mentioned the then forthcoming Scottish Independence referendum, that the council issued to its residents along with their council tax billing documents in March 2014. We considered those matters which were of audit interest as defined by the Code of Audit Practice in the context of the relevant legislation. We reviewed the content of the letter, the process that the council followed prior to its issue and any additional costs that it incurred in including the letter

with the council tax bills. We sought to conclude on the council's compliance with relevant legislation, regulations and its consistency with custom and practice.

93. We noted that it would be matter for a court to determine whether the letter complied with the prohibition of political publicity under the 1986 Local Government Act.

94. The 1992 Council Tax Regulations do not explicitly preclude types of information included with council tax bills. The leader's statement accurately reflected the council's position on the referendum. However, the statement was very unusual and we are not aware of any other council including similar information on the referendum with their council tax bills.

95. The Controller of Audit concluded that no additional expenditure had been incurred by including the statement.

Integration of adult health and social care

96. The Public Bodies (Joint Working) (Scotland) Act 2014 provides the framework for the integration of health and social care services in Scotland. The integration will be complex and challenging and the council will need to engage at the highest level with the relevant health bodies in its area to ensure that integration is delivered within the required timescales and that the arrangements are functional and fit for purpose.

97. The council and NHS Grampian agreed on a body corporate/integrated joint board model for Aberdeen. The restructure of the council's management team, as set out on pages 19 and 20, includes a chief officer who is jointly accountable to both the council and NHS Grampian for the health and social care integration agenda. This post was filled in August 2014 and the incumbent took office in October 2014.

98. A Transitional Leadership Group was approved in November 2013 to oversee integration in Aberdeen. The group is made up of 6 elected members from the council, the council's outgoing director of social care and wellbeing, 6 non executive members from NHS Grampian, the community healthcare partnership's general manager, NHS Grampian's clinical lead and representatives from the third sector and trade unions. The overall purpose of the group which has met regularly since February 2014 is to put the necessary structures in place and provide strategic direction in relation to the implementation of the integration of health and social care in line with national policy and local requirements.

99. The integration Joint Board must be in place during the period 1 April 2015 to 1 April 2016. In the case of Aberdeen, the intention is that the necessary approvals to establish the board will be obtained by 1 April 2015.

100. Approval is being sought from the council and NHS Grampian for the transition of the group into the Shadow Joint Board. Arrangements in Aberdeen are currently on track to ensure the partnership is established to meet the statutory timescales.

101. In July 2014, Audit Scotland visited the Aberdeen Community Planning Partnership (CPP) to assess progress since the CPP audit in 2012. An important area identified for development in 2012 was the need to increase engagement with NHS Grampian with a view to improving outcomes. It was reported that good progress had been made.

102. While improved engagement has been reported through the CPP audit progress visit, Aberdeen City Council and NHS Grampian need to continue to develop and embed effective relationships to ensure the integration agenda is delivered in line with plans.

Refer Action Plan, Recommendation 3

Housing and council tax benefits performance audit

103. Separate from the audit of the council's housing benefit subsidy claim, Audit Scotland carries out a programme of Housing Benefit/Council Tax Benefit risk assessments. A review was undertaken in Aberdeen in September 2012 following completion and submission of a self-assessment in August 2012. The findings from the review were reported to the Audit and Risk Committee in June 2013. An agreed action plan to address improvement opportunities and minimise identified risks was agreed. For example, it covered the need for the service to do more in the areas of accuracy of processing claims and interventions. The council also needed to set out what it would do to correct payments to customers and to help minimise further financial losses arising from payment errors.

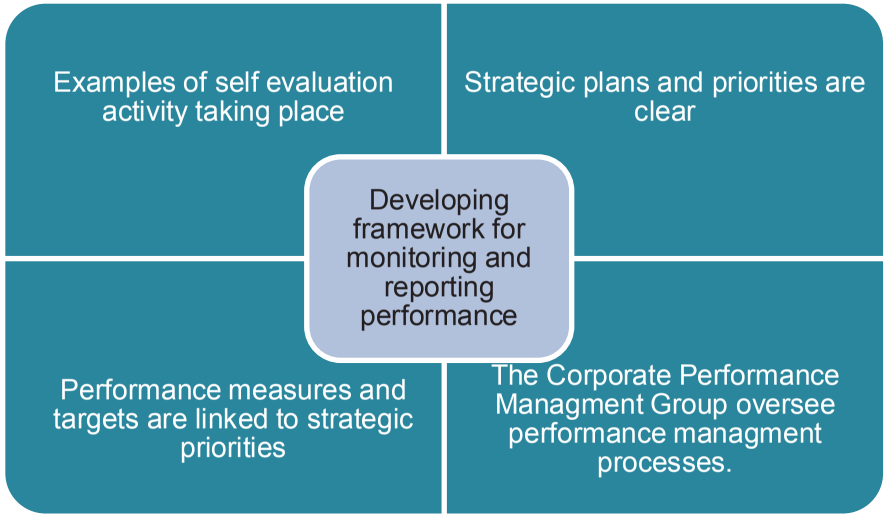
104. The Assistant Auditor General wrote to the council in December 2013, noting that performance of the council's housing benefits service overall continued to give cause for concern and that Audit Scotland would normally consider undertaking a focused audit with a formal report to the Accounts Commission. However, the council had engaged the Department for Work and Pension's Performance Development Team to review the processes for benefit administration and as this review was ongoing, it was decided not to proceed at that time. Instead a performance update by 31 July 2014 was requested and in August 2014, the chief executive was advised that as a result of the improvements made in performance, no further audit work was proposed. The impact of the changes on performance will be reviewed at the next routine performance audit risk assessment which will fall within a future cycle of scheduled reviews.

Outlook

105. Councils continue to face rising demands for services alongside managing major reforms.

106. There are to be major changes in councils' responsibilities for the investigation of fraud. The new Single Fraud Investigation Service (SFIS) is a national fraud investigation service within the Department for Works and Pensions which will take over the responsibility for the investigation of housing benefit frauds. The investigation of the Local Council Tax Reduction Scheme and corporate frauds will remain within councils. The SFIS will be implemented on a phased basis during the period July 2014 to March 2016. In many councils, this will involve the transfer of experienced staff from councils to the DWP. In Aberdeen, however, proposals are being prepared to retain existing investigators to cover the fraud work to be retained by councils.

Best value, use of resources and performance



107. Local authorities have a statutory duty to provide best value in those services they provide directly as well as those provided through agreements with Arm's Length External Organisations. This requires continuous improvement while maintaining a balance between quality and cost and having regard to value for money, equal opportunities and sustainability. There is also the duty to report performance publicly so that local people and other stakeholders know what quality of service is being delivered and what they can expect in the future.

Arrangements for securing Best Value

108. In the 2014 Assurance and Improvement Plan, the Local Area Network concluded that a Best Value follow up would be undertaken in winter 2014/15. The LAN felt it would be appropriate to consider improvement since the 2009 Best Value audit and, in particular, to determine whether performance has been managed and sustained against a backdrop of significant changes in leadership.

Use of resources

109. A Corporate Asset Management Plan was approved in February 2013. This overarching asset management plan is supported by a number of more detailed plans covering specific asset categories, such as property, roads and infrastructure and fleet. There are also service specific asset management plans in place for housing and environment and education, culture and sport.

110. In October 2013, the council approved a Strategic Infrastructure Plan which brings together all planned major projects within the city, including the development of Marischal Square and a replacement exhibition centre.

111. The council operates a central procurement unit (CPU) with Aberdeenshire Council. The CPU has seen steady improvement in its Procurement Capability Assessment score since 2010 increasing to 70 per cent in 2013, which is the second highest score in Scotland and significantly above the Scottish average of 55 per cent. A performance audit on procurement was reported in March 2014 and featured the CPU as an area of good practice.

112. A review of the risk management system within the council is in progress. Six separate components have been identified and one is being considered at each cycle of the Audit, Risk and Scrutiny Committee alongside a service risk register through to June 2015.

113. The council also has a strategic workforce plan covering the period 2013/14 - 2017/18.

Performance management

114. The council's performance management framework comprise mainly of an annual corporate report to members on progress with the council's Business Plan, covering a five-year planning cycle from 2013-18, and quarterly service performance reports going up to the relevant service committee. The council uses 'Covalent', an electronic platform to hold its performance scorecards, and the information contained therein is live and updated regularly. As highlighted in our interim report to the council in June 2014, the first annual progress report on the existing business plan presented to the council in December 2013 compiled a selection of performance indicators from across its various services. This report included the latest available result for each performance indicator but did not provide comparisons with previous periods and/or target figures to aid users in understanding and drawing conclusions on whether services were demonstrating improvement. Officers have advised us that future reports, the next is scheduled for December 2014, will include trend information.

115. In our interim report, we commented on the inconsistencies in performance information reported to committee both in terms of the frequency and currency of reporting and the comparative information used. Since our report, we note that quarterly performance reporting to members at service committee meetings is now more routine.

Refer Action Plan, Recommendation 4

116. Since March 2014, the Corporate Management Team has reviewed the council's performance using a performance dashboard and more recently, the Finance, Policy and Resources Committee was introduced to this management tool for reviewing the Corporate Governance Service indicators. It is intended that the use of dashboards will be rolled out across the council in due course. The dashboards should be accompanied by a covering report highlighting key issues for members' attention including proposed actions. In the spirit of

transparency and proper accountability, links to the dashboards should also be made available on the council's website to afford the public easy access to the most up to date information on performance of the various services of the council.

117. There is a dedicated section on the council's website called 'Aberdeen Performs' which is a repository of all performance information produced by the council ranging from its Corporate Business Plan and Service Plans, its Annual Reports to the public, its Statutory Performance Indicators and a link to the new Local Government Benchmarking Framework among others. We note however, that there is currently no link to the council's Community Plan/Single Outcome Agreement and the Service Plans page is under development. In addition, some of the Service Plans on the site are now out of date.

Refer Action Plan, Recommendation 4

118. We believe the council now has the building blocks required to deliver a more robust performance management and reporting system. It however needs to continue working on achieving consistency and maintaining the frequency and currency of reporting to members and the wider public.

Overview of performance targets in 2013/14

119. From a review of performance information, some of the indicators which demonstrated positive results are:

- percentage of tenants who have had repairs or maintenance carried out in the last 12 months satisfied with the repairs and maintenance service – 90.8% actual vs 80% target
- the number and proportion of the council's housing stock being brought up to the Scottish Housing Quality Standard by criteria – 89.12% actual vs 81.1% target.

120. The latest available SQA analysis is that for school year 2012/13 and provides analysis of the 11 measures of SQA attainment as at September 2013 (pre-appeals). On the whole, Aberdeen City's SQA results for 2013 show an improving trend but still behind its comparators authorities and national average for a majority of the indicators.

- 2 indicators, i.e. Results for "5+ and 1+ awards at SCQF level 6 or better by the end of S6" are both lower in 2013 compared to 2012
- 4 indicators - results have gone up or stayed the same but increase in national/comparator authorities' average is higher than Aberdeen City Council
- for the remaining 5 indicators - although the council's performance in 2013 is still below national/comparator authorities' average, results for the council had gone up from the 2012 equivalent figure and also the increase for the council is higher than the increase for Scotland

or comparator authorities' average.

121. The following is a selection of indicators which showed declining performance:

- the number of people aged 65+ receiving a service that are supported to stay at home reduced by 17% from 28.71% in the previous year to 23.78% for those clients receiving a service during evenings/overnight. This was identified by the service as due to a continuing shortage of qualified and experienced social care staff. Recruitment and retention within the social care sector in the North East has been a significant challenge and so securing care in the evenings and weekends make this even more challenging.
- the % of looked after young people and families at risk supported to stay together or in their own communities was 52.45% against a target of 66%. The council agreed the implementation of the Reclaiming Social Work model which is hoped to bring about a transformative change in the service delivery model with a wholesale restructure of the service. It was highlighted that this model has been proven elsewhere to have resulted in the reduction of the looked after population and children requiring child protection plans.
- the average number of days to re-let council dwellings was 71.5 days against a target of 37 days. The Housing and Environment Service reported that 2013/14 saw the poorest performance in void rent since 2006/07 losing 1.68% of rent due to void properties, or £1.3m of rental income lost. The service has acknowledged that results are concerning and are working to address the key issues. For example, the council has a number of hard to let properties which can take in excess of a year to relet and this has skewed results. The council also faces challenges in recruiting and retaining sufficient tradesmen to cover the necessary work required to be undertaken before reletting properties.
- the percentage of housing applications processed within 28 days of receipt is 64.8% against the target of 84%. This is a fall from the previous year when 77.7% of applications were processed within target.
- homelessness case management – The average length of homeless journey (from presentation to discharge of duty) was 127.7 days for the year on average (against a target of 100), 14.2 days more than last year. The Service has reported that the closing of historic cases where no statutory decision was made has distorted the journey time. However, officers have advised that in respect of the Scottish Housing Best Value Network benchmarks, the council was the 5th best performer at 20 weeks to close a case compared with the worst case at 68 weeks.

- % urgent roads repairs undertaken within target timescale was 49.3% against a target of 100%. The service highlighted that this is down by 20% from the previous year end and they also confirmed that this is not acceptable.

Refer Action Plan, Recommendation 5

Statutory performance indicators

122. The Accounts Commission has a statutory power to define performance information that councils must publish locally and it does this through its annual Statutory Performance Information Direction. Since its 2008 Direction, the Accounts Commission has moved away from specifying individual indicators and has focused on public performance reporting and councils' requirement to take responsibility for the performance information they report.

123. The audit of Statutory Performance Indicators in 2013/14 is a two stage process. The first stage requires auditors to ascertain and appraise councils' arrangements for public performance reporting and the completion of the Local Government Benchmarking Framework (LGBF) indicators. This focuses on three statutory performance indicators (SPIs) namely :

- SPI 1: covers a range of information relating to areas of corporate management such as employees, assets and equalities and diversity
- SPI 2: covers a range of information relating to service performance
- SPI 3: relates to the reporting of performance information as required by the Local Government Benchmarking Framework.

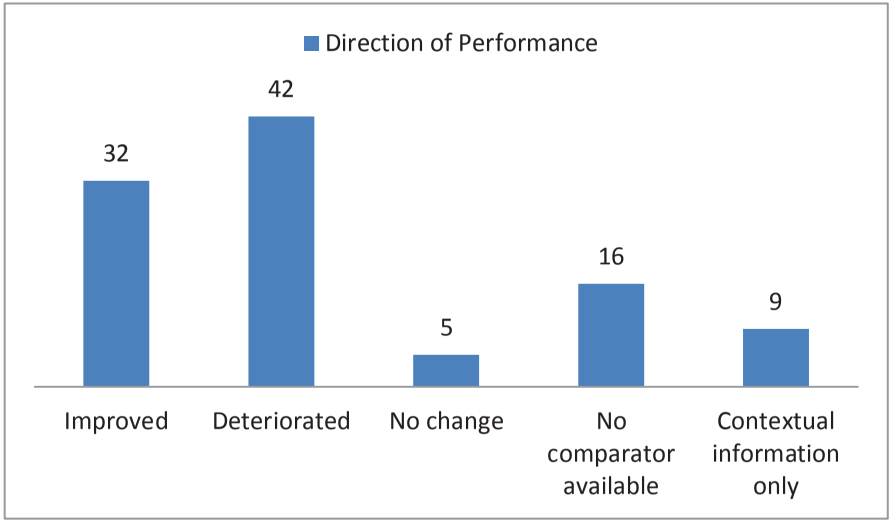
124. The second stage involves an assessment of the quality of the information being reported by the council to the public. An evaluation of all Scottish Local Authorities' approaches to public performance reporting (PPR) has been carried out by Audit Scotland's Performance Audit and Best Value section, the results of which were reported to the Accounts Commission in June 2014. The outcome of each individual assessment was also reported to back to the relevant council. These highlighted the extent to which their PPR material either fully, partially or did not meet the criteria used in the evaluation. The results for Aberdeen were mixed, with 48% fully, 43% partially and 9% not meeting the criteria. A further evaluation of councils' approaches to PPR is due to be carried out by Audit Scotland in spring 2015.

125. The council has produced a total of 104 indicators covering SPI's 1 and 2 for 2013/14. These were in the main the same as last year's SPIs with the exception of a few indicators which will be reported as part of the LGBF indicators in an effort to streamline reporting of indicators. SPI 3 indicators will only be

available in November 2014. The suite of indicators is expected to be reported to the council in December 2014.

126. A summary of the council's Statutory Performance Indicators for 2013/14 compared with 2012/13 is set out in Exhibit 11.

Exhibit 11 – Direction of Performance 2012/13 - 2013/14



Source: Audit analysis of council's SPIs

127. Among the 42 indicators which showed a deterioration in performance from last year are:

- average number of days to process new benefit claims was 38.12 (27.07 in 2012/13)
- right time indicator – average time taken to process all new claims and changes in housing benefit/council tax benefit was 25.66 (17.69 in 2012/13)
- average number of days to process changes in circumstances was 22.41 (15.28 in 2012/13)
- percentage of all street light repairs completed within 7 days was 69.63% (86.18% in 2012/13)
- pothole repairs – 79.2% (86.5% in 2012/13)
- average time (weeks) to deal with planning applications for major developments was 75.9 (64.7 in 2012/13)
- average time (weeks) to deal with planning applications for local developments was 16.2 (12.3 in 2012/13).

128. Examples of indicators where performance has improved are:

- total number of attendances at other indoor sports and leisure facilities excluding pools in a combined complex was 1.735m (1.611m in 2012/13)
- number of affordable houses developed was 266 (157 in 2012/13)
- proportion of offenders with supervision seen within 5 working days was 80.65% (65.44% in 2012/13)
- percentage of offenders with unpaid work who attended their first work placement within 7 working days of date of order was 42.38 (22.08 in 2012/13).

Assurance and improvement plan 2014-17

129. The Assurance and Improvement Plan (AIP) covering the period 2014 to 2017 is the fifth AIP for Aberdeen City Council prepared by the Local Area Network (LAN) of scrutiny partners for the council since the introduction of the shared risk assessment process. The AIP including a scrutiny plan was published on Audit Scotland's website and was considered by the Audit and Risk Committee on 26 June 2014. The following paragraphs provide an update on the activities included in the scrutiny plan.

130. The LAN concluded that Best Value follow up activity would be appropriate in winter 2014/15. An initial meeting of the Best Value audit team and the chief executive took place in October 2014 to discuss the potential scope and timing of the audit in early 2015.

131. In May 2014, we reported our findings from follow up work carried out in respect of the Accounts Commission's 2011 report 'Arm's-Length External Organisations: Are you getting it right?' (the 2011 report). In particular, we highlighted the governance hubs as an example of good practice once embedded.

132. In February 2014, a series of governance hubs were introduced which established a group of officers within each relevant service to consider performance information in respect of group companies and ALEOs. Overall responsibility for scrutiny of performance falls within the revised remit of the Audit, Risk and Scrutiny Committee. While the framework for the hubs was agreed in February 2014, it has taken longer than anticipated for the council to commence a cycle of meetings which began in summer 2014.

133. In most aspects of the follow up exercise, we considered previous practice to be 'basic and better' but once the governance hubs are operational and the new arrangements are embedded, they will meet the 'advance practice' criteria set out in the study methodology. The new arrangements should strengthen accountability for public money where service delivery has been transferred to an external body.

134. The Care Inspectorate's review of children's services is currently in its fieldwork phase. They plan to report their findings in January 2015.

Performance audit reports

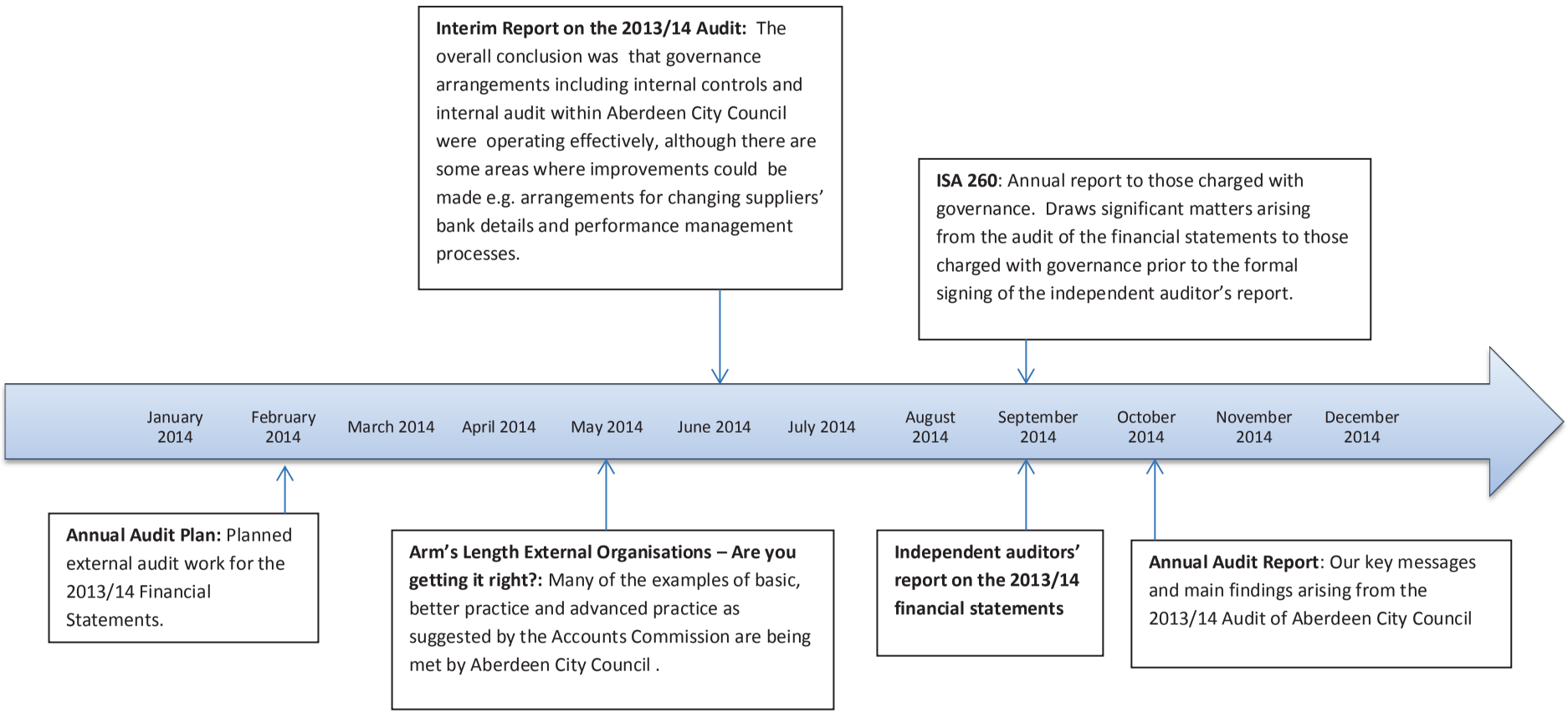
135. Audit Scotland carries out a national performance audit programme on behalf of the Accounts Commission and the Auditor General for Scotland. Nine reports were issued in 2013/14 as set out in Appendix II.

136. In Aberdeen, a report highlighting the council's response to performance audit reports published in 2013 was considered by the Audit and Risk Committee in May 2014. The committee agreed that future study reports should be reported to the relevant service committee and that the Audit and Risk Committee should be provided with a summary of the actions agreed by those service committees.

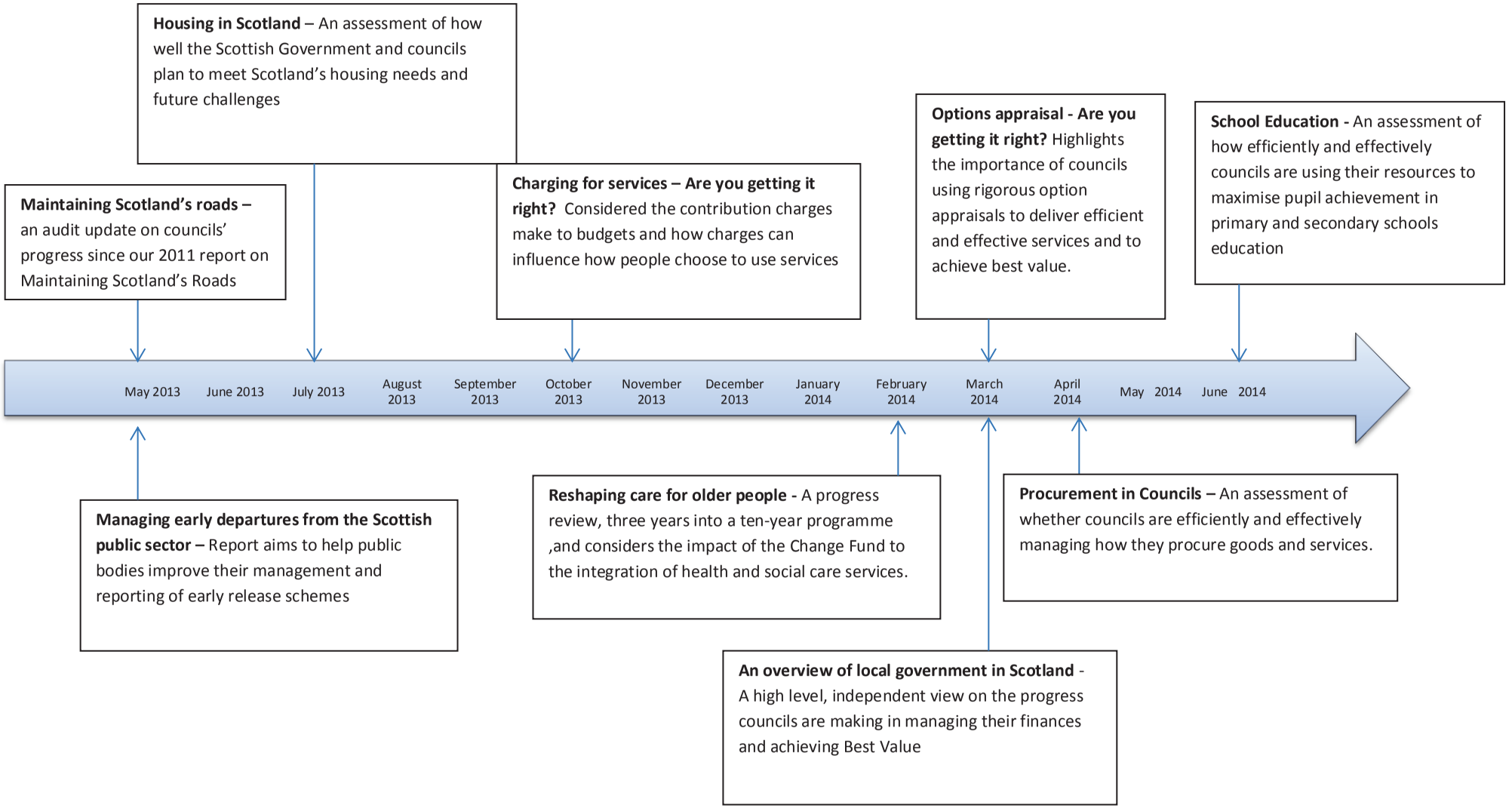
Outlook

137. In common with other councils, Aberdeen City Council faces the key challenges of increasing cost pressures, an aging population with higher levels of need and the public expectation of higher quality services. Savings have been made in recent years largely by managing staff vacancies. However as choices on how to address funding gaps becomes increasingly difficult, councils will have to focus on making the best use of all available resources and to challenge existing ways of doing things. A more effective performance management framework will assist the council in its decision making.

Appendix I – Summary of Aberdeen City Council local audit reports 2013/14



Appendix II – Summary of Audit Scotland national reports 2013/14



Appendix III – Significant audit risks

The table below sets out the key audit risks identified at the planning stage and how we addressed each risk in arriving at our opinion on the financial statements.

Audit Risk	Assurance procedure
Provisions There is a risk that the council is subject to further clawback by the DWP which may impact on the level of provision carried in the financial statements. Conversely, the ongoing need for any equal pay provision should be demonstrated. ***Risk: provisions do not meet the criteria set out in the financial reporting standard***	• Early reporting to officers of findings from substantive testing of Housing Benefit cases as part of the HBCount methodology. This information was used to assess the reasonableness of the provision included in the financial statements. • Assumptions and estimates used by the council in calculating the level of provision required was considered and assessed.
Group entity changes There is a risk that changes in the group structure will not be properly disclosed in either the single entity or group accounts.	• A review was undertaken of the arrangements in place to establish Bon Accord Care and to gain an understanding of the services, assets and liabilities transferred across in summer 2013. Bon Accord Care and Bon Accord Support Services were set up as subsidiaries of the council and needed to be accounted for as part of group accounts. The Code did not require any additional disclosures in the accounts to reflect the transfer itself. • An early review of guidance was undertaken to identify the impact on group accounts of the transfer of police and fire services to central government. The transfer took place on 1 April 2013 and therefore prior year figures did not need to be restated although additional disclosures could be included in the accounts.

Audit Risk	Assurance procedure
Aberdeen Exhibition and Conference Centre The land transfer and debt write off are material transactions and due to their non-routine nature may not be correctly recorded in the financial statements. ***Risk: there may be material misstatement in asset values and/or title to assets cannot be confirmed.***	• Associated technical and legal documentation including valuations were reviewed to understand the transactions which took place and confirm the reasonableness of the treatment within the council's group accounts and the entity accounts for Mountwest and Aberdeen Exhibition and Conference Centre.
Capital investment Projects The council has a number of complex projects which will require careful consideration to ensure compliance with the Code. **Risk*: signif*icant *transactions are not treated correctly in the financial statements leading to potential material misstatement in the results.***	• A watching brief is being maintained on the council's significant projects e.g. AWPR and Marischal Square. This included a review of associated documentation and discussion with officers. • Audit Scotland requested auditors to undertake targeted follow up work in respect of the performance audit study on Capital Investment. This work is nearing completion and will be reported in December 2014.
Budget savings and financial pressures There is a risk that expenditure is not contained within available resources and that the necessary efficiencies are not secured to meet the estimated shortfall. **Risk: *there is an adverse impact on service provision and performance.***	• As a routine part of the audit, ongoing monitoring of financial plans, assumptions and estimates was carried out. The story of the council's financial position for the year was brought together earlier within this report.

Audit Risk	Assurance procedure
Group governance A new framework is being implemented which will provide scrutiny and accountability at different levels in the organisation. **Risk**: ***framework fails to have the necessary impact in practice.***	• The new arrangements were monitored as they evolved during the year and have been set out as a good practice example, in our report covering the findings arising from the targeted follow up work we completed, in relation to the performance audit ALEOs report.
ICT environment Important action needs to be taken to ensure a server hosting solution is secured and that the council continues to comply with cabinet office requirements for public service networks. **Risk: *major disruption to service delivery if these arrangements fail.***	• Discussions were held with officers and documentation reviewed to provide us with a position statement in each of these significant areas i.e. the council's server hosting contract and its compliance with Cabinet Office requirements for access to the public service network.

Appendix IV – Action plan

Action plan point/page	Issue, risk and recommendation	Management action/response	Responsible officer	Target date
1/18	**Financial position** The council has a significant task ahead in meeting the funding gap set out in its 5 year business plan. ***Risk: the ongoing need to deliver savings may have an adverse impact on services and the delivery of strategic priorities.*** Recommendation: the council continues to monitor progress in delivering savings in agreed budget areas and taking early action where necessary.	The council's rigorous approach to financial planning and the Corporate Management Team's regular review of savings performance provides a robust framework with which to monitor the delivery of savings.	Head of Finance, in conjunction with the Corporate Management Team	Update position in February 2015
2/23	**Local Authority Trading Company for Adult Social Care Services (Bon Accord Care)** The local authority trading company commenced services to elderly adults through care homes and care at home services in August 2014 but formal scrutiny of performance information on the delivery of those services has just commenced. ***Risk: services are not being delivered in line with council's expectations.*** Recommendation: Scrutiny arrangements agreed by the council should be implemented to ensure that performance targets and agreed efficiency measures are being met.	Membership of the Shareholder Scrutiny Group and the schedule of meetings have been agreed. The first meeting is scheduled for November 2014.	Transitional Director	First meeting November 2014. Will be reviewed as it evolves.

Action plan point/page	Issue, risk and recommendation	Management action/response	Responsible officer	Target date
3/24 - 25	**Integration of adult health and social care** The arrangements for establishing the integration Joint Board are currently on schedule and should gather pace with the appointment of the chief officer. The council needs to continue to build effective relationships with NHS Grampian to ensure delivery of the integration timetable. ***Risk: the statutory timetable for introduction of the Joint Board is not met.*** Recommendation: regular communication and engagement should continue between the Transitional Leadership Group/Shadow Joint Board, the chief executive and the Education and Children's Services Committee to ensure momentum is maintained.	Both parties will continue to work together to deliver the integration agenda.	Chief Officer (Health and Social Care Integration)	1 April 2015 for Shadow Board

Action plan point/page	Issue, risk and recommendation	Management action/response	Responsible officer	Target date
4/28 - 29	**Performance management** We reported inconsistencies in the performance information reported to committee both in terms of frequency and currency of reporting and the comparative information used. We also reported that 'Aberdeen Performs' should be updated with information to assess how the council, its partners and services are performing. ***Risk: Poor performance is not promptly identified and corrective action cannot be taken timeously. Public performance reporting is not easily accessible for users.*** Recommendation: Performance reports, both council wide and at service level, should be presented timeously with comparable information to improve overall scrutiny and public performance reporting.	The Corporate Performance Management Group is reviewing performance reporting and will make recommendations as required.	Community Planning & Corporate Performance Manager	March 2015

Action plan point/page	Issue, risk and recommendation	Management action/response	Responsible officer	Target date
5/30 - 31	**Housing/homelessness and Roads** Our review of performance information identified specific areas where performance is below target. The time taken to re-let properties was almost double the target number of days, the number of days to support a homeless case continued to increase and urgent road repairs completed within timescales have dropped significantly against the previous year. ***Risk: performance remains low, the council's strategic objectives are not met and service users are not receiving a proper service.*** Recommendation: The reasons for poor performance need to be addressed as a high priority with regular monitoring by officers and members to ensure good progress is made.	**Relets** Where appropriate properties have been upgraded to SHQS standard between lets. While this has extended the vacant period, it has also minimised tenant disturbance. On target for full SHQS compliance by 2015. There are a number of hard to rent properties which have skewed the results Recruiting and retaining sufficient tradesmen to meet the demand of void repairs has proved difficult in Aberdeen's buoyant economy. Plans are in place to reallocate resources from other jobs to prioritise voids. Longer term, the council has a 'Housing for Varying Needs' Strategy which is aimed at making more effective use of sheltered housing complexes which currently have little or no demand. **Homelessness** In addition to the impact of voids, there is ongoing pressure on availability of bet-sit and one bedroom apartments. These continue to be closely monitored.	Director of Community and Infrastructural Services	Already in operation and will be regularly monitored

Action plan point/page	Issue, risk and recommendation	Management action/response	Responsible officer	Target date
		Roads Overall performance dropped significantly due to sickness absence and plant failures. In addition, there was an increase in reported faults. We have restructured the squads and taken on additional staff to provide a 24/7, 365 day response team. This squad will be trained to carry out all repairs although it is expected to take 12-24 months before they will be fully trained. We believe this will ultimately provide improved service delivery In order to have more useful and meaningful measurement of performance, new seasonal targets have been established for the % of repairs carried out within the required timescales, which take into account holiday periods and the time of year. These will be further modified as the Response Team takes over the maintenance role.	General Manager Operations / Roads Operations Manager Communities, Housing and Infrastructure	Already in operation and will be regularly monitored

ABERDEEN CITY COUNCIL

COMMITTEE	Audit and Risk Committee
DATE	20 November 2014
OWNER OF PAPER	David Brown, Chief Internal Auditor
TITLE OF REPORT	Implementation of recommendations relating to Internal Audit, External Audit and other investigations for 1 August 2014 to 30 September.

1. PURPOSE OF REPORT

To update Audit and Risk Committee Members on the progress on implementing Internal Audit, External Audit and other investigations recommendations included within reports previously approved by the Audit and Risk Committee. This report focuses on:

- Internal Audit, External Audit and other investigations recommendations due for implementation prior to 30 September 2014

2. RECOMMENDATION(S)

Members are asked to consider this report and request actions or explanations as appropriate.

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

See Appendix A for summary of overdue internal audit recommendations and explanations for progress and revised timescale for implementation.

See Appendix B for a summary of overdue external audit and other investigations recommendations and explanations for progress and revised timescale for implementation

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.

8. REPORT AUTHOR DETAILS

David Brown
Chief Internal Auditor – Aberdeen City Council
david.brown@uk.pwc.com
07725 704549

1. Summary Findings - recommendations from Internal Audit

1.01 The table below summarises the internal audit reports where recommendations were due for implementation prior to 30 September 2014.

1.02 The total due at 30 September 2014 includes those recommendations that were open as of our last report at 31 July 2014 and those due to be implemented in the period between the 1 August 2014 and 30 September 2014.

1.03 The 'open' recommendations are all those recommendations with an original target implementation date prior to 30 September 2014. This includes those recommendations where a revised target date for implementation has been communicated to Committee. Please refer to Appendix A for a detailed listing of all open recommendations.

Title	Date Issued	Total Due at 30 Sept	Closed	Open
Lone Workers Review	Mar-13	4	0	4
Homeless Targets	Jan-13	3	3	0
Self-Directed Support Arrangements	Sep-14	1	1	0
Arm's Length Organisations	Apr-13	3	0	3
Fraud Governance Arrangements	Sep-13	2	2	0
Contract management arrangements within Social Care & Wellbeing	Jan-14	1	0	1
Corporate Travel System	Oct-13	3	1	2
Key Invoicing Controls within the Building Services Department	Jul-13	4	3	1
Fleet Management	Feb-14	1	0	1
Following the Public Pound Arrangements	Jan-14	4	4	0
Aberdeen Western Peripheral Route	May-14	1	0	1
IT Third Party Management	Apr-14	1	1	0
Roads Reinstatement by Utility Companies	May-14	3	1	2
Sourcing and Management of Agency Staff	Jun-14	3	0	3
Car Parking and Bus Lane Enforcement	Sep-14	3	2	2
Complaints Handling	Sep-14	2	2	0
Flooding and Coastal Risk Management	Sep-14	3	3	0
IT Security (Network and Perimeter)	Sep-14	1	0	1
Private Sector Housing	Jun-14	1	1	0
Total		**44**	**24**	**20**
Percentage of Total			**55%**	**45%**

1.04 On request from the Audit and Risk Committee Chair, an analysis of revised target dates has been performed:

Revised Target Dates	Number of Open Recommendations
Between 2-6 months after original due date	7
Between 7-12 months after original due date	6
Between 13-17 months after original due date	6

*please note, this analysis does not include the one recommendation which is marked as "on-going"

2. Summary Findings - recommendations from External Audit and other investigations

2.01 The table below summarises the recommendations relating to External Audit and other investigations which were due for implementation at the time of compiling this report:

- UK Information Commissioner's Office (ICO) Audit of the Council's Data Protection Arrangements (published in June 2013); and
- Audit Scotland Interim Report 2013/14 (published June 2014).

2.02 An update relating to the recommendations of the Regulation of Investigatory Powers (Scotland) Act 2000 (RIPSA) report (which was presented at the Audit and Risk Committee in September 2014) will be included within the next follow up report presented in February 2015. The associated Action Plan is included within Audit Scotland's "Annual Report on the 2013/14 Audit" which is presented at this meeting.

2.03 Please refer to Appendix B for a detailed listing of all open recommendations.

Title	Date Issued	Total Due	Closed	Open
UK Information Commissioner's Office (ICO) Audit of the Council's Data Protection Arrangements	Jun-13	18	2	16
Audit Scotland Interim Report 2013/14	Jun-14	8	5	3
Total		**26**	**7**	**19**
Percentage of Total			**27%**	**73%**

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Appendix A

Status of outstanding internal audit recommendations

Detailed commentary – open recommendations

Item No.	Report Title	Report Issued Date	Recommendation and Risk Rating of Finding	Responsible Officer and Action Due Date	Responsible Officer Update
1	Arm's Length Organisations	Apr-13	**Risk Rating: Medium** Establishing terms and conditions is an important means of influencing ALEOs to ensure the needs of the Council are met. Accordingly, there is a need to monitor the position and take appropriate action as required to ensure contractual obligations are met. The Council will revisit the contractual arrangements with each ALEO and ensure they reflect the key requirements of the Councils own "Following the Public Pound" document. Any arrangement will clearly define criteria for the council withholding its funding, or for terminating its relationship with the ALEO.	Corporate Accounting Manager 30-Sep-13	The funding agreements for each of the ALEO's have been reviewed and gaps have been identified that require to be revised to comply with the Council's Following the Public Pound code of practice. Further consideration of the funding agreements has meant that all are not yet revised, for example Sport Aberdeen's agreement will be undertaken once ASV's is complete - ASV's expected to be finalised by the end of December 2014. **Revised Target Date:** 31-Dec-14

Item No.	Report Title	Report Issued Date	Recommendation and Risk Rating of Finding	Responsible Officer and Action Due Date	Responsible Officer Update
2	Arm's Length Organisations	Apr-13	**Risk Rating: High** The Council will put in place reporting arrangements whereby the scrutiny of each ALEOS performance is in the context of its financial performance, service performance, achievement of objectives, risk and contract compliance. A standardised reporting arrangement will be followed for all ALEOs to ensure the following key areas are captured: • Financial Performance and Going Concern; • Performance against KPIs; • Contractual Performance; and • Consideration of management of individual ALEO corporate risks. Representation at a senior level from each ALEO will be formally requested to attend Audit and Risk Committee (at least annually) to discuss ALEO performance, risk management arrangements the future strategies of their organisations and how the ALEO contributes to the achievement of its own strategic objectives and single outcome agreement and this requirement will be built into any SLA between the council and the ALEO.	Corporate Accounting Manager 30-Sep-13	At the last meeting of the Council there was performance reporting in relation to Bon Accord Care. Since then a review of the governance arrangements of Bon Accord Care has been undertaken and will be reported to the Shareholder Scrutiny Group on 20 November and regular reports will follow each cycle. Reporting on the arrangements across the other organisations will be completed for the next meeting of Audit and Risk Committee. **Revised Target Date:** 28-Feb-15

Item No.	Report Title	Report Issued Date	Recommendation and Risk Rating of Finding	Responsible Officer and Action Due Date	Responsible Officer Update
3	Arm's Length Organisation	Apr-13	**Risk Rating: Medium** 1. Management will ensure that any Funding and Service Provision Agreement outlines the requirement that individual ALEOs must have risk management processes in place to identify, assess and mitigate risks. 2. A risk management framework, established by the individual ALEOs, will be reviewed by the Council to confirm its adequacy, with regular reporting on the status and management of individual ALEO high rated corporate risks reported to Council. 3. In addition, the Council will maintain its own risk register that identifies, assesses and manages its key risks relating to its funding of individual ALEOs and the services they provide.	Director of Corporate Governance 31-Dec-13	1. This will be confirmed as part of the reviews identified under item 2 above; 2. A risk management framework has been established; and 3. The Council does maintain its own risk register and once the assessment and findings have been collated by the Governance Hubs then it is expected that specific risks for the Council will be included where appropriate. **Revised Target Date:** 31-Dec-14

Item No.	Report Title	Report Issued Date	Recommendation and Risk Rating of Finding	Responsible Officer and Action Due Date	Responsible Officer Update
4	Aberdeen Western Peripheral Route	May-14	**Risk Rating: Low** ACC should identify any bespoke risks arising from the project for inclusion in its corporate and directorate risk registers.	AWPR Managing Agent Ongoing	There has been no change and nothing specific to report since the last update to Committee and the audit was carried out in May 2014. The project is still going through its procurement phase and for this reason I am limited in what I am able to share at this moment in time. From a budget perspective, the Council's funding contribution for the delivery of the project is agreed. Throughout the procurement, key project specific risks are being shared with the Council's representative (Head of Service, Dr Margaret Bochel, Planning & Sustainable Development) who sits on both the Project Review Group and Project Board, along with the Chief Executive at the Project Board. The project is moving towards a financial close (award of contract) anticipated later this calendar year. At that time or soon after, I shall have access to the project's construction programme as planned by the Preferred Bidder. Following the formal award of contract, I would then propose reviewing the project's construction programme to determine what bespoke project risks exist that would merit inclusion within the Council's Corporate and Directorate risk registers. **Revised Target Date:** Ongoing

Item No.	Report Title	Report Issued Date	Recommendation and Risk Rating of Finding	Responsible Officer and Action Due Date	Responsible Officer Update
5	Corporate Travel System	Oct-13	**Risk Rating: Medium** The Corporate Travel Section should ensure that: • Travel Application Forms are authorised by a claimant's line manager prior to payment, with the documented guidance notes amended to expressly state that forms should be signed by staff of a higher grade than the claimant, or in the case of directors another director. • Where overnight spend limits are exceeded, authorisation is obtained from the respective traveller's line manager and evidenced on file along with justification. • Management should consider automating the Travel Application Form completion and approval process to reduce the level of manual error. This could involve delegated authorities whereby notifications are sent to the appropriate personnel to authorise TAFs that have been submitted.	Service Accounting 30-Apr-14	The first two points were completed in May 2014. The automation of the travel application process is under development in consultation with HR. Estimated implementation date March 2015. **Revised Target Date:** 31-Mar-15
6	Corporate Travel System	Oct-13	**Risk Rating: Low** Management of the Corporate Governance Service should, in conjunction with the Central Procurement Unit, consider establishing contracts for items of travel expenditure to secure best value pricing.	Service Accounting 30-Apr-14	Continued progress is being made. A Scotland wide focus group met regarding a framework agreement for travel partners. Finance and procurement are continuing to work jointly on this action. There is still an estimated target date of March 2015. **Revised Target Date:** 31-Mar-15

Item No.	Report Title	Report Issued Date	Recommendation and Risk Rating of Finding	Responsible Officer and Action Due Date	Responsible Officer Update
7	Fleet Management	Feb-14	**Risk Rating: Low** Licence information should be input directly into Tranman and set-up to be regularly checked with DVLA. This will provide give greater comfort that infractions will be highlighted early and allow FM to monitor that driver qualifications are suitable for their role.	Fleet Manager 30-Jun-14	Discussions are ongoing with Central Procurement, and a joint procurement has been discussed with Aberdeenshire Council, to purchase a service providing DVLA data. **Revised Target Date:** 28-Feb-2015
8	Lone Workers Review	Mar-13	**Risk Rating: Medium** Procedures should be put in place to ensure that lone workers whose visits extend after the end of the working day can report when they have completed their work, and that action is taken if they fail to do so. For example, management may consider it appropriate for staff to report to team leaders, to nominated colleagues on a rota basis, or to the Out of Hours service.	Social Care & Wellbeing Senior Management Team 31-Sep-13	This element is covered within the Lone Working Policy for SC&W, which has been approved by the SC&W Senior Management Team. The policy will be presented to the December Education and Children's Services Committee. **Revised Target Date:** 02-Dec-14
9	Lone Workers Review	Mar-13	**Risk Rating: Medium** Staff should only visit a client alone if they can confirm on CareFirst that there is no such warning marker, or if professionals will be present from other services. A process should be put in place to allow CareFirst to be checked when not in an ACC office, for example by contacting the team leader, and to ensure warning markers are checked prior to system maintenance commencing overnight.	Team Manager (Performance Management) 31-Sep-13	This element is covered within the Lone Working Policy for SC&W, which has been approved by the SC&W Senior Management Team. The policy will be presented to the December Education and Children's Services Committee. **Revised Target Date:** 02-Dec-14
10	Lone Workers Review	Mar-13	**Risk Rating: Medium** A framework should be created to allow a risk assessment of what equipment is required for each team within SC&W in relation to lone working and this framework should be used consistently across the service. A minimum level of equipment should be identified for all lone workers, which may include panic alarms.	Social Care & Wellbeing Senior Management Team 31-Sep-13	This element is covered within the Lone Working Policy for SC&W, which has been approved by the SC&W Senior Management Team. The policy will be presented to the December Education and Children's Services Committee. **Revised Target Date:** 02-Dec-14

Item No.	Report Title	Report Issued Date	Recommendation and Risk Rating of Finding	Responsible Officer and Action Due Date	Responsible Officer Update
11	Lone Workers Review	Mar-13	**Risk Rating: Medium** SC&W management should agree policies and procedures for assessing whether situations are suitable for lone working and for managing the risks involved. These should then be made available to the relevant staff members. There should be a standard template for teams to assess and record the risks relating to lone working to aid consistency.	Social Care & Wellbeing Senior Management Team 31-Sep-13	This element is covered within the Lone Working Policy for SC&W, which has been approved by the SC&W Senior Management Team. The policy will be presented to the December Education and Children's Services Committee. **Revised Target Date:** 02-Dec-14
12	Key Invoicing Controls within the Building Services Department	Jul-13	**Risk Rating: High** The importance of returning goods received notes will be re-communicated to staff. Management will also review the process used by Tradesmen and Surveyors to ensure that this action is fully completed. Management will develop a report (or utilise a current report e.g. negative stock report, if deemed appropriate) to allow missing goods received notes to be monitored. Building Services will take management action if staff are repeatedly not returning goods received notes.	Contract Manager 31-Jan-14	The importance of returning goods received notes has been be re-communicated to staff. Management have reviewed the process used by Tradesmen and Surveyors to ensure that this action is fully completed. A business case has been written to establish an Assistant Contract Manager who will take on the responsibility of reviewing the negative stock report and the management action for not returning goods received notes. Update 3/11/14 Building Services are currently recruiting an Assistant Contract Manager who will take on the responsibility of reviewing the negative stock report and the management action for not returning goods received notes. **Revised Target Date:** 31 January 2015

Item No.	Report Title	Report Issued Date	Recommendation and Risk Rating of Finding	Responsible Officer and Action Due Date	Responsible Officer Update
13	Roads Reinstatement by Utility Companies	May-14	**Risk Rating: Medium** 1. Management should implement a process whereby inspections are formally scheduled throughout the year and progress is monitored by the Team Leader. 2. Management should perform a cost benefit analysis for Aberdeen City Council to understand if increasing the number of inspections would result in improvements in the whole life of the asset.	Team Leader, Street Occupations 1. 31-May-14 2. 30-Sep-14	The first recommendation has been actioned. The staff has been apprised of the report findings and accordingly, with the additional inspector now in place for the full financial year, the category A samples that have caused target problems are being given more focus. (Note the inspections for this category had averaged 39% more inspections than was required, however, the nature of this inspection relies on the Utility being on site within a window of up to three days thus the site inspection might not find an active presence and hence the statistics suggest fewer inspections when in fact more were carried out but are not recognised in the system as an inspection and are recorded as aborted, thus the efforts of the inspector show a distorted shortfall on the target figures). A more focussed effort is in place with the emphasis on category 'A' inspections and the targets are now being achieved. Contact can be made with the noted source on the Symology system for more accurate dates of the Utility activity; however this does remove the surprise spot inspections that might otherwise find defects in the signing and guarding of the works. The current results are reported to the Team Leader on a monthly basis to allow closer monitoring of the inspections. The second recommendation from the finding is still to be evaluated and is under discussion. **Revised Target Date:** 31 March 2015

Item No.	Report Title	Report Issued Date	Recommendation and Risk Rating of Finding	Responsible Officer and Action Due Date	Responsible Officer Update
14	Roads Reinstatement by Utility Companies	May-14	**Risk Rating: Low** The Roadwork's Coordination Unit should work alongside Finance to develop a process whereby Fixed Penalty Notices (FPNs) can be monitored and tracked for bad debt purposes.	Team Leader, Street Occupations 30-Sep-14	We are starting to print out the current list of FPN's and compare this with those paid through the finance ledger, this is a manual process for which we are looking for an electronic solution currently the finance and the Symology systems do not speak to one another. Unfortunately there is currently no easy solution to this. **Revised Target Date:** 31 March 2015

Item No.	Report Title	Report Issued Date	Recommendation and Risk Rating of Finding	Responsible Officer and Action Due Date	Responsible Officer Update
15	Contract Management Arrangements within Social Care & Wellbeing	Jan-14	**Risk Rating: High** Contracts should be in place for all services procured. Where a service has not been tendered, a clear rationale and support for this decision should be retained as evidence, and be complete and easily accessible. Where a Committee approves a contract extension, this should always be followed up with the agreement and formalisation of a contract. Where a contract expires, that is yet to be tendered or the contract extension in place a clear protocol should be in place, which considers how the service manages any risks to the Council, including an approvals process, whilst continuing to provide the service.	Social Care & Wellbeing Service Manager 31-Jan-14	The Contract Register for Social Care and Wellbeing has been reviewed and updated although this is an ongoing task. Services where contracts are required have been prioritised in terms of contract value and risk to continuing service delivery. The resulting work plan for 2014/15 was approved at the June Committee. Regular updates on progress against this will be monitored on an ongoing basis within the team through normal management arrangements and will be reported to SCWB SMT. The latest progress report indicates that 42 contracts have been put in place since April 2014 as well as the framework for Learning Disabilities being awarded. Work is progressing in another 16 areas which should see contracts in place by 31st December 2014. The second phase of the restructure was approved at Council on 20th August 2014 and the SCWB Commissioning and Contracts team has now transferred to the remit of the Head of Commercial and Procurement Services. The team will adopt the already well-established protocols within the Procurement Team for ensuring that there is an ongoing rolling programme for contract renewal. **Revised Target Date:** 31-Dec-2014

Item No.	Report Title	Report Issued Date	Recommendation and Risk Rating of Finding	Responsible Officer and Action Due Date	Responsible Officer Update
16	Sourcing and Management of Agency Staff	Jun-14	**Risk Rating: High** Approval process: • Management will remind all administrative staff involved in sourcing agency staff to only do so once an appropriately authorised request form has been received, in line with Council procedures. • Hiring Managers will be reminded to only source staff through the proper channels, with direct contract with agencies not being allowed. • The current procedure will require more rationale to be given for an extension to a position which has been filled by an agency worker for 24 weeks. The Hiring Manager will be required to present a business case to justify that this is indeed a temporary vacancy and not one which is able to be filled through other means. The business case presented will be approved by the Head of Service or Service Director before being processed. Agency workers employed past 24 weeks: • The Council's legal service will perform an assessment over agency posts that have passed 24 weeks (including those that agency companies have provided who are self-employed) to determine whether in 'substance over form' these employees could be viewed by a Court as being permanent employees.	Heads of Service Head of Legal and Democratic Services 31-Jul-14	No further update since last Committee. The approval process has been reiterated to the H&E administrative team and H&E hiring managers and the appropriate authorised request form has been circulated. This was done through an email on the 7 July 2014. An update to the procedures will be implemented to require more rationale to be given for an extension to a position that has been filled by an agency worker for 24 weeks. **Revised Target Date:** 31-Dec-14

Item No.	Report Title	Report Issued Date	Recommendation and Risk Rating of Finding	Responsible Officer and Action Due Date	Responsible Officer Update
17	Sourcing and Management of Agency Staff	Jun-14	**Risk Rating: Medium** Management will ensure that more detailed planning is given to assess the agency staff that will be required under bulk orders, providing more accurate details on volume of hire or expected spend when placing requests. These requests will then follow the same process as detailed in Recommendations 3.01. As with individual agency staff, for bulk order workers, detailed records will be kept detailing information including name, job type, skill set and place of work.	Hiring Managers 31-Jul-14	No further update since last Committee. The process for requesting bulk orders has now been changed so that every four weeks the appropriate Head of Service receives the estimated cost for the bulk order before they approve it. Detailed records of bulk order workers were already being kept, and will continue to be kept, in H&E. This action will be closed on completion of the actions for Recommendation 3.01. **Revised Target Date:** 31-Dec-14

Item No.	Report Title	Report Issued Date	Recommendation and Risk Rating of Finding	Responsible Officer and Action Due Date	Responsible Officer Update
18	Sourcing and Management of Agency Staff	Jun-14	**Risk Rating: Medium** The job profiles for all 16 categories of trade staff will be reviewed with the output being one standard set of criteria which is expected of the worker, regardless of employment status. The updated job profiles for all categories of staff provided under the trade workers framework will be communicated to the agencies. Procurement will ensure that any further updates are communicated with the agencies providing such employees.	Operations Manager Building Services HR Partner 31-Jul-14	No further update since last Committee. The current framework for use of Craftworker agency staff was tendered around 4 years ago and at that point in time a profile was created for each trade. The profiles for each trade haven't been updated since the current contract was tendered. To change the profiles for the existing contract would require the written agreement of the parties to the framework agreement. The framework for use of Craftworker agency staff is currently being retendered and the City Council are part of a group of approximately eight Councils working collaboratively on the framework. Whilst the City Council can feed into the profiles to be created as part of the collaborative framework, there is no guarantee that the other Councils will collectively agree to use the Aberdeen City Council job profiles for the collaborative framework. If this is the case, the City Council could decide to withdraw from the collaborative tendering process and to tender independently. There may be opportunity to change the profiles being used under the current contract but more time would need to be allowed for this to enable discussion between the parties to the framework agreement to take place. **Revised Target Date:** 31-Dec-14

Item No.	Report Title	Report Issued Date	Recommendation and Risk Rating of Finding	Responsible Officer and Action Due Date	Responsible Officer Update
19	Car Parking and Bus Lane Enforcement	Sep-14	**Risk Rating: High** Audits of cash recorded by the machine and counted by G4S should be performed to identify possible incidents of fraud. Discrepancies should be monitored and followed up as required.	Income Management Team, Revenue and Benefits 30-Sep-14	Action plan has been put in place with input from four service areas which is designed to fully address the recommendations. **Revised Target Date: 31 March 2015**
20	IT Security (Network and Perimeter)	Sep-14	**Risk Rating: Medium** • All critical Council IT systems will be included in vulnerability scans on a quarterly basis. • Critical systems will be identified through a risk assessment that will consider those risks of most significance to the Council, for example legal and regulatory risks and financial risks.	ICT Manager 30-Sep-14	We have added a column to our applications catalogue to identify business critical systems. We have marked those previously identified as critical and added others identified as critical through review and discussion. However, the formal risk assessments have not yet been completed. The quarterly scanning is in progress, but, at this stage, we cannot evidence a time table to show that all those critical systems are scheduled for vulnerability scanning. Therefore we would say this action is still in progress with a revised target date of end of November to complete the evidence of this action. **Revised Target Date:** 30-Nov-14

Appendix B

Status of outstanding recommendations relating to External Audit and other investigations

Recommendation	Agreed action, date and owner	Update	Lead Officer
UK Information Commissioner's Office (ICO) Audit of the Council's Data Protection Arrangements			
A16. ACC should formalise an on-going DP targeted work plan, underpinned by a DP governance strategy, which is then periodically reviewed thereafter.	ACC accept this recommendation and will develop a targeted work plan which will be underpinned by the Information Management Strategy and Action Plan. The work plan will be reviewed in line with the Strategy at a bi-annual basis but will be monitored by the Steering Group referred to at A9above. OWNER: SIRO supported by appropriate officers TIMESCALE: within 6 months of Audit report being published.	The preparation of the Corporate Business Classification Plan and Record Retention Schedule is on-going and, as per the February 2014 update, is expected to be completed within 12 months of the audit report being published, namely by July 2014. The Plan and Schedule will be subject to Committee approval thereafter. Progress on completing this action has been impacted upon by logistical changes across the organisation as a result of the Aberdeen City Council Smarter Working programme which seeks to rationalise the office accommodation space being utilised. As detailed in A9 above, the remit of the IMGAG has now been confirmed and will be responsible for information management strategy, including DP governance.	Fiona Smith
A19. ACC should consider implementing internal compliance checks, for example in the form of self-assessments, to support overall DP compliance or areas where specific risk(s) may have been identified. Furthermore, compliance feedback should be collated and reviewed periodically in order to provide corporate oversight.	ACC accept this recommendation. A checklist which is already in operation regarding clear desk practices will be reviewed and rolled out across all directorates to ensure compliance is effectively being monitored systematically and reported on. OWNER: SIRO supported by appropriate officers. TIMESCALE: checklist to be developed within 2 months of Audit report being published.	As previously reported, implementation of this recommendation is overdue. The expected roll out of a clear desk policy checklist has not yet been possible as the draft checklist requires to be adapted to take account of revised working arrangements as part of the Smarter Working Programme. The IMGAG have agreed that the requirement for self-assessment and compliance monitoring in respect of DP compliance be included in the Information Management Strategy and be required by Committee in order to demonstrate the significance of this to all staff. Thereafter it is intended to include details of compliance and compliance monitoring within training for staff again to underline the significance of adherence as part of information management. In future, compliance checking will be tied into reporting considered by the IMGAG and reported to CMT on an exception basis. Officers have included work to map the internal controls across the Council within the 2014/15 Internal Audit Plan. It is anticipated that this will lead to a corporate approach to self-checks to support compliance with key policies and procedures and will include information management compliance.	Fiona Smith Martin Murchie (re Internal Control Mapping)

A20. Salient areas of DP compliance should be routinely monitored and measured against corporate key performance indicators, such as subject access request volume, subject access request compliance and mandatory training completion. Performance against these KPIs should be escalated to the appropriate forum for corporate oversight.	ACC accept this recommendation and shall align DP compliance with existing quarterly Information Compliance reporting (which includes complaint and FOI key performance indicators) will be reported to the SIRO, who will then determine what information should be further reported to CMT on an exception basis. OWNER: SIRO supported by appropriate officers. TIMESCALE: first KPIs to be reported in line with timescales for second quarter, thereafter KPIs will be reported quarterly thereafter to the SIRO.	As previously reported, implementation of this recommendation is overdue. The expected roll out of a clear desk policy checklist has not yet been possible as the draft checklist requires to be adapted to take account of revised working arrangements as part of the Smarter Working Programme. The IMGAG have agreed that the requirement for self-assessment and compliance monitoring in respect of DP compliance be included in the Information Management Strategy and be required by Committee in order to demonstrate the significance of this to all staff. Thereafter it is intended to include details of compliance and compliance monitoring within training for staff again to underline the significance of adherence as part of information management. In future, compliance checking will be tied into reporting considered by the IMGAG and reported to CMT on an exception basis.	Fiona Smith
A23. A corporately controlled method of tracking SAR requests should be implemented to standardise data capture and facilitate simple compliance monitoring (plus KPI performance monitoring – see A20. Furthermore, the management of SAR compliance should be overseen by an appropriate service team, for the sake of consistency.	ACC accept this recommendation and as per A20 and A21 above will develop a monitoring regime which ensures the management of SARs is overseen by the appropriate officer(s). OWNER: SIRO supported by appropriate officers. TIMESCALE: within 6 months of Audit report being published.	Recording of SAR responses is on-going and a future meeting of the IMGAG will be invited to consider KPI performance monitoring.	Fiona Smith

B10. Introduce formal KPI's, overseen by CMT, to formally measure mandatory DP training completion.	ACC accept this recommendation and shall ensure that formal KPI's are devised and reported in accordance with A20 above. OWNER: SIRO supported by appropriate officers TIMESCALE: First report due second and quarterly thereafter.	As detailed in the February 2014 update, details of the number of employees who complete "For Your Eyes Only" the data protection principles mandatory training course are included in monthly training reports sent to each Directorate and to CMT. Customised reports, on individual staff or groups of staff, can also be requested at any time. In future (see B11 below) it is anticipated that completion of mandatory training by employees will be monitored through Performance Review & Development reporting so that it is easier to monitor and report on.	Dorothy Morrison / Fiona Smith
B11. Reporting improvements should be implemented concerning training completion compliance monitoring, in order to simplify the identification of staff who have not undertaken mandatory training within an acceptable period.	ACC accept this recommendation and shall be exploring alternatives to ensure that it can easily identify those staff that have not undertaken training and improve reporting on a corporate basis. OWNER: SIRO with assistance from the Head of Human Resources and Organisational Development. TIMESCALE: within 6 months of the publication of the Audit report.	Work is currently underway to scope out including compliance monitoring as part of the Performance Review & Development function (PR&D) on YourHR (the Council's online HR portal). It is envisaged that a tool will be development by the YourHR team that will allow managers to see at a glance via YourHR who has completed the training in their teams / services. Immediate line manager oversight will enable close, local monitoring and early intervention to ensure that training is undertaken timeously. This function could also capture any refresher training etc in the same way. This function can also be used to prepare reports at section, service and corporate level. Implementation of this recommendation is behind schedule owing to the current work levels of the YourHR team. It is planned that the reporting function will be completed within 12 months of the publication of the Audit report.	Dorothy Morrison / Fiona Smith
B14. Measures should be implemented to provide all appropriate ACC staff with DP related refresher training, including information security and records management standards, on a regular periodic basis. Current best practice would suggest that an annual cycle would be appropriate. It is also advisable to mandate the completion of any such refresher training and to	ACC accept this recommendation. Refresher training will be mandated by CMT as is DP training. Refresher training will be developed later in 2013 and will be delivered in accordance with the DP Training Programme. The training will focus on information security, records management and practical compliance. OWNER: SIRO with assistance from the Head of Human Resources and Organisational Development. TIMESCALE: by November/ December	Implementation of this recommendation has been further delayed due to the work required to establish the IMGAG and other work commitments within the Organisational Development team. Officers from Organisational Development will, with assistance from the IMGAG will develop appropriate arrangements for Data Protection refresher training by 31st October 2014. Plans for refresher DP training for Elected Members are also currently being considered and will be rolled out in the autumn of 2014. Following this, CMT will be invited to consider whether such refresher training should be mandatory for all staff and, if so, the frequency that each employee will be expected to complete the refresher training.	Dorothy Morrison / Fiona Smith

corporately monitor both completion and compliance achievement.	2013- CMT approval. Roll out commencing Jan 2014.		
B15. Ensure a dedicated SAR handling course, written at a suitably detailed level, is devised and rolled out to appropriate ACC staff as planned. Training completion (and compliance achievement) should be tracked and monitored corporately.	ACC accept this recommendation and recognise the need to develop a specialised SAR handling course which will be available to IMLOs and service managers within each Directorate. Attendance at the training will be reported back to the SIRO via KPI reporting. OWNER: SIRO with assistance from the Head of Human Resources and Organisational Development. TIMESCALE: within 3 months of Audit report being published.	The dedicated Subject Access Training course has been rolled out to 3rd tier managers in all services with the exception of one. Plans to facilitate arrangements for covering 3rd Tier Managers in that service are presently being made.	Fiona Smith
B16. Consider the appropriateness of whether staff who are responsible for the corporate oversight of DP compliance, and potentially information assets in future, should undertake dedicated training.	ACC note this recommendation and will consider what training is available and assess the need and appropriateness of same. OWNER: SIRO TIMESCALE: Training will be undertaken within 12 months of the date the Audit report is published.	As a consequence of organisational restructuring, it is now considered necessary to facilitate a comprehensive, dedicated, mandatory training session for all ECMT members in respect of information management and information security. In respect of the IMGAG, members will undertake a self-assessment process regarding training requirements in late Autumn 2014 with any identified training needs planned thereafter. The timescale for completion of this action is therefore extended to within 18 months of the publication of the Audit report.	Dorothy Morrison / Fiona Smith
C4. ACC should adopt a protective marking scheme so as to provide clear benchmark guidance for appropriate security standards to apply to any data being processed. This would be consistent with	ACC will undertake an options appraisal to assess whether it will adopt a Protective Marking Scheme. OWNER: SIRO TIMESCALE: within 8 months of the	As detailed in the February 2014 update, progress on implementing this recommendation has been delayed due to the wider issues in respect of the government marking scheme. IMGAG has decided to trial the ACC version of the new Government Classification Scheme (GCS) within SC&W and officers will report back to IMGAG on progress. However, the Joint Inspection of Children's Services has delayed the introduction into SC&W, it will start next month.	Steve Skidmore

SOCITM and HMG / Scottish Government guidance.	Audit report being published.		
C16. Protective markings should be applied to data and follow to 'end of life' including occasions of further processing by applications such as Business Objects.	ACC accept this recommendation and defers to its response at C4. ACC will investigate how it might achieve the "follow" function in relation to the processing of that data. OWNER: SIRO TIMESCALE: within 8 months of the Audit report being published.	See update to C4.	Steve Skidmore
C17. ACC should adopt an asset ownership policy based on information assets rather than IT system or application. Owners should be responsible for assessing security standards to apply (including protective marking) and be responsible for whole life to destruction.	ACC accept this recommendation. Indeed, this recommendation accords with ACC's current Enterprise Architecture principles and work is currently on-going to develop ACC's data architecture layer which will include the recommended information. OWNER: SIRO TIMESCALE: December 2013	Through Enterprise Architecture, named officers have been identified as 'owners' for all major IT systems. A guidance note for all 'owners' in respect of their responsibilities for the data, including whole life destruction, is currently being drafted and will form the basis of a policy which will be prepared by September 2014, within the broader context of the Information Management Strategy.	Paul Fleming / David McDowell
C21. ACC should adopt an integrated IS incident reporting process covering both ICT and paper assets so as to provide a common approach for staff to follow. In addition, ACC should adopt procedures to allow for the reporting of all IS incidents outside of normal office hours such as loss of ID badges.	ACC accept this recommendation and will take steps to consider how best to amalgamate the reporting process. OWNER: SIRO TIMESCALE: within 6 months of the Audit report being published.	A draft procedure in respect of an integrated IS reporting process covering both ICT and paper assets has been considered by CGSMT and will be submitted to CMT for final approval. Once approved the procedure will form part of the ACC Managers Handbook. In respect of the reporting of all IS incidents outside of working hours, the Council requires to give further consideration to how this can be delivered having regard to the level of risk posed and resource requirements to achieve it. This will be done by the end of 2014 also.	Steve Skidmore
C28. Access controls should be restricted by default to normal	ACC accepts this recommendation. ACC will review restricting access controls to	Across the Council, the following arrangements now apply or are in the process of being implemented:	Mike Duncan / Simon Williams

office hours when on-site security is available. Exceptions should then be made for staff required to work regularly outside of normal office hours.	normal staff hours; however past experience would suggest that due to the nature of the services undertaken by the building's occupiers, a large minority will then require access outside these hours (after discussion with their managers). Furthermore with the development of New Ways of Working such an approach may, in the passage of time, not be practical. OWNER: General Manager – Asset Manager & Facilities Manager TIMESCALE: Within 6 months of the Audit report being published.	1. All new starts are issued with access on a default setting of 7am – 8pm Monday – Friday. Any exceptions to the default are considered on a case by case basis. 2. All Directors and Heads of Service have 24/7 access to all corporate office buildings. 3. All services have been requested to advise of staff who, as part of their job role, require access out with the default hours. 4. All existing staff not advised by the service will have their access set to the default setting on a phased programme which is subject to the availability of the Security Co-ordinator Services feedback needs further review as many requested access which seemed excessive so the reduction not implemented as yet. Issuing of new badges to match new structure may delay the implementation of above even further. 5. Non routine access will be treated as an ad hoc request and will require a minimum of 48 hours' notice in order to change access settings.	
C31. As it was reported that ACC operate a 24hr CCTV facility CCTV cameras should be linked to this for real time observation. CCTV cameras should also be upgraded to a common standard of high resolution to ensure effectiveness and faulty cameras replaced.	ACC partially accept this recommendation. ACC shall review the specification of the existing CCTV cameras, costs involved in potentially upgrading and thereafter linking to the central CCTV Control. At present no budget has been identified. A complete review of costs involved against the actual risk requires to be undertaken. OWNER: Facilities Manager TIMESCALE: Review of Requirement – 6 months IMPLEMENTATION: Subject to outcome of review	As previously updated, the Housing & Environment Service have undertaken a survey of all CCTV, as such the timescale previously intimated within the audit response has been met. The detailed assessment of individual CCTV cameras has been completed. It is now being considered if all systems and images can be sent back to one central location or require to remain as stand-alone systems. It is proposed that a lead officer from Communities, Housing and Infrastructure directorate is identified to take this project forward.	Simon Williams

C37. MFDs should be the standard default printer setting for all staff use and ACC should prioritise this planned change. The PIN system of user selected codes offers poor security and should be replaced by an ID proximity card authorisation system to comply with industry standard good practice.	ACC partially accept this recommendation. A) Proximity cards are being considered in connection with a new procurement exercise for multi-function devices once the current contract ceases in December 2014. B) In the interim, the Council will re-issue guidance to staff about how to set printing preferences to secure print and printer default settings will be reviewed OWNER: Facilities Manager/ Head of Procurement, IT Manager TIMESCALE: A) December 2014. B) within 4 months of Audit report being published.	A. A: As per previous update, on-going consideration is being given to the use of proximity cards in connection with the new procurement exercise for multi-function devices once the current contract ceases in December 2014. B. Regular reminders on the use of secure printing are distributed via the Zone and through e-mail cascade from Directorate Business Managers.	Sandra Massey
Audit Scotland Interim Report (2013/14)			
Although a central register of fraud or suspected fraud cases, whistleblowing cases or breaches of the Bribery Act framework has been established, the Audit and Risk Committee has not yet received a report summarising activity. Risk: Overall numbers of cases and the impact on internal controls are not considered from an overall governance perspective.	This will be added to the Matters under Investigation report as necessary and reported at least annually. TIMESCALE: 30 September 2014	Procedures are not yet in place to ensure matters are reported to the Monitoring Officer and as a result, the register is not up to date. This is being addressed through updated to the Fraud and Corruption Strategy. The first submission to the Audit and Risk Committee is expected in February 2015. Revised Target: February 2015	Jane MacEachran

There was no follow up by the Policy and Performance Section to ensure that the council's policy and procedures in relation to the Bribery Act have been properly implemented. Risk: The council may not be fully complying with its approved framework	Completed risk assessments obtained for Corporate Governance. Other services are being worked on.	A request was sent to services on 14 August to obtain risk assessments. To date all are received apart from Housing and Environment and The Chief Executive Office. Reminders were sent in October and November. Revised Target: December 2014	Jane MacEachran
In line with the Employee Code of Conduct, staff are responsible for declaring gifts or hospitality received. There may be merit in reviewing declaration processes within services including staff reminder systems. Risk: There may a reputational risk to the council if records are incomplete	Individual reminders given to Directors at 1-2-1 discussions. This will be highlighted as part of the launch of the new suite of policy documents (Refer Action 3).	Individual reminders have been given to Directors at 1-2-2 discussions. A reminder will be sent to all other staff in conjunction with the launch of the new Fraud and Corruption Policy. The Policy is due for approval by Audit and Risk Committee in November 2014 and therefore it is expected that it will be communicated to staff in December 2014. Revised Target: December 2014	Jane MacEachran

ABERDEEN CITY COUNCIL

COMMITTEE	Audit and Risk
DATE	20th November 2014
DIRECTOR	Ewan Sutherland
TITLE OF REPORT	UK Information Commissioner, Data Protection Audit - Progress with Agreed Actions
REPORT NUMBER:	CG/14/132

1. PURPOSE OF REPORT

The purpose of this report is to update the Committee on the progress with implementing the actions agreed following the UK Information Commissioner's Office (ICO) Audit of the Council's Data Protection arrangements which was published in June 2013.

2. RECOMMENDATION(S)

that the Committee:–

(a) Note the progress with implementing the actions agreed following the Data Protection Audit; and

(b) Instruct officers to report progress with implementation of the actions to the Committee as appropriate until complete.

3. FINANCIAL IMPLICATIONS

There are no direct implications resulting from this report. It is the case, however, that costs could result from actions. It is also the case that breaches of data protection carry the possibility of financial penalty. The most recent fine applied to the Council being £100,000.

4. OTHER IMPLICATIONS

There are clear implications for the Council's management of risk as it relates to information. These are outlined at section 7 below.

5. BACKGROUND/MAIN ISSUES

The United Kingdom Information Commissioner's Office conducted an audit of the Council's data protection arrangements during 2013. Their report was published in June 2013 and contained a high number of agreed actions.

At the last meeting of this Committee officers provided an update on progress with the implementation of those actions. Since the last meeting, further progress has been made and an updated schedule of all outstanding actions is attached for the Committee's consideration.

6. IMPACT

The overall impact of implementation of the agreed actions is assurance of the Council's management of information and mitigation of risk as outlined in section 7.

7. MANAGEMENT OF RISK

There are clear risks associated with the creation and processing of data. The Council's Corporate Risk Register includes the following risk:-

"Risk that information is not managed effectively to support policy and decision making and statutory requirements."

Officers have currently evaluated the risk as having a "High" likelihood and a "Serious" impact.

The implementation of the agreed actions following the UK ICO Data Protection Audit and are a key mitigation of this. Once these have been fully implemented the likelihood of breaches should reduce.

There is a further risk of reputational damage associated with this report in the event of insufficient progress being made with implementation of the agreed actions.

Risk	Category	Cause	Impact
Risk that information is not managed effectively to support policy and decision making and statutory requirements.	Control	Not adhering to best practice attributes, standards and behaviours.	Breaches of data protection which result in i. censure and financial loss for the Council through ineffective processes for complying with statutory

			requirements; and ii. Insecure processing of data for the Council's customers.
Controls	**Risk Class**	**Further planned mitigation**	
• Policy, procedures and processes; • Training / Induction • Audit & Inspection; • Self-reporting of breaches and CMT governance of these; • Information Management Strategy. • Corporate Records Management Approach.	Business	• Corporate gap analysis undertaken and improvement plan in place; • Actions from audits and inspections being taken forward; • Training - OIL course; • Compliance with Public Records (Scotland) Act from Jan 2013 - Development of Records Management Plans.	

8. BACKGROUND PAPERS

ICO Audit Report June 2013

9. REPORT AUTHOR DETAILS

Paul Fleming, Head of Customer Service & Performance
pfleming@aberdeencity.gov.uk
(01224) 523366

ICO Data Protection Audit Recommendations – Outstanding Actions

Introduction

Of the 36 recommendations accepted by Aberdeen City Council the implementation of 24 have been completed.

Recommendation	Agreed action, date and owner	Update August 2014	Lead Officer
A16. ACC should formalise an on-going DP targeted work plan, underpinned by a DP governance strategy, which is then periodically reviewed thereafter.	ACC accept this recommendation and will develop a targeted work plan which will be underpinned by the Information Management Strategy and Action Plan. The work plan will be reviewed in line with the Strategy at a bi-annual basis but will be monitored by the Steering Group referred to at A9above. OWNER: SIRO supported by appropriate officers TIMESCALE: within 6 months of Audit report being published.	Developments resulting from ICO recommendations have, in effect, been the prioritised work plan over the last 18 months. Following the approval of the Information Management Strategy (IMS) a proactive work plan will be put in place as part of the IMS Improvement programme priorities between January 2015 - March 2015	Fiona Smith
A19. ACC should consider implementing internal compliance checks, for example in the form of self-	ACC accept this recommendation. A checklist which is already in operation regarding clear desk practices will be reviewed and rolled out across all	As previously reported, implementation of this recommendation is overdue. The expected roll out of a clear desk policy checklist has not yet been possible as the draft checklist requires to be adapted to take account of revised working arrangements as part of the Smarter Working Programme.	Fiona Smith

assessments, to support overall DP compliance or areas where specific risk(s) may have been identified. Furthermore, compliance feedback should be collated and reviewed periodically in order to provide corporate oversight.	directorates to ensure compliance is effectively being monitored systematically and reported on. OWNER: SIRO supported by appropriate officers. TIMESCALE: checklist to be developed within 2 months of Audit report being published.	The IMGAG have agreed that the requirement for self-assessment and compliance monitoring in respect of DP compliance be included in the Information Management Strategy and be required by Committee in order to demonstrate the significance of this to all staff. Thereafter it is intended to include details of compliance and compliance monitoring within training for staff again to underline the significance of adherence as part of information management. In future, compliance checking will be tied into reporting considered by the IMGAG and reported to CMT on an exception basis. Officers have included work to map the internal controls across the Council within the 2014/15 Internal Audit Plan. It is anticipated that this will lead to a corporate approach to self-checks to support compliance with key policies and procedures and will include information management compliance.	Martin Murchie (re Internal Control Mapping)
B10. Introduce formal KPI's, overseen by CMT, to formally measure mandatory DP training completion.	ACC accept this recommendation and shall ensure that formal KPI's are devised and reported in accordance with A20 above. OWNER: SIRO supported by appropriate officers TIMESCALE: First report due second and quarterly thereafter.	Corporate reporting of mandatory training compliance via OIL (online) modules is reported monthly by HR to Directors. Directors are responsible for escalating any non-compliance issues. Training undertaken via other formats is currently being built into the corporate staff development system (YourHR) for Managers to update manually, but is currently not being monitored nor reported.	Dorothy Morrison / Fiona Smith
B11. Reporting improvements should be implemented concerning training completion compliance	ACC accept this recommendation and shall be exploring alternatives to ensure that it can easily identify those staff that have not undertaken training and	Work is currently underway to scope out including compliance monitoring as part of the Performance Review & Development function (PR&D) on YourHR (the Council's online HR portal). It is envisaged that a tool will be development by the YourHR team that will allow managers to see at a glance via YourHR who has completed the training in their teams / services.	Dorothy Morrison / Fiona Smith

monitoring, in order to simplify the identification of staff who have not undertaken mandatory training within an acceptable period.	improve reporting on a corporate basis. OWNER: SIRO with assistance from the Head of Human Resources and Organisational Development. TIMESCALE: within 6 months of the publication of the Audit report.	Immediate line manager oversight will enable close, local monitoring and early intervention to ensure that training is undertaken timeously. This function could also capture any refresher training etc in the same way. This function can also be used to prepare reports at section, service and corporate level. Implementation of this recommendation is behind schedule owing to the current work levels of the YourHR team. It is planned that the reporting function will be completed within 12 months of the publication of the Audit report.	
C4. ACC should adopt a protective marking scheme so as to provide clear benchmark guidance for appropriate security standards to apply to any data being processed. This would be consistent with SOCITM and HMG / Scottish Government guidance.	ACC will undertake an options appraisal to assess whether it will adopt a Protective Marking Scheme. OWNER: SIRO TIMESCALE: within 8 months of the Audit report being published.	As detailed in the February 2014 update, progress on implementing this recommendation has been delayed due to the wider issues in respect of the government marking scheme. IMGAG has decided to trial the ACC version of the new Government Classification Scheme (GCS) within SC&W and officers will report back to IMGAG on progress. However, the Joint Inspection of Children's Services has delayed the introduction into SC&W, it will start next month.	Steve Skidmore
C16. Protective markings should be applied to data and follow to 'end of life' including occasions of further processing by applications such as Business Objects.	ACC accept this recommendation and defers to its response at C4. ACC will investigate how it might achieve the "follow" function in relation to the processing of that data. OWNER: SIRO	See update to C4.	Steve Skidmore

	TIMESCALE: within 8 months of the Audit report being published.		
C17. ACC should adopt an asset ownership policy based on information assets rather than IT system or application. Owners should be responsible for assessing security standards to apply (including protective marking) and be responsible for whole life to destruction.	ACC accept this recommendation. Indeed, this recommendation accords with ACC's current Enterprise Architecture principles and work is currently on-going to develop ACC's data architecture layer which will include the recommended information. OWNER: SIRO TIMESCALE: December 2013	The creation of an Information Asset Register has commenced as part of the Corporate Information Management Strategy Improvement Programme (Committee approval 30 September 2014). Information Asset owners have been identified through the creation of a Business Classification Scheme by business function (Submission to Committee for approval 4 Dcember 2014). Asset ownership responsibilities will extend to technical (ICT) and physical systems (Branch office sites) management as well as information type (Data, record /class), access, security, retention and content (official / sensitive).	Paul Fleming / David McDowell
C21. ACC should adopt an integrated IS incident reporting process covering both ICT and paper assets so as to provide a common approach for staff to follow. In addition, ACC should adopt procedures to allow for the reporting of all IS incidents outside of normal office hours such as loss of ID badges.	ACC accept this recommendation and will take steps to consider how best to amalgamate the reporting process. OWNER: SIRO TIMESCALE: within 6 months of the Audit report being published.	A draft procedure in respect of an integrated IS reporting process covering both ICT and paper assets has been considered by CGSMT and will be submitted to CMT for final approval. Once approved the procedure will form part of the ACC Managers Handbook. In respect of the reporting of all IS incidents outside of working hours, the Council requires to give further consideration to how this can be delivered having regard to the level of risk posed and resource requirements to achieve it. This will be done by the end of 2014 also.	Steve Skidmore
C28. Access controls should be restricted	ACC accepts this recommendation. ACC will	Across the Council, the following arrangements now apply or are in the process of being implemented:	Mike Duncan / Simon Williams

by default to normal office hours when on-site security is available. Exceptions should then be made for staff required to work regularly outside of normal office hours.	review restricting access controls to normal staff hours; however past experience would suggest that due to the nature of the services undertaken by the building's occupiers, a large minority will then require access outside these hours (after discussion with their managers). Furthermore with the development of New Ways of Working such an approach may, in the passage of time, not be practical. OWNER: General Manager – Asset Manager & Facilities Manager TIMESCALE: Within 6 months of the Audit report being published.	1. All new starts are issued with access on a default setting of 7am – 8pm Monday – Friday. Any exceptions to the default are considered on a case by case basis. 2. All Directors and Heads of Service have 24/7 access to all corporate office buildings. 3. All services have been requested to advise of staff who, as part of their job role, require access out with the default hours. 4. All existing staff not advised by the service will have their access set to the default setting on a phased programme which is subject to the availability of the Security Co-ordinator Services feedback needs further review as many requested access which seemed excessive so the reduction not implemented as yet. Issuing of new badges to match new structure may delay the implementation of above even further. 5. Non routine access will be treated as an ad hoc request and will require a minimum of 48 hour's notice in order to change access settings.	
C31. As it was reported that ACC operate a 24hr CCTV facility CCTV cameras should be linked to this for real time observation. CCTV cameras should also be upgraded to a common standard of high resolution to ensure effectiveness and faulty cameras replaced.	ACC partially accept this recommendation. ACC shall review the specification of the existing CCTV cameras, costs involved in potentially upgrading and thereafter linking to the central CCTV Control. At present no budget has been identified. A complete review of costs involved against the actual risk requires to be undertaken. OWNER: Facilities Manager	As previously updated, the Housing & Environment Service have undertaken a survey of all CCTV, as such the timescale previously intimated within the audit response has been met. The detailed assessment of individual CCTV cameras has been completed. It is now being considered if all systems and images can be sent back to one central location or require to remain as stand-alone systems. It is proposed that a lead officer from Communities, Housing and Infrastructure directorate is identified to take this project forward.	Simon Williams

	TIMESCALE: Review of Requirement – 6 months IMPLEMENTATION: Subject to outcome of review		
C37. MFDs should be the standard default printer setting for all staff use and ACC should prioritise this planned change. The PIN system of user selected codes offers poor security and should be replaced by an ID proximity card authorisation system to comply with industry standard good practice.	ACC partially accept this recommendation. A) Proximity cards are being considered in connection with a new procurement exercise for multi-function devices once the current contract ceases in December 2014. B) In the interim, the Council will re-issue guidance to staff about how to set printing preferences to secure print and printer default settings will be reviewed OWNER: Facilities Manager/ Head of Procurement, IT Manager TIMESCALE: A) December 2014. B) within 4 months of Audit report being published.	A. A: As per previous update, on-going consideration is being given to the use of proximity cards in connection with the new procurement exercise for multi-function devices once the current contract ceases in December 2014. B. Regular reminders on the use of secure printing are distributed via the Zone and through e-mail cascade from Directorate Business Managers.	Sandra Massey

ABERDEEN CITY COUNCIL

COMMITTEE	Audit, Risk and Scrutiny
DATE	20 November 2014
DIRECTOR	Corporate Governance
TITLE OF REPORT	Scottish Parliament Public Petitions Committee - Whistleblowing
REPORT NUMBER:	CG/14/145
CHECKLIST COMPLETE:	Yes

1. PURPOSE OF REPORT

To advise the Committee of the outcome of the Scottish Parliament Public Petitions Committee's consideration of a petition on whistleblowing in local government. This is currently identified as item 19 on this Committee's work plan.

2. RECOMMENDATION(S)

That the Committee notes the decision of the Public Petitions Committee not to proceed with the whistleblowing petition as it was largely about policies which were matters for councillors, and that Audit Scotland and the Accounts Commission, who were responsible for auditing such policies, had not found any weakness which would require to be raised in an annual report.

3. FINANCIAL IMPLICATIONS

There are none.

4. OTHER IMPLICATIONS

As this decision is being reported for information, there are no direct implications.

5. BACKGROUND/MAIN ISSUES

5.1 On 29 October, 2013, the Scottish Parliament Public Petitions Committee took evidence on a petition on whistleblowing in local government submitted by Pete Gregson on behalf of the campaign group, Kids Not Suits. A copy is appended to this report.

5.2 The Public Petitions Committee agreed to take advice from the Scottish Government, COSLA, Audit Scotland, trades unions and the Ombudsman. Subsequently, it agreed to write again as some organisations had not responded; when the matter was next considered it agreed to write to all Councils on their policies for involving elected members in whistleblowing, and to ask the Accounts Commission and Audit Scotland for information on their scrutiny of local authority whistleblowing policies. This Council responded to that request for information on 9 April, 2014.

5.3 In concluding its consideration of the petition in June this year, the Committee noted that Audit Scotland and the Accounts Commission had not identified any weakness in relation to whistleblowing which would require to be raised in an annual report. It also noted that the petition was largely about policies which were a matter for councillors. It therefore closed the petition.

6. IMPACT

As the Committee's decision was to take no action, there is no impact arising from its consideration of the petition.

7. MANAGEMENT OF RISK

Whilst there is no outcome from the consideration of this petition, whistleblowing is clearly about the management of risk and the officers are currently reviewing the existing policies for whistleblowing, bribery and corruption with a view to consolidating them into one.

8. BACKGROUND PAPERS

Reports of the Scottish Parliament Public Petitions Committee of 29 October, 2013 and 14 January, 18 March and 3 June, 2014 on Petition PE1488 on Whistleblowing in Local Government submitted by Pete Gregson on behalf of the campaign group, Kids Not Suits.

9. REPORT AUTHOR DETAILS

Roderick M. MacBeath
Senior Democratic Services Manager
rmacbeath@aberdeencity.gov.uk
01224 523054

The Scottish Parliament
Pàrlamaid na h-Alba

PUBLIC PETITION NO.	PE01488

Name of petitioner

Pete Gregson on behalf of Kids not Suits

Petition title

Whistleblowing in local government

Petition summary

Calling on the Scottish Parliament to urge the Scottish Government to support the introduction of staff whistle-blower hotlines to report mismanagement in Scottish local authorities, with reports overseen by councillors from each party.

Action taken to resolve issues of concern before submitting the petition

• 7th October 2012 – I sent request to Edinburgh Council Leader to set up whistle-blower hotline for Council staff - he said he would look into it and get back to me when he had any progress to report.
• 6th Dec – I submitted draft Unison motion calling for hotline which reports to elected members.
• 7th January 2013 – I lodged a Petition to Edinburgh's Petitions Committee seeking the same, entitled " A Safer Way to Report Edinburgh Council Mismanagement"
• 18th April – Committee asked me to present my Petition, because it had received more than 500 signatures. They recommended the Council Corporate Management Team (CMT) evaluate the proposal.
• 11th June – My Petition was deemed inappropriate by CMT, who submitted their own proposal to Council's Policy & Strategy Committee for a helpline instead. Committee accepted my claim that the legality of the new policy required further consideration; matter is now remitted to 29th August.

Other actions
• 21st Feb – I proposed same whistleblowing system to Jo Swinson MP, Employment Minister, on account of her on-going review of the 1998 Public Interest Disclosure Act. The Minister indicated proposal could be considered in summer 2013's call for evidence.
• 14th June- I approached Derek Mackay MSP, Minister for Local Government, with request that guidance to Councillors on getting involved with operational matters be reviewed. I await a reply.

• I have also lobbied Gavin Brown MSP, Kezia Dugdale MSP, Alison Johnstone MSP, Sarah Boyack MSP, Marco Biaggi MSP, and Margo McDonald MSP; Mike Crockart MP, Sheila Gilmore MP and Ian Murray MP (in his role as shadow minister for Employee Relations). Thus far, Alison Johnstone, Gavin Brown and Ian Murray have been supportive.

Petition background information

PETITION PROMOTER

The petition is being promoted under the auspices of “Kids not Suits”, a campaign group of parents and citizens seeking better use of public funding by those whom we elect. Its core concerns:
• Money wasted in unnecessary bureaucracy and mismanagement could be better spent on averting school closures and reducing class sizes.
• Funding aimed at tackling children’s deprivation can get siphoned off elsewhere.
• Cash which should be spent on the front line gets lost in the back office- and our kids are the biggest losers.

WHISTLEBLOWING MEASURES IN SCOTLAND

Around 40% of UK local authorities have a hotline; up to 10% have a "helpline". The petitioner is aware of only one Scottish public body with measures in place: the NHS, who have a helpline. The National Confidential Alert Line for NHS workers was launched in April and was to allow staff in Scotland to raise their concerns about bad practice in their workplace. But it has been branded “a waste of time” by campaigners.

Dr Kim Holt, from Patients First, said: “It is a complete waste of time. We have tried it out a few times. The people who called found it was hopeless. People who call are being told ‘tell your manager, speak to your union’. They don’t have any power, so all they can do is advise you.”. Kids not Suits think a hotline reporting to NHS Board members would have been more effective.

This petition calls for each Council to have a hotline - not a helpline - as defined by the British Standards Whistleblowing Arrangements Code of Practice (available at http://shop.bsigroup.com/forms/PASs/PAS-1998/). A hotline passes reports back to a designated person; a helpline offers advice on whether and how employees can raise a whistleblowing concern.

THE PETITION

The call, for the Scottish Parliament to order that every Scottish local authority provide staff with a whistleblowing hotline to report mismanagement, seeks to address concerns arising across Scotland about public interest disclosures. In order to prevent victimisation and cover-ups, Councillors need to consider staff reports directly. The adversarial nature of party politics, where no one party will allow the truth to be buried if they can use it to their electoral advantage, would ensure whistle-blowers’ disclosures could never be swept under the carpet.

HOW HOTLINES SHOULD OPERATE

An independent body should run the hotline and every Council worker should learn about it as part of their induction training. There are several commercial bodies providing whistleblower hotline services and a Council might spend up to £20,000 pa on a scheme.

Each Council’s Audit or Risk Committee should serve to oversee their whistle-blower hotline. A sub-committee comprising of a representative from each political party should consider staff hotline reports. If all agree that a report indicates a risk worthy of public concern, it should go on the Council Risk Register and become public. The Committee would then ask the Monitoring Officer for a report on the risk which would subsequently be made public, too.

However, before that report gets to Committee, the whistle-blower should have the right to comment on it. The convener would check these comments and the Councillors would need to decide at Committee who to believe.

Clearly, many disclosures will be human resource matters with no reputational risk. The summit of Councillors would, without recourse to the Risk Register, refer such staff reports onto the Monitoring Officer for action, as per existing disclosure arrangements. If they cannot agree about whether a report represents a risk or not, any one Councillor would be free to cascade the information to their own group members, and choose to

subsequently table a motion to Committee for debate. If it was passed, it would then follow the Risk Register procedure.

To ensure whistle-blowers aren't victimised, a chief risk officer needs to be appointed, whose job would be to train staff on disclosure arrangements, protect them and ensure investigations don't turn into witch-hunts.

WHY IT'S NEEDED

New legislation is required insisting that all authorities put in place these whistle-blowing arrangements as a condition of receiving revenue support grant from the Scottish Government. The measure would avoid wasteful expenditure and allow both corrupt practices and grandiose schemes to be exposed by Council workers who may know more than senior management about true cost-benefit ratios. Public money wasted on litigation at Employment Tribunals and to compensate unfairly dismissed staff is not funding that is being used wisely.

Good intelligence is often the best defence against fraud and misleading Council reports and there is no better source of this information than from the vast majority of employees, who are honest and ethical. Corrupt and illegal behaviour often goes undetected because employees, aware these things are going on, fear the consequences to themselves and others of reporting them through existing internal channels.

Research suggests that employees place greater trust in a whistleblowing procedure which is not part of their employing body. An independent whistleblowing hotline not only provides a mechanism for exposing systemic fraud, it also serves as a useful catalyst for capturing other corrupt practices, such as discrimination and bullying, which can have an equally debilitating effect on council performance and reputation.

The Institute of Business Ethics noted in their "Speak Up Procedures" (2007) the company practise whereby important whistle-blower reports are escalated to corporate Audit & Risk Committees. It appears that big finance companies don't let hotlines report to senior management but to Board members. Obviously managing risk is their business and if it's good enough for them, it should be good enough for the public sector too.

Councillors need to have greater oversight of local government operations. However, many Council Codes of Conduct forbid staff from informing elected members of problems; member/officer protocols state all communications should be routed through senior management. The Scottish Government's Councillor's Code of Conduct (2010) tells Councillors in section 3.4:

"Whilst both you and Council employees are servants of the public, you have separate responsibilities: you are responsible to the electorate but the employee is responsible to the Council as his or her employer. You must also respect the different roles that you and an employee play. Your role is to determine policy and to participate in decisions on matters placed before you, not to engage in direct operational management of the Council's services; that is the responsibility of the Council's employees. It is also the responsibility of the Chief Executive and senior employees to help ensure that the policies of the Council are implemented."

This clause has allowed numerous instances whereby senior managers write slanted reports, cover up mismanagement or are otherwise economical with the truth. Ordinary Council staff who know enough to correct misconceptions are muzzled by protocols which threaten dismissal if they discuss their concerns with elected members. By giving Councillors the facility to listen to hotline reports, power can be returned to those who are elected to serve the public interest.

By using this very natural curiosity of politicians to get to the bottom of things, risks on the operational front can be significantly reduced. And not just the risk to the Council, but the risk to staff from witch-hunts too. Our approach gives politicians the opportunity to properly helm dangerous operations.

The Council committee system depends on senior managers' reports for the knowledge the Councillors need to pass a recommendation and it takes a wily Councillor to raise a

sound objection. Furthermore, investigations into mismanagement are invariably coloured by the need to protect officer's reputations. Every politician's ability to take good decisions can be thus compromised.

The Councillor's Code of Conduct weakens opportunities for our civic leaders to become aware of malpractice, or the ill-considered outcomes of poor officer recommendations. Politicians should not be using the Code to avoid taking responsibility to implement strong whistleblowing measures. Parliament needs to clarify that the Code does not exclude Councillors from taking sharper operational oversight on staff reports.

Policy is one thing. Good government is another. If we elect politicians who can't oversee operational matters effectively, one might think they might as well not be there at all. And when politicians fail to hold our bureaucrats to account, it only erodes our confidence in democracy.

Unique web address

http://www.scottish.parliament.uk/GettingInvolved/Petitions/whistleblowing

Related information for petition

More information can be found at www.kidsnotsuits.com

Do you wish your petition to be hosted on the Parliament's website to collect signatures online?

YES

How many signatures have you collected so far?

1

Closing date for collecting signatures online

16 / 08 / 2013

Comments to stimulate online discussion

How do you think staff reports on mismanagement in publicly funded bodies should be addressed? How should reports be escalated? How best to prevent victimisation that may result? Who should deal with reports- officers or politicians? Should anonymous disclosures be allowed?

Most Councils have Member- Officer Protocols in place which forbid communication between staff and councillors on matters which may (even incidentally) relate to their job. Does this mean Council staff have less access to democracy than the ordinary citizen?

Should councillors take on the responsibility of investigating malpractice?

Do you think they have forgotten that they are the masters and the officials the servants?

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ABERDEEN CITY COUNCIL

COMMITTEE	Audit, Risk and Scrutiny
DATE	20 November 2014
DIRECTOR	Ewan Sutherland (Acting)
TITLE OF REPORT	Corporate Health and Safety Committee Reporting Arrangements
REPORT NUMBER	CG/14/136
CHECKLIST COMPLETED	Yes

1. PURPOSE OF REPORT

To advise members of the reporting process between the Corporate Health and Safety Committee and the Audit, Risk and Scrutiny Committee and to seek approval of the revised Constitution for the Corporate Health and Safety Committee.

2. RECOMMENDATION(S)

The Committee are requested to:
(i) approve the amended Constitution for the Corporate Health and Safety Committee; and
(ii) note the content of the report.

3. FINANCIAL IMPLICATIONS

There are no financial implications arising from this report.

4. OTHER IMPLICATIONS

The process for reporting health and safety performance for the organisation will be amended which will have an impact on the health, safety and wellbeing team.
The effective management of health and safety ensures compliance with legislation and is consistent with the vision to make Aberdeen a healthier and safer place in which to live and work. It assists in maintaining employees who are healthier, happier and better motivated essential to the sustainability of high quality services. It also assists in maximising attendance, reducing injuries and days lost to ill health absence.

Reactive monitoring (such as the review of accidents and incidents and identification of trends) identifies remedial actions to prevent reoccurrence. The analysis of accident statistics assists in the identification of areas of risk. This enables Directorates to appropriately budget for remedial action and to plan and programme for continuous improvement. The collection and review of workplace health and safety data enables the organisation to benchmark its performance against set targets and others in its sector. Accident reduction and ill health caused by work has direct and indirect financial and moral benefit to the organisation. Performance also influences our corporate social responsibility.

Accident performance is judged against targets set by the Corporate Health and Safety Committee.

Failure to comply with the legislation could result in enforcement action from the HSE, potentially leading to prosecution, fines, imprisonment and disqualification.

It is essential for elected members to ensure that the strategic decisions consider the health and safety impact at an operational level and reflect the Council's health and safety commitment (as per Health and Safety Policy). There is a collective responsibility for providing leadership and direction, which means that all elected members have a responsibility for ensuring health and safety within the authority. Elected members along with the Corporate Management Team must ensure that health and safety is integral to the decision making process at a strategic and operational level while ensuring that adequate resources are available to discharge the Council's health and safety commitment.

5. BACKGROUND/MAIN ISSUES

The Council at its meeting on 20 August 2014 agreed a new Committee structure which included the realignment of Sub Committees and Working Groups. The Corporate Health and Safety Committee (CHSC) was designated as a Sub Committee of the Audit, Risk and Scrutiny Committee.

The current constitution for the CHSC had not been revised for a number of years and so required to be significantly amended to bring the objectives into line with the Corporate Health and Safety Policy. The amended version as attached shows tracked changes to illustrate the improvements which are required to ensure that the CHSC will operate in line with the Corporate Health and Safety Policy and to give additional assurance to the Council that all Health and Safety aspects are being monitored and improved.

Reports to Corporate Health and Safety Committee

Future reports to the Corporate Health and Safety Committee will cover each of the components listed below. The framework based on HSG 65 Successful Health and Safety Management, has been developed for the testing of organisations compliance with legislative requirements. This is built around system (controls, competence, co-operation, and communication), performance (planning, implementing and measuring), compliance and improvement plan.

Health and Safety Management system and reporting

Plan	Do	Check	Act
System	Performance	Compliance	Improvement Plan
Controls	Risk Profile	Measure and Review Performance	Lessons Learned
Co-operation	Organise, planning and implementing system components	Proactive and reactive data	Consultation and Involvement
Communication			
Competence			

This will provide assurance to the Audit, Risk and Scrutiny Committee that health and safety activities and controls are being monitored and appropriate measures taken for improvement. The minutes from the Corporate Health and Safety Committee will be submitted to the Audit, Risk and Scrutiny Committee at every meeting.

Responses from Trade Union representatives requested clarification as to who from the Trade Unions were able to attend the Corporate Health and Safety Committee. The Constitution at section 3.2 has been amended to provide clarification over the membership and attendance of Trade Union officials.

6. IMPACT

Successful implementation and delivery of a robust health and safety management system cannot be achieved by one off interventions. A holistic approach to all processes undertaken in terms of inputs and out puts is required. A sustained and systemic approach covering the Plan, Do, Check and Act are the core elements of managing for health and safety which the Corporate Health and Safety Committee will oversee.

To improve a proactive positive health and safety culture effort is required from all levels within the organisation to visibly display, enforce positive core behaviours and challenge unsafe behaviour in a timely way.

7. MANAGEMENT OF RISK

The management of Health, Safety and Wellbeing across the organisation will be associated to specific risks and these have been

identified and are contained within the Risk Register for Health and Safety.

Without an effective monitoring and reporting process of Health and Safety statistics and information, the Council may fail to comply with Health and Safety Executive Initiatives, the Health and Safety Policy or incur penalty notices, prosecution against the organisation or fees for intervention.

8. BACKGROUND PAPERS

Corporate Health and Safety Committee Constitution
Corporate Health and Safety Policy

9. REPORT AUTHOR DETAILS

Karen Rennie, Committee Services Officer
Email: karrennie@aberdeencity.gov.uk
Tel: 01224 522723

CORPORATE HEALTH AND SAFETY COMMITTEE

CONSTITUTION

Title

The Committee will be called “Corporate Health and Safety Committee”.

1. Reporting Route

The Committee will submit copies of it’s minutes to the Audit, Risk and Scrutiny Committee.

2. Objectives

2.1 To promote, develop and maintain a pro-active attitude to Health,Safety and Wellbeing across the Council.

2.2 To provide a channel of communication and promote co-operation between management,employees and recognised health and safety representatives

2.3 To provide a forum to consult and endorse corporate Health and Safety policy.

2.4 To monitor the overall health and safety performance and trends of the Council with regards to incidents and work related ill health with a view to formulating improvements plans.

2.5 To encourage an understanding and acceptance of personal responsibility for Health and Safety across the organisation.

2.6 To promote Health, Safey and Wellbeing as an integral part of Service delivery the same as any other management function.

2.7 To engage and support employees on positive lifestyle choices to achieve a happier, healthier and more active workforce.

2.8 To consider reports and recommend actions in reports referred from Directorate Health and Safety committees and reports from other service providers.

2.9 To ensure commitment, support and action from all employees and allocation of sufficient resources to enable legal compliance.

2.10 To monitor the effectiveness of the Health and Safety Management systems in identifying, assessing and adequately controlling occupational health and safety risks arising from work activites and to ensure that real risks are dealt with sensibly, responsibly and proportionately.

3. Membership

The membership of the committee will consist of:-

3.1 Elected Members –

Five Councillors, one to be the Convener or Vice Convener of the Audit, Risk and Scrutiny Committee.

3.2 Trade Unions

One member from each recognised Trade Union will be a full member with full voting rights (usually the full time Aberdeen City Council Trade Union Official)
(Nominated members should be appointed Safety Representatives)
Lay Trade Union officials from recognised Trades Unions, may attend and participate, without voting powers, at any meeting.

3.3 Officers, Acting in an Advisory Role

The Chief Executive, or her representative
The Health, Safety and Wellbeing Manager
Health and Safety Co-ordinators
The Head of Human Resources and Organisational Development, or his representative.
The Head of Legal and Democratic Services, or her representative, to act as committee clerk.

3.4 Chairperson and Vice-Chairperson

The Committee shall appoint annually (usually in August), from amongst its full members a Chairperson and Vice-Chairperson. When the Chairperson is an elected member the Vice-Chairperson will be a TU representative and vice-versa.

4. Attendance of Service Representatives or Advisers

4.1 Directors, Heads of Service and Managers are to be available to answer questions at each meeting on matters set out on the agenda.

4.2 Service representatives or any person acting in an advisory capacity may be invited to attend, for specific items on the committee agenda.

5. Quorum

A quorum for the Committee will consist of 5 members, comprising two elected members and three staff members.

6. Meetings

6.1 The Committee will meet four times a year. An extra meeting will be called to undertake a 6 monthly review of the health and safety performance based on the targets set within the Annual Health and Safety Report. Special meetings may be called at the request of any two committee members, to consider emergency situations. Requests in writing, should be addressed to the Head of Legal and Democratic Services who will arrange a meeting within 5 working days.

6.2 Unless cancelled by the Chairperson, whom failing the Vice-Chairperson, meetings will be called by the issuing of an agenda five clear working days before the meeting.

6.3 The Head of Legal and Democratic Services will write to each Union representative on the committee 10 clear working days before the date of the meeting, requesting details of any items that representatives wish to be included on the agenda and, provided notice is given timeously, the item will be listed on the agenda and discussed by the Committee.

6.4 The Committee will take, as agenda items, items referred which

1) have appeared three times on the Directorate health and safety committee agenda without satisfactory resolution, or progress towards resolution.

or 2) have corporate implications exceeding Directorate influence.

or 3) presents a risk of serious injury or ill health.

Or (4) relates to a critical incident.

7. Facilities to attend Meetings

The Council shall afford the necessary facilities for Trade Union representatives to attend meetings of the Committee.

8. Variation to Constitution

The Constitution may be varied or modified by agreement between Elected Members, Council representatives and Trade Union representatives on the Committee.

commserv/committee/chsc/info/constitution