

Public Document Pack



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

Town House,
ABERDEEN 18 November 2015

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, 26 NOVEMBER 2015 at 2.00 pm.**

FRASER BELL
HEAD OF LEGAL AND DEMOCRATIC SERVICES

B U S I N E S S

- 1 Determination of Exempt Business
- 2 Minutes, Workplan and Decision Tracking Statement
 - 2.1 Minute of Previous Meeting of 29 September 2015 (Pages 5 - 16)
 - 2.2 Workplan (Pages 17 - 26)
 - 2.3 Decision Tracking Statement (Pages 27 - 30)
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- 3 Performance and Improvement

- 3.1 Elected Member Development - report by the Interim Director for Corporate Governance (Pages 39 - 40)
- 3.2 Internal Audit Progress and Performance - report by the Internal Auditor (Pages 41 - 58)
- 3.3 External Audit Progress Report - report by External Auditor (Pages 59 - 64)
- 3.4 Data Protection Reporting July to September 2015 - Report by the Interim Director for Corporate Governance (Pages 65 - 70)

4 Risk Management

- 4.1 Protecting Vulnerable Groups (PVG) Scheme - report by the Interim Director for Corporate Governance (Pages 71 - 74)

5 Control Environment and Assurance Internal

- 5.1 Housing - Rent Assessment - Report by the Internal Auditor (Pages 75 - 82)

Please note this is the revised report as requested at the meeting on 29 September 2015

- 5.2 Transfer of Site, Langdykes Road - report by the Internal Auditor (Pages 83 - 86)
- 5.3 Risk Management - report by the Internal Auditor (Pages 87 - 96)
- 5.4 Commercial and Procurement - Creditors System - report by the Internal Auditor (Pages 97 - 110)
- 5.5 Human Resources & Customer Service - Payroll System - report by the Internal Auditor (Pages 111 - 120)

6 Control Environment and Assurance External

- 6.1 Scottish Public Services Ombudsman Complaint Decisions - report by the Interim Director for Corporate Governance (Pages 121 - 128)
- 6.2 Audit Scotland - Audit of Housing Benefit - Risk Assessment Report - report by the Interim Director for Corporate Governance (Pages 129 - 154)

- 6.3 Food Standards Scotland Core Audit - Report by the Director for Communities, Housing and Infrastructure (Pages 155 - 184)

- 7 Control Environment and Assurance - Audit Follow Up
 - 7.1 Internal Audit Recommendations Outstanding against 2015/16 (Pages 185 - 196)
 - 7.2 Internal Audit Follow Up Recommendations - Report by the Internal Auditor (Pages 197 - 200)
 - 7.3 External Audit Recommendation Outstanding 14/15 - report by External Auditor (Pages 201 - 216)
 - 7.4 Measures to Detect and Prevent Fraud - Report by the Interim Director for Corporate Governance (Pages 217 - 242)

- 8 Exempt Reports
 - 8.1 Craft Workers Terms and Conditions - Report by the Internal Auditor (Pages 243 - 256)
 - 8.2 Window Replacements - Report by the Director of Communities, Housing and Infrastructure (Pages 257 - 266)

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Should you require any further information about this agenda, please contact Karen Rennie, tel 01224 522723 or email karrennie@aberdeency.gov.uk

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AUDIT, RISK AND SCRUTINY COMMITTEE

ABERDEEN, 29 September 2015. Minute of Meeting of the AUDIT, RISK AND SCRUTINY COMMITTEE. Present:- Councillor Jackie Dunbar, Convener; Councillor Yuill, Vice-Convener; and Councillors Cameron, Cooney, Copland, Crockett, Donnelly, Flynn, Graham, Greig, Lawrence, Malik, Jean Morrison MBE, Nathan Morrison, Noble, Townson and Young (as substitute for Councillor Reynolds).

REQUEST FOR DEPUTATION

1. The Committee had before it a request for deputation from Dr McHattie and Mr Bill Skidmore in relation to item 8.1 (Annual Report to Members and the Controller of Audit on the 2014/15 Audit). The Committee were advised that the request had not been received within the terms outlined in Standing Order 10(1).

The Committee resolved:-

to suspend Standing Order 10(1), and to agree to hear the request at the start of the meeting and the report at the appropriate time on the agenda.

DETERMINATION OF EXEMPT BUSINESS

2. The Convener advised that there were no exempt reports on the agenda and that item 7.3 (Aberdeen International Youth Festival – Following the Public) would be taken in public with any detailed questions to be answered in private session.

The Committee resolved:-

to note the information.

MINUTE OF PREVIOUS MEETING OF 25 JUNE 2015

3. The Committee had before it the minute of its previous meeting of 25 June 2015.

The Committee resolved:-

- (i) in relation to item 6, resolution (iv), (ALEO Governance Hub Minutes) to note that the next ALEO Governance Hub meetings were scheduled for 7 and 8 December with the minutes being presented to this Committee on 25 February 2016;
- (ii) in relation to article 23 (Unaudited Annual Accounts 2014/15), to note that following the meeting with the Accounts Commission, it was agreed that an action plan was not required and that the Chief Executive would present an annual report; and
- (iii) to otherwise approve the minute as a correct record.

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WORKPLAN

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

The Committee resolved:-

- (i) in relation to a question from Councillor Cameron relating to delays in the ALEO's audit, to note that this was delayed until after the next ALEO Governance Hub meetings had taken place to provide additional information to enable the audit work to be completed; and
- (ii) to otherwise note the content of the workplan.

DECISION TRACKING STATEMENT

5. The Committee had before it the decision tracking statement as prepared by the clerk.

The Committee resolved:-

- (i) in relation to item 6 (Corporate Governance Risk Register), to note that discussions between COSLA and the Scottish Local Government Partnership (SLGP) had concluded and that the SLGP would be represented;
- (ii) to delete items 1 (Care First Budgetary Control and Forecasting), 2 (Aberdeen International Youth Festival) and 6 (Corporate Governance Risk Register); and
- (iii) to otherwise note the decision tracking sheet.

ELECTED MEMBER DEVELOPMENT - CG/14/095

6. With reference to article 6 of the minute of its meeting of 11 May 2015, the Committee had before it a report by the Interim Director of Corporate Governance which provided an update on the development of members of this Committee.

The Committee resolved:-

to note the content of the report.

INTERNAL AUDIT PROGRESS AND PERFORMANCE

7. The Committee had before it a report by the Internal Auditor which provided an update on progress against the approved Internal Audit Plan for 2015/16.

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The report recommended:

That the Committee review, discuss and comment on the issues raised within the report and attached appendices.

Councillor Cameron requested an explanation as to why some of the audits had been delayed wherein the Internal Auditor advised that urgent audits had been carried over from the Aberdeenshire 2015/15 audit plan.

Councillor Townson sought information relating Corporate Fraud in relation to Arm's Length External Organisations (ALEOs) and specifically an individual ALEO, wherein the Head of Finance advised that the Council had to be satisfied that there were suitable financial and governance arrangements in place for each ALEO. The Corporate Performance and Transformation Manager advised that he was aware of the issue with the individual ALEO and that any specific questions should be discussed in private session.

The Committee resolved:-

- (i) in relation to a question from Councillor Cameron relating to the delays in the audits, to note that urgent audits had been carried over from the 2014/15 audit plan for Aberdeenshire Council which had delayed the progress with the reporting dates for the Aberdeen City audits;
- (ii) in relation to a question from Councillor Townson relating to ALEO's, to note that specific questions on an individual ALEO would be discussed in private session; and
- (iii) to otherwise note the content of the report.

EXTERNAL AUDIT PROGRESS AND PERFORMANCE

8. The Committee had before it a report by Audit Scotland, External Auditor, which provided an update on the progress with the external audit of the 2014/15 financial year.

The Committee resolved:-

to note the content of the report.

DATA PROTECTION REPORTING APRIL TO JUNE 2015 - CG/15/106

9. With reference to article 11 of the minute of its previous meeting of 25 June, 2015, the Committee had before it a report by the Interim Director of Corporate Governance which provided an overview of (1) Subject Access Requests statistics; (2) Data Breaches and Near Misses; (3) Data Protection training; and (4) a general update for the period 1 April to 30 June 2015.

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The report recommended:

that the Committee note the content of the report.

Councillor Cameron raised concerns relating to the number of breaches within the Aberdeen City Health and Social Care Partnership (5 out of 8), wherein the Head of Legal and Democratic Services advised that there was a need to ensure processes were in place and staff were fully aware and understood them.

Councillor Noble advised that he had sought clarification from the author relating to the figures presented on page 56 of the agenda papers as the information was different in the paragraph and the table and that the figures contained in the table were correct.

Councillor Flynn enquired as to what the Council were doing to improve the targets for responding to Subject Access Requests, wherein the Head of Legal and Democratic Services advised that there wasn't currently a process in place for Subject Access Requests and that this would be looked at further.

The Committee resolved:-

- (i) in relation to a question from Councillor Cameron regarding the number of data protection breaches or near misses within the Aberdeen City Health and Social Care Partnership, to note that the Head of Legal and Democratic Services would look at those incidents in more depth to determine if there was a specific reason for concern;
- (ii) to note that the information contained in the second paragraph on page 56 of the report was inaccurate and that the figures contained in the table were correct;
- (iii) in relation to a question from Councillor Flynn regarding the percentage (91%) of requests responded to within 40 days, to note that there wasn't currently a process in place for Subject Access Requests and that this would be looked into; and
- (iv) to otherwise approve the recommendation in the report.

HEALTH AND SOCIAL CARE INTEGRATION

10. The Committee had before it a report by the Internal Auditor which advised (1) that in May 2015, the Scottish Government issued final guidance for Integration Financial Assurance, a copy of which was appended to the report; and (2) on the proposed arrangements regarding the provision of assurance in relation to Health and Social Care Integration.

The report recommended:

That the Committee -

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- (a) note the Scottish Government's guidance for integration financial assurance and the requirement this places on Audit Committees within each of the partner bodies, and subsequently on Integration Joint Boards (IJBs) when established;
- (b) note the ongoing work between NHS Grampian, Aberdeen City, Aberdeenshire and Moray Councils and the Shadow IJBs to develop working arrangements, consistency of approach through each organisation's 2015/16 Internal Audit Plan, and the establishment of a local audit network;
- (c) to approve the adjustment to the 2015/16 Internal Audit Plan to include the review of Health and Social Care integration, as outlined in Appendix 2, in the third quarter of 2015/16; and
- (d) to approve the sharing of future internal audit reports related to Health and Social Care Integration with NHS Grampian and local authority partners and the IJBs, on a reciprocal basis.

SHADOW JOINT INTEGRATION BOARD RISK REGISTER

11. With reference to article 9 of the minute of meeting of the Audit and Risk Committee of 23 September 2014, the Committee had before it a copy of the Aberdeen Health and Social Care Partnership Risk Register.

The Head of Joint Operations advised that the majority of the risks identified related to the transfer process leading to the implementation of the Joint Integration Board.

The Committee resolved:-

- (i) to note that the majority of the risks identified as Amber would be mitigated when the Joint Integration Board was established; and
- (ii) to otherwise note the content of the Risk Register.

COUNCIL TAX BILLING 2015/16

12. The Committee had before it a report by the Internal Auditor which presented an audit relating to inaccuracies with the Council Tax Bills issued for the financial year 2015/16.

Councillors Cameron and Young requested information as to why the exemption was not reported to the appropriate Committee at the time, wherein the Head of Legal and Democratic Services advised that he would liaise with the Head of Procurement and provide a response to the Committee.

The Committee resolved:-

- (i) in relation to questions from Councillors Cameron and Young regarding why the exemption (paragraph 2.1.4) was not reported to Finance, Policy and Resources

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- at the time, to note that the Head of Legal and Democratic Services would liaise with the Head of Procurement and issue the response to the Committee; and
- (ii) to otherwise note the content of the report and endorse the recommendations for improvement.

HOUSING - RENT ASSESSMENT

13. The Committee had before it a report by the Internal Auditor which presented an audit into whether the approved Rent Setting Policy as implemented on 1 April 2013 was operating satisfactorily.

Councillors requested clarification relating to the figure contained in the report for the number of properties that were subject to Compulsory Purchases Orders and demolition in relation to the Haudagain roundabout development. Councillor Cooney, the Convener of the Communities, Housing and Infrastructure Committee advised that the figure of 323 was those tenants affected by rent issues and that there was ongoing discussions on how many properties would be demolished. The Housing Strategy and Performance Manager advised that he would liaise with colleagues and Internal Audit to clarify the content of the report and re-issue to the Committee.

The Committee resolved:-

- (i) to note the information provided in relation to the number of HRA properties affected by the Haudagain roundabout development and to request that the number be clarified and the report amended as appropriate and re-issued to the Service and the Committee; and
- (ii) to otherwise note the content of the report and endorse the recommendations for improvement.

PUBLIC PERFORMANCE REPORTING ASSESSMENT 2013/14 - CG/15/111

14. The Committee had before it a report by the Chief Executive which presented details of Audit Scotland's assessment of the Council's Public Performance Reporting (PPR) requirement for the 2013/14 reporting year.

The report recommended:

That the Committee -

- (a) note that the Head of Communications and Promotion would prepare an action plan and report back to the Committee within six months; and
- (b) note the content of the report.

The Committee resolved:-

to approve the recommendations contained in the report.

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DEDUCTION OF PAYE FROM OFFICE HOLDERS - CG/15/118

15. The Committee had before it a report by the Interim Director of Corporate Governance which presented details of a recently identified risk concerning the deduction of PAYE from those categorised as 'office holders'.

The report recommended:
that the Committee note the position.

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

INTERNAL AUDIT RECOMMENDATIONS OUTSTANDING PRE 15/16

16. The Committee had before it a report by the Internal Auditor which advised on progress Services' had made with implementing recommendations agreed in Internal Audit reports issued by the previous auditors, PWC and those made by the Surveillance Commissioner following an inspection in April 2014.

The report recommended:
that the Committee review, discuss and comment on the issues raised within the report and the attached appendices.

Councillor Townson requested information relating to the Community Centres and the leases and for PVG checks required for the Community Centre volunteers. The Service Manager for Sport and Communities advised each Community Centre had returned the form giving assurance that PVG checks were in place where required and that some Community Centres had still to sign the new lease and that a report covering all outstanding issues relating to Community Centres would be submitted to the next meeting of the Committee.

The Vice Convener sought clarification as to why the dates had been amended in relation to Complaint Handling. The Convener requested that for future reports in the revised date for reporting was amended that both dates are reported with an explanation as to why a further revision was required.

The Committee resolved:-

- (i) in relation to item 1 (Community Centres), to note the information provided regarding the number of Community Centres that had completed the required form relating to PVG checks and that a report would be submitted to the next

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- meeting of the Committee to cover all outstanding issues for Community Centres;
- (ii) to request for future reports, that if a revised date was further revised that both dates are included in the report with an explanation for the further delay; and
 - (iii) to otherwise note the content of the report.

INTERNAL AUDIT RECOMMENDATIONS 2015/16

17. The Committee had before it a report by the Internal Auditor which advised on the progress with implementing agreed recommendations contained in reports issued in relation to the 2015/16 Internal Audit Plan and any additional work undertaken.

The report recommended:

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

The Committee resolved:-

to approve the recommendation contained in the report.

DECLARATION OF INTEREST

Councillor Cooney declared an interest in the subject matter of the following article by virtue of his appointment as Trustee of the Aberdeen International Youth Festival. He did not feel it necessary to withdraw from the meeting during consideration of the item.

ABERDEEN INTERNATIONAL YOUTH FESTIVAL - FOLLOWING THE PUBLIC POUND - CG/15/121

18. With reference to article 22 of the minute of its meeting of 26 February 2015, the Committee had before it a report by the Interim Director for Corporate Governance which provided an update on the current position with regard to the governance and financial arrangements between the Council and the Aberdeen International Youth Festival.

The report recommended:

that the Committee note the content of the report.

The Committee resolved:-

to approve the recommendation contained in the report.

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ANNUAL REPORT TO MEMBERS AND THE CONTROLLER OF AUDIT ON THE 2014/15 AUDIT

19. The Committee had before it a report by the External Auditor which advised that the International Standard of Auditing (UK and Ireland) 260 (ISA 260) required auditors to report specific matters arising from the audit of the financial statements to those charged with governance of a body in sufficient time to enable appropriate action. The report before members set out consideration of the matters arising from the audit of the financial statements for Aberdeen City Council and Aberdeen City Council Charitable Trusts for the financial period 2014/15.

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

Councillor Flynn enquired as to why Management had not provided a response in relation to the Action Plan against the Marischal Square Development, wherein the Head of Finance advised that a response had been issued to External Audit however it had been issued after the audit report had been submitted and that he would issue the response to the Committee.

The Convener requested that a Standing Item of External Audit Outstanding Recommendations be included on future agendas until such time as all of the agreed recommendations had been completed.

The Committee resolved:-

- (i) to request the Head of Finance to circulate the management response for item 6/155 (Marischal Square Development) that had been issued to External Auditor outwith the timescales for issuing the report;
- (ii) to congratulate staff for the improved performance relating to the completion of pothole repairs;
- (iii) to concur with the thanks given to the External Auditor for the easy to follow report style;
- (iv) to note the content of the report;
- (v) to agree the action plan and recommendations for improvement; and
- (vi) to request that an External Audit, outstanding recommendations report be presented to this Committee until all of the actions and recommendations had been completed.

AUDITED ANNUAL ACCOUNTS 2014/15 - CG/15/122

20. The Committee had before it a report by the Interim Director for Corporate Governance which presented the Council's audited annual accounts for the financial

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period 2014/15 and the audited accounts for the registered charities where the council is the sole trustee for the same financial period.

The Head of Finance offered his thanks to all staff and the auditors involved in the accounts process.

The report recommended:

That the Committee -

- (a) approve the Council's audited Annual Accounts for signature by the Head of Finance, Chief Executive and Council Leader; and
- (b) approve the audited Annual Accounts for those registered charities where the Council is the sole trustee, for signature by a trustee.

The Committee resolved:-

- (i) to concur with the remarks from the Head of Finance, thanking everyone involved in the accounts process; and
- (ii) to otherwise approve the recommendations contained in the report.

AUDIT SCOTLAND VALUE FOR MONEY NATIONAL REVIEWS - REPORT BY THE INTERIM DIRECTOR OF CORPORATE GOVERNANCE

21. The Committee had before it a report by the Chief Executive which presented a summary of Audit Scotland national studies published in the last cycle together with any actions taken or agreed to be taken by the Council in response to those.

The report recommended:

That the Committee -

- (a) note the detail of the report, Scotland's Public Sector Workforce – Impact Report; and
- (b) give consideration to officers comments made in respect of the priorities identified within the report.

The Committee resolved:-

to approve the recommendations contained in the report.

EXEMPT INFORMATION

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.

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MATTERS UNDER INVESTIGATION

22. In relation to article 7 Councillor Townson provided additional information in relation to an ALEO.

The Committee resolved:-

to note the additional information and to request that the issue be clarified and a response provided to Councillor Townson.

- **COUNCILLOR JACKIE DUNBAR, Convener**

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WORKPLAN

<u>No.</u>	<u>Minute Reference</u>	<u>Item</u>	<u>Committee decision/ Update</u>	<u>Lead Officer(s)</u>
26 NOVEMBER 2015				
Performance and Improvement				
1.	11/05/15 article 6	Elected Member Development	Standing Item	Committee Officer
2.	26/02/15	Internal Audit Progress and Performance		Internal Auditor
3.	26/02/15	External Audit Progress Report		External Audit
4.		Data Protection Reporting July to September 2015		Governance Support Officer
Control Environment and Assurance – Internal				
5.	26/02/15 article 9	Cross Service Recruitment Procedures	Internal Audit Plan agreed	Internal Auditor
6.	26/02/15 article 9	Cross Service Risk Registers	Internal Audit Plan agreed.	Internal Auditor
7.	26/02/15 article 9	Commercial and Procurement Creditors System	Internal Audit Plan agreed.	Internal Auditor
8.	26/02/15 article 9	Human Resources & Customer Service Payroll System	Internal Audit Plan agreed.	Internal Auditor
Control Environment and Assurance – External				
9.	26/06/15 article 2	Transfer of Site, Langdykes Road	to request the Chief Internal Auditor to meet with the appropriate Directors to agree the scope for the review	Internal Audit

<u>No.</u>	<u>Minute Reference</u>	<u>Item</u>	<u>Committee decision/ Update</u>	<u>Lead Officer(s)</u>
Control Environment and Assurance – Audit Follow Up				
10.		Audit Outstanding pre 2015/16	Standing Item	Internal Audit
11.		Internal Audit recommendations outstanding against 2015/16 Audit Plan	Standing Item	Internal Audit
12.		External Audit, outstanding recommendations	Standing Item	External Audit
13.	07/05/14 Article 5	Measures to Prevent and Detect Fraud	To request Officers to report to each meeting of the Committee on all ongoing fraud investigations. To request Officers to report at least annually on measures taken to prevent and detect fraud.	Head of Finance
Exempt Reports				
14.		Matters Under Investigation	Standing Item	
15.	26/02/15 article 9	Craft Workers Terms and Conditions	Internal Audit Plan agreed	Internal Auditor
16.	26/02/15 article 9	Window Replacements	Internal Audit Plan agreed	Internal Auditor
25 FEBRUARY 2016				
Performance and Improvement				
1.	26/02/15	Internal Audit Progress and Performance		Internal Auditor
2.		Internal Audit Plan 2016/17		Internal Auditor
3.		External Audit Progress Report		
4.		External Audit Plan 2015/16		External Audit
5.	N/A – instruction of Director of CG	Feedback/ Evaluation of External Auditors		Corporate Performance & Transformation Manager

<u>No.</u>	<u>Minute Reference</u>	<u>Item</u>	<u>Committee decision/ Update</u>	<u>Lead Officer(s)</u>
6.		Data Protection Reporting October to December 2015		Governance Support Officer
Risk Management System				
7.	26/02/15 article 14	System of Risk Management	To report elements of the system of risk to each Committee Meeting	Performance and Risk Manager
Control Environment and Assurance – Internal				
8.	26/02/15 article 9	Cross Service Corporate Policies and Procedures	Internal Audit Plan agreed	Internal Auditor
9.	26/02/15 article 9	Cross Service Compliance with Procurement related Legislation & Financial Regulations	Internal Audit Plan agreed	Internal Auditor
10.	26/02/15 article 9	Cross Service Time Sheets/Allowances	Internal Audit Plan agreed	Internal Auditor
11.	26/02/15 article 9	Cross Service Following the Public Pound	Internal Audit Plan agreed	Internal Auditor
12.	26/02/15 article 9	Cross Service Data Protection	Internal Audit Plan agreed	Internal Auditor
13.	26/02/15 article 9	Cross Service ALEO's	Internal Audit Plan agreed.	Internal Auditor
14.	26/02/15 article 9	Adult Social Work/Integration Joint Board Social Work Tendering	Internal Audit Plan agreed.	Internal Auditor
15.	26/02/15 article 9	Finance Budget Setting Process	Internal Audit Plan agreed.	Internal Auditor
16.	26/02/15 article 9	Finance Bank Reconciliations	Internal Audit Plan agreed	Internal Auditor
17.	26/02/15 article 9	Finance VAT	Internal Audit Plan agreed	Internal Auditor
18.	26/02/15 article 9	Finance Council Tax	Internal Audit Plan agreed.	Internal Auditor

<u>No.</u>	<u>Minute Reference</u>	<u>Item</u>	<u>Committee decision/ Update</u>	<u>Lead Officer(s)</u>
19.	26/02/15 article 9	Education & Children's Services Academy Visits	Internal Audit Plan agreed	Internal Auditor
20.	26/02/15 article 9	Education & Children's Services Family and Community Support	Internal Audit Plan agreed	Internal Auditor
21.	26/02/15 article 9	Transportation Vehicles	Internal Audit Plan agreed	Internal Auditor
22.	26/02/15 article 9	Transportation Crematorium	Internal Audit Plan agreed	Internal Auditor
23.	26/02/15 article 9	Housing Rent Collection	Internal Audit Plan agreed.	Internal Auditor
24.	26/02/15 article 9	Housing Building Maintenance	Internal Audit Plan agreed.	Internal Auditor
25.	26/02/15 article 9	Housing Sheltered Housing	Internal Audit Plan agreed	Internal Auditor
26.	26/02/15 article 9	Public Infrastructure & Environment Trade Waste	Internal Audit Plan agreed	Internal Auditor
27.	26/02/15 article 9	Pension Fund Investment Strategy	Internal Audit Plan agreed	Internal Auditor
27.	27/02/14 article 8	Control Assurance Mapping Outstanding from PWC	Internal Audit Plan agreed	Internal Audit
29.	26/02/15 article 9	Adult Social Work/Integrated Joint Board Self Directed Support	Internal Audit Plan agreed	Internal Auditor
30.	26/02/15 article 9	Adult Social Work/Integrated Joint Board Integration of Health and Social Care	Internal Audit Plan agreed (when required)	Internal Auditor
Control Environment and Assurance --				
Audit Follow Up				
31.	26/02/15 article 9	Audit Outstanding pre 15/16	Standing Item	Internal Auditor
32.		Audit Recommendations	Standing Item	Internal Auditor

<u>No.</u>	<u>Minute Reference</u>	<u>Item</u>	<u>Committee decision/ Update</u>	<u>Lead Officer(s)</u>
		Outstanding against the 2015/16 Audit Plan		
33.	29/09/15 article	External Audit, Outstanding Recommendations	Standing Item	External Auditor
Financial Reporting				
34.		Annual Accounts 2015/16 – Action Plan and Key Dates		Head of Finance
Value for Money				
35.		Audit Scotland Value for Money National Reviews	Standing Item	Corporate Performance & Transformation Manager
Exempt Report				
36.		Matters Under Investigation	Standing Item	
28 APRIL 2016				
Performance and Improvement				
1.		Internal Audit Progress and Performance		Internal Auditor
2.		External Audit Progress and Performance		External Audit
3.		Data Protection Reporting January to March 2016		Governance Support Officer
Risk Management System				
4.	26/02/15 article 14	System of Risk Management	To report elements of the system of risk to each Committee Meeting	Performance and Risk Manager
Control Environment and Assurance – Internal				
5.	26/02/15 article 9	Cross Service Compliance with Procurement related Legislation & Financial Regulations	Internal Audit Plan agreed	Internal Auditor
6.	26/02/15 article 9	Finance Budget Monitoring	Internal Audit Plan agreed	Internal Auditor
7.	26/02/15	Finance	Internal Audit Plan agreed	Internal Auditor

<u>No.</u>	<u>Minute Reference</u>	<u>Item</u>	<u>Committee decision/ Update</u>	<u>Lead Officer(s)</u>
	article 9	Benefits		
8.	26/02/15 article 9	Education & Children's Services Teachers Payroll including Supply Teachers	Internal Audit Plan agreed	Internal Auditor
9.	26/02/15 article 9	Education & Children's Services Out of Authority Placements	Internal Audit Plan agreed	Internal Auditor
10.	26/02/15 article 9	Transportation Tendering Procedures	Internal Audit Plan agreed	Internal Auditor
11.	26/02/15 article 9	Adult Social Work/Integrated Joint Board Integration of Health and Social Care	Internal Audit Plan agreed (when required)	Internal Auditor
Control Environment and Assurance – External				
12.				
Control Environment and Assurance – Audit Follow Up				
13.	26/02/15 article 9	Audit Outstanding pre 15/16	Standing Item	Internal Auditor
14.		Audit Outstanding against the 2015/16 approved Audit Plan	Standing Item	Internal Auditor
15.		External Audit Outstanding Recommendations	Standing Item	External Auditor
Financial Reporting				
16.				
Value For Money				
17.		Local Scrutiny Plan 2016/17		External Audit
Exempt Report				
18.		Matters Under Investigation	Standing Item	
27 JUNE 2016				
Performance and Improvement				

<u>No.</u>	<u>Minute Reference</u>	<u>Item</u>	<u>Committee decision/ Update</u>	<u>Lead Officer(s)</u>
1.		Internal Audit Progress and Performance		Internal Auditor
2.		External Audit Progress and Performance		External Audit
3.	26/06/15 article 11	Data Protection Annual Report		Governance Officer Support
4.		Annual Audit, Risk and Scrutiny Committee Report		Corporate Performance & Transformation Manager
Risk Management System				
5.	26/02/15 article 14	System of Risk Management	To report elements of the system of risk to each Committee Meeting	Performance and Risk Manager
Control Environment and Assurance – Internal – TO BE COMPLETED ONCE INTERNAL AUDIT PLAN 2016/17 AGREED				
6.				
Control Environment and Assurance – External				
7.				
Control Environment and Assurance – Audit Follow Up				
8.	26/02/15 article 9	Audit Outstanding pre 15/16 Recommendations	Standing Item	Internal Auditor
9.		Audit Outstanding against the approved 2015/16 Audit Plan	Standing Item	Internal Auditor
10		External Audit Outstanding Recommendations	Standing Item	External Auditor
Financial Reporting				
11.		Unaudited Annual Accounts 2015/16	To present the unaudited accounts.	Head of Finance
12.		External Audit Interim Report on 2015/16 Audit		External Audit
Value for Money				
13.		Audit Scotland Value for Money	Standing Item	Corporate Performance &

<u>No.</u>	<u>Minute Reference</u>	<u>Item</u>	<u>Committee decision/ Update</u>	<u>Lead Officer(s)</u>
		National Reviews		Transformation Manager
Exempt Report				
14.		Matters Under Investigation	Standing Item	
27 SEPTEMBER 2016				
Performance and Improvement				
1.		Internal Audit Progress and Performance		Internal Auditor
2.		External Audit Progress and Performance		External Audit
3.		Data Protection Monitoring – April to June 201616		
Risk Management System				
4.	26/02/15 article 14	System of Risk Management	To report elements of the system of risk to each Committee Meeting	Performance and Risk Manager
Control Environment and Assurance – Internal – TO BE COMPLETED ONCE INTERNAL AUDIT PLAN 2016/17 AGREED				
5.				
Control Environment and Assurance – External				
7.				
Control Environment and Assurance – Audit Follow Up				
8.	26/02/15 article 9	Audit Outstanding	Standing Item	Internal Auditor
9.		External Audit Outstanding Recommendations	Standing Item	External Auditor
Financial Reporting				
10.		Annual Audited Accounts 2015/16		Head of Finance
11.		Annual Report to Members and the Controller of Audit on the 2015/16 Audit - September committee		External Audit

<u>No.</u>	<u>Minute Reference</u>	<u>Item</u>	<u>Committee decision/ Update</u>	<u>Lead Officer(s)</u>
Value for Money				
12.				
Exempt Report				
13.		Matters Under Investigation	Standing Item	
24 NOVEMBER 2016				
Performance and Improvement				
1.		Internal Audit Progress and Performance		Internal Auditor
2.		External Audit Progress and Performance		External Audit
3.		Data Protection Monitoring – July to September 2016		
Risk Management System				
4.	26/02/15 article 14	System of Risk Management	To report elements of the system of risk to each Committee Meeting	Performance and Risk Manager
Control Environment and Assurance – Internal - TO BE COMPLETED ONCE INTERNAL AUDIT PLAN 2016/17 AGREED				
5.				
Control Environment and Assurance – External				
6.				
Control Environment and Assurance – Audit Follow Up				
7.	26/02/15 article 9	Audit Outstanding	Standing Item	Internal Auditor
Financial Reporting				
8.				
Value for Money				
9.		Audit Scotland Value for Money National Reviews	Standing Item	Corporate Performance & Transformation Manager
Exempt Report				
10.		Matters Under Investigation	Standing Item	

AUDIT, RISK and SCRUTINY DECISION TRACKING SHEET

26 November 2015

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, Risk and Scrutiny 11 May 15 article 20	Audit Scotland Value for Money National Reviews (i) in relation to the report on Borrowing and Treasury Management, to note that following consideration by officers, a report would be submitted to this Committee then Finance, Policy and Resources Committee.	S Whyte	Finance	Work is ongoing to review the implications of this report. As there may be implications on the Council's Treasury Strategy, it is intended to report this through Finance, Policy and Resources Committee in December 2015 and thereafter to report to this Committee on the action taken and changes made as a result of this Audit Scotland report.
2.	Audit, Risk and Scrutiny 25 June 15 article 2	Transfer of Site, Langdykes Road to request the Chief Internal Auditor to meet with the appropriate Directors to agree the scope for the review and report back to the Committee.	D Hughes P Leonard	Internal Audit Communities, Housing and Infrastructure	A report is on the agenda Recommend to remove
3.	Audit, Risk and Scrutiny 25 June 15 article 11	Data Protection Reporting (ii) in response to a comment from Councillor Graham, to note that an annual report providing an overview throughout the year would be presented to this Committee at the meeting where no quarterly report was presented	S Inglis	Legal Services	Report will be submitted to Committee in June 2016
4.	Audit, Risk and Scrutiny	Outstanding Audit Recommendations	J Mackie	Communities and Housing	A report is on the agenda

<u>No.</u>	<u>Minute Reference</u>	<u>A,R&S Committee Decision</u>	<u>Lead Officer(s)</u>	<u>Responsible Service</u>	<u>Decision or Update</u>
	25 June 15 article 20	(i) in relation to Community Centres Protecting Vulnerable Groups (PVG) Checks, to request that a checklist be designed and issued to all Community Centres which allows them to check off the list of items that they are to implement and that this and a report be submitted to the next meeting to provide further information on the PVG checks for volunteers of the community centres.	F Bell	Legal and Democratic	Recommend to remove
5.	Audit, Risk and Scrutiny 25 June article 20	Outstanding Audit Recommendations (iv) in relation to Compliance with Laws and Regulations, Training for staff, Control Design Deficiency, to note that a report would be submitted to this Committee in September 2015 providing details of the risk assessment and a list of priorities	F Bell	Legal and Democratic	Legal Services are working closely with HR colleagues to identify areas of high risk to the Council and provide the necessary training for officers to eliminate any risk to the Council.
6.	Audit, Risk and Scrutiny 25 June article 21	Arms' Length External Organisations (ii) to note the ongoing work in relation to the review of Service Level Agreements (SLAs) with tier 2 ALEOs and that a further report would be submitted to the next meeting of the Committee; and (iii) to note that the timetable for reviewing the Service Level Agreements for each ALEO would be included in the report to be submitted to the next meeting.	F Bell	Legal and Democratic Services	The timetable for reviewing the Tier 2 ALEO's is currently being finalised and implemented and will be reported to the next meeting of this Committee.
7.	Audit, Risk and Scrutiny 29 September Article 11	Council Tax Billing 2014/15 (i) in relation to questions from Councillors Cameron and Young regarding why the exemption	F Bell C Innes	Corporate Governance	The delay in reporting the exemption was down to an oversight by the service who had a responsibility to report

<u>No.</u>	<u>Minute Reference</u>	<u>A,R&S Committee Decision</u>	<u>Lead Officer(s)</u>	<u>Responsible Service</u>	<u>Decision or Update</u>
		(paragraph 2.1.4) was not reported to Finance, Policy and Resources at the time, to note that the Head of Legal and Democratic Services would liaise with the Head of Procurement and issue the response to the Committee.			back. Contract Standing Orders are in the process of being reviewed and are due to be reported to Council in December.
8.	Audit, Risk and Scrutiny 29 September Article 12	Housing – Rent Assessment (i) to note the information provided in relation to the number of HRA properties affected by the Haudagain Roundabout development and to request that the number be clarified and the report amended as appropriate and re-issued to the Service and the Committee.	D Hughes	Internal Audit	Recommend to remove A report is on the agenda Recommend to remove
9.	Audit, Risk and Scrutiny 29 September Article 13	Public Reporting Performance – Audit Scotland’s Assessment	T Sulaiman	Communications and Promotion	Report due to Committee by April 2016
10.	Audit, Risk and Scrutiny 29 September Article 16	Outstanding Audit Recommendations Pre 15/16 (i) in relation to item 1 (Community Centres), to note the information provided regarding the number of Community Centres that had completed the required form relating to PVG checks and that a report would be submitted to the next meeting of the Committee to cover all outstanding issues for Community Centres	J Mackie	Communities and Housing	A report is on the agenda. Recommend to remove

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CORPORATE HEALTH AND SAFETY COMMITTEE

ABERDEEN, Friday, 22 May 2015. Minute of Meeting of the CORPORATE HEALTH AND SAFETY COMMITTEE. Present:- Councillor Graham Chairperson; and Mike Middleton, Vice Chairperson. City Council Representatives:- Councillors Dickson (as substitute for Councillor Cameron) and Finlayson.

Trade Union Representatives:- Karen Davidson (UNISON), Steve Robb (UNITE), Sid Sandison (SSTA), Carole Thorpe (EIS) and David Willis (GMB).

Officers in attendance:- Ciaran Monaghan (Head of Service) (Office of Chief Executive), Mary Agnew (Health, Safety and Wellbeing Manager), Colin Leaver (Team Leader), Mark Askew (Health and Safety Adviser), Caroline Duguid (Health and Safety Adviser), Bruce Findlater (Admin Officer), Michael Hearn (Directorate Support Manager), Lesley Kirk (Directorate Support Manager), Kate Mackay (Business Manager), Angela Crawford (Team Leader), Les Mackie (Project Officer), Neil Yacamini (Project Manager) and Mark Reilly (Head of Public Infrastructure and Environment)(for article 6).

APOLOGIES

1. Apologies for absence were intimated on behalf of Councillors Cameron, Donnelly and Greig; George Ferguson, Euan Couperwhite and Andrew Jones.

MINUTE OF PREVIOUS MEETING OF 20 FEBRUARY 2015

2. The Committee had before it the minute of its previous meeting of 20 February 2015.

The Committee resolved:-

to approve the minute as an accurate record.

MATTERS ARISING

3. With reference to articles 4, resolution (i) and 18, resolution (i), the Health, Safety and Wellbeing Manager advised that she had not received a copy of the improvement plan in relation to school security. The Project Officer for the Service advised that work had been undertaken to replace doors at some schools and the current systems in place across all schools were being reviewed. He further advised that in some schools, the grounds were used as public walkways and that these were being addressed.

The Health, Safety and Wellbeing Manager stated that the Improvement Plan was requested to provide detail of the holistic approach to School Security not the interim or onsite management arrangements and requested that a timeline be added to ensure that the improvement plan was completed and submitted to this Committee.

With reference to article 10, resolution (i), the Health, Safety and Wellbeing Manager advised that she had requested the information however she had not received the percentage reduction figure for sickness absence from all the Directorates.

The Committee resolved:-

- (i) to note that the Chairperson would discuss the improvement plan with the Head of Policy, Performance and Resources;
- (ii) to request the Head of Policy, Performance and Resources to provide a due date for when the improvement plan would be submitted to the Committee; and
- (iii) to otherwise note the information provided.

COMMITTEE BUSINESS STATEMENT

4. The Committee had before it a statement of outstanding business as prepared by the Clerk.

The Committee resolved:-

- (i) to remove item 1 (Vehicle Fire at Fleet Services); and
- (ii) to request the Service to provide a date for when the action plan would be submitted to the Committee.

CONSTITUTION

5. With reference to article 5 of the minute of meeting of the Local Government Employees Joint Consultative Committee of 26 January 2015, the Committee had before it a report by the Acting Director of Corporate Governance which presented the revised Constitution.

The report advised that the Local Government Employees Joint Consultative Committee had requested the Convener of Audit, Risk and Scrutiny Committee and Councillor Young discuss the views of that Committee as to whether Regional Trade Union Officials could attend the Corporate Health and Safety Committee and that outcome of those decisions was that they could attend and participate at the discretion of the Chairperson.

The report had appended the current constitution and the revised constitution to allow members to see where the changes had been made.

The report recommended:

That the Committee –

- (a) approve the amended Constitution for the Corporate Health and Safety Committee; and
- (b) note the content of the report.

The Clerk advised that there were two amendments to the revised constitution, those being: at 3.3 to change one of the job titles to Head of Human Resources and Customer Service; and the second at 6.4 (4) to change the entry to significant incidents.

The Committee resolved:-

- (i) to approve the amendments to the constitution as presented by the Clerk;
- (ii) to otherwise approve the recommendations contained in the report.

VEHICLE FIRE AT KITTYBREWSTER - UPDATE

6. With reference to article 7 of the minute of its previous meeting of 20 February 2015, the Committee had before it a report by the Director of Communities, Housing and Infrastructure which provided an update on the progress to date with implementing the actions as identified in previous reports.

The report advised that the following measures had been put in place: (1) a written procedure for hot works specifically for fleet services; (2) all employees involved in hot works had received the appropriate training; (3) all work had to be assessed before any hot works could commence; (4) where required a Hot Works Permit would be issued; (5) the work methods and equipment to be used must be agreed before the commencement of the works; (6) emergency measures must be checked and be in place, heat blankets and extinguishers, before hot works commenced; (7) all work had to be recorded including dates when the work was completed; and (8) an ongoing review and monitoring of the effectiveness of the procedures.

The report recommended:

That the Committee notes the actions taken and measures put in place in Fleet Services for Hot Works.

The Head of Public Infrastructure and Environment advised that a separate area on site had been identified for all hot works in order to prevent any accidents or incidents and that the guards to separate the area were on order.

The Committee resolved:-

to approve the recommendation contained in the report.

COMMUNITIES, HOUSING AND INFRASTRUCTURE HEALTH AND SAFETY REPORT

7. The Committee had before it a report by the Director of Communities, Housing and Infrastructure which presented the annual health and safety report for the period 1 April 2014 to 31 March 2015. The report also appended data for the former Enterprise, Planning and Infrastructure Service for the period 1 January to 31 March 2014.

The report contained the following statistics:

- there were 125 accidents recorded, of which 27 were reportable (24 to employees and 3 to third parties)
- slips and trips was the most common reason
- of the non reportable accidents, 80 were for employees and 18 for third parties
- the majority of accidents both reportable and non reportable related to the Environmental Service
- there were 118 incidents reported with the highest being against threatening or menacing behaviour(3) and other (38)
- the scores for the individual elements of the health and safety matrix for the Service were: 100% for Emergency Precautions in Place, Housekeeping and

Cleaning, Environment, First Aid, Slips, trips and hazards, Machinery Plant and Equipment, Welfare and Accidents an Incidents Reporting and 94% for Risk Assessment

- 1315 employees attended health and safety training
- In relation to absence management, the former Housing and Environment Service were showing figures above the target of 10 days per employee throughout the period however had improvements between April and November
- In relation to absence management, the former Enterprise, Planning and Infrastructure Service had figures of 8.7 days in April however increased throughout the period to a peak of 11.7 days lost in January 2015
- For the year 2014 (data for the full period April to March was not complete) the main factors behind absences were musculoskeletal 38% (front line) and 28% (office based), psychological 11% (front line) and 21% (office based), respiratory 11% for both front line and office based staff and gastrointestinal 10% (front line) and 15% (office based)

The report advised that the Service were in the process of developing a health and safety improvement plan which would incorporate annual targets and metrics to gauge progress against the targets.

Appendix 1 to the report contained the following statistics for the former Enterprise, Planning and Infrastructure Service for January to March 2014:

- 9 accidents were reported
- 4 incidents were reported
- The sickness absence for the period was 10.3 days lost per employee for January and February and 10.1 for March

The report recommended:

that the Committee note the content of the report.

The Directorate Support Manager advised that accidents and incidents are discussed at the service health and safety committee as well as Senior Management Team Meetings to monitor and identify improvements.

Councillor Finlayson sought information on whether there were particular service areas affected by threatening and menacing behaviour and verbal abuse, wherein the Directorate Support Manager advised that staff working in the front line were most affected and that training was provided to those staff.

Councillor Finlayson further sought clarification if the musculoskeletal absence figures related to work related or personal reasons, wherein the Health, Safety and Wellbeing Manager advised that the reports from Occupational Health show they are mainly personal and the Directorate Support Manager advised that the information they receive and record comes from the fit notes issued from GP's which wouldn't state whether work related or personal related.

The Chairperson enquired as to how staff were notified of the Corporate Health and Safety Policy, wherein the Directorate Support Manager advised that the information is available on the zone and hard copies were available for staff.

The Committee resolved:-

- (i) to note the additional information provided; and
- (ii) to otherwise approve the recommendation contained in the report

OFFICE OF CHIEF EXECUTIVE HEALTH AND SAFETY REPORT

8. The Committee had before it a report by the Chief Executive which presented the annual health and safety report for the period 1 January to 31 December 2014.

The report advised that (1) the Service comprised of 15 staff who were all office based; (2) new staff received health and safety briefings as part of their induction and have access to training if required; (3) there had been no accidents or incidents during the period; (4) health and safety matters are discussed at team meetings and management meetings when appropriate; and (5) a revised health and safety improvement plan would be prepared to reflect the change to the service and incoming members of staff.

The report recommended:

that the Committee note the content of the report.

The Committee resolved:-

to approve the recommendation contained in the report.

CORPORATE HEALTH AND SAFETY REPORT - JANUARY TO MARCH 2015

9. With reference to article 10 of the minute of its previous meeting of 20 February 2015, the Committee had before it a report by the Acting Director of Corporate Governance which presented details of the number and types of accidents, incidents and occurrences during the period January to March 2015.

The report provided statistical information broken down into the following categories:

Accidents, Incidents, Accident Rates and Sickness Absence

- 62 accidents to employees were reported of which 8 were reportable to the enforcing authority
- 112 accidents to third parties were reported of which none were reportable to the enforcing authority
- the accident (reportable) rate for the period was 0.91
- 99 incidents were reported during the period with the highest attributed to threatening or menacing behaviour (27) and then verbal abuse (26)
- there were 258.5 days lost for industrial injury and 126 days lost for mental wellbeing
- the corporate sickness absence rate was 9.6 working days lost per employee

Occupational Health and Wellbeing Events

- the Occupational Health Contract has been mutually terminated as of 30 April 2015 and alternative arrangements were in place with NHS Grampian until a new provider has been appointed
- a list of health, safety and wellbeing events was appended to the report

Enforcement Interventions – Health and Safety Executive (HSE)

- HSE contacted the health, safety and wellbeing team relating to concerns raised by a tenant over access to her property at Cairncry Court, men working overhead and the front door being blocked due to asbestos removal. The investigation found that all appropriate actions were being carried out safely and

by licensed contractors and that alternative access and egress was available and that all tenants had been advised in writing prior to the work commencing.

- HSE contacted the health, safety and wellbeing team in relation to unsuitable welfare facilities at Smithfield Court during refurbishment works. The investigation found that welfare facilities were available and legally compliant however further provisions were made available

Health and Safety Training and Cancellations

- 543 employees attended health and safety training
- There were 30 late cancellations or no shows which resulted in a total of £3128 being back charged to Services
- There had been 177 feedback responses out of 317 received

Fire Risk Assessments and Health and Safety Audits

- 47 fire risk assessments were carried out
- a range of both positive and negative findings were reported to the premises responsible person and related directorate so that remedial action could be progressed and monitored via Service Management Committees

Health and Safety Policies and Guidance

- the Corporate Health and Safety Policy has been approved and disseminated to staff via the health and safety coordinators and is available on the zone

The report recommended:

That the Committee refer the report to the Corporate Management Team –

- (a) to discuss and encourage review of statistics by Heads of Service with Service specific detail being discussed at Service Management Committees;
- (b) to support actions to reduce accidents and work related ill health in line with health and safety targets; and
- (c) to disseminate and take action on the health and safety information in the report.

Councillor Finlayson sought clarification over the higher number of accidents to third parties, whereupon the Health, Safety and Wellbeing Manager advised that the figure included accidents to school pupils and that this would be reported separately in the future. She further advised that sports injuries had been recorded under the other category which would be checked for future reports.

The Chairperson sought clarification in relation to one of the reportable accidents and why filling the pothole was not part of the remedial actions, whereupon the Directorate Support Manager advised that he would discuss with colleagues and provide a response.

Sid Sandison raised the issue of health, safety and wellbeing information being available on the zone including events however the majority of teachers can't access the zone. The Health, Safety and Wellbeing Manager advised that he information should be disseminated to all staff via the health and safety coordinators in each service.

The Committee resolved:-

- (i) to note that a response in relation to why the pothole was not filled as part of the remedial action would be provided to the Committee; and
- (ii) to otherwise approve the recommendations contained in the report.

OCCUPATIONAL HEALTH REPORT - JANUARY TO MARCH 2015

10. With reference to article 12 of the minute of its previous meeting of 20 February 2015, the Committee had before it a report prepared by Serco which outlined the activities of the Occupational Health Service for the period 1 January to 31 March 2015.

The report provided the following statistical information:

- 359 appointments had been delivered which included: 126 Medicals, 149 Referrals, 7 Hand Arm Vibration Syndrome (HAVS) Assessments, 14 Audiometry Assessments and 63 Physiotherapy Sessions
- 67 new employee questionnaires were completed
- There were 7 cases of 'Did Not Attend' and 6 cancelled appointments
- 12 Hep B vaccinations were carried out
- The highest diagnosis categories from the referrals were psychological (42) of which 16 were work related and musculoskeletal (40) of which 6 were work related
- Of the 149 referrals, 49 were deemed fit for work, 49 were deemed fit for work with restrictions, 43 were deemed unfit to work and 8 were deemed temporarily unfit

The Committee resolved:-

to note the content of the report.

EMPLOYEE ASSISTANCE PROGRAMME REPORT - JANUARY TO MARCH 2015

11. With reference to article 14 of the minute of its previous meeting of 20 February 2015, the Committee had before it a report prepared by Time for Talking which presented the utilisation of the Employee Assistance Programme for the period 1 January to 31 March 2015.

The report advised that there had been 29 referrals during the period, of which 20 related to personal issues and 9 related to work related issues. There had been 48 face to face counselling sessions and 18 telephone counselling sessions.

Councillor Finlayson sought clarification as to the split between male and female staff and whether this was a normal trend. Mike Middleton enquired as to whether the figures could be defined into part time and full time employees as this may have an effect on the figures.

The Team Leader for the Health, Safety and Wellbeing team advised that 70% of the Council's workforce were female which would account for the higher utilisation.

Sid Sandison requested that additional publicity material is circulated so that staff was aware of the Service. The Health, Safety and Wellbeing Manager advised that there was a communication plan, wallet cards had been issued and the service were promoted at corporate induction sessions.

The Committee resolved:-

to note the content of the report.

HEALTH AND SAFETY IMPROVEMENT PLAN

12. The Health, Safety and Wellbeing Manager advised that the Corporate Health and Safety Improvement Plan was currently out with the Services and would be presented to the Corporate Management Team and then to this Committee.

The Committee resolved:-
to note the information.

ANY OTHER COMPETENT BUSINESS

13. At this point in the proceedings, the Chairperson opened the meeting for any other competent business whereupon, Councillor Finlayson raised an issue with the security entry in Marischal College mainly relating to people getting stuck or the sliding panel closing on them. The Team Leader for Health, Safety and Wellbeing team advised that there was a 20 second delay in the doors closing and that if more than one person needed through then the reception staff could open the door at the far right.

The Committee resolved:-
to note the information.

DATE OF NEXT MEETING - 28 AUGUST 2015

14. The Committee noted that the next meeting was scheduled for Friday 28 August 2015.

- **COUNCILLOR GORDON GRAHAM, Chairperson**

ABERDEEN CITY COUNCIL

COMMITTEE	Audit, Risk and Scrutiny
DATE	26 November 2015
DIRECTOR	Richard Ellis (Interim)
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 training for all elected members, since the last meeting of 29 September 2015.

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 On 2 November 2015, five Councillors attended training relating to Risk Management. The Overview of Audit, Risk and Scrutiny Committee Session due on 2 November was postponed and another suitable date would be arranged.

5.2 Sessions to cover an overview of the internal audit control environment, and the Audit, Risk and Scrutiny Committee's role in terms of questioning the reports it receives from internal audit on the internal control environment and an overview of the Audit, Risk and Scrutiny Committee's responsibilities in terms of the financial reporting statements of Council are still to be arranged.

6. IMPACT

Developing members' roles in the Audit, Risk and Scrutiny Committee will strengthen the scrutiny and risk management arrangements of Council.

7. MANAGEMENT OF RISK

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

9. REPORT AUTHOR DETAILS

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

ABERDEEN CITY COUNCIL

COMMITTEE	Audit, Risk and Scrutiny Committee
DATE	26 November 2015
DIRECTOR	N/A
TITLE OF REPORT	Internal Audit Progress
REPORT NUMBER	N/A
CHECKLIST COMPLETED	Yes

1. PURPOSE OF REPORT

- 1.1 This report advises the Committee of Internal Audit's progress against the approved 2015/16 Internal Audit plan.

2. RECOMMENDATION

- 2.1 The Committee is requested to review, discuss and comment on the issues raised within this report and the attached appendices.

3. FINANCIAL IMPLICATIONS

- 3.1 There are no financial implications arising as a result of this report.

4. INTERNAL AUDIT PROGRESS

- 4.1 The Internal Audit plan for 2015/16 was approved by this Committee on 26 February 2015. The plan included an indicative quarter in which it was planned to undertake each audit. The appendix to this report shows the plan along with progress achieved as at the date of this report and a summary is shown in the following table:

Planned Audit Status	As at 16 November 2015 by Original Target Committee Date					%age
	29.09.15	26.11.15	25.02.16	28.04.16	Total	
Complete	4	0	0	0	4	11.8
Draft Report Issued	2	3	1	0	6	17.6
Work in Progress	1	2	2	0	5	14.7
To be Commenced	1	4	7	7	19	55.9
Total	8	9	10	7	34	100.0

- 4.2 Progress with planned work has been slower than anticipated when developing the plan. This has been caused, as referred to Committee in September 2015, by:
- The Team focusing on completing Aberdeenshire work from 2014/15 in quarter one;
 - Time taken to gain access to Aberdeen City systems and familiarisation with those different systems and personnel;
 - Additional work undertaken which has delayed progress with some planned works.
- 4.3 The have also been delays in Services providing information in order for audit work to progress, and in responding to draft reports when issued. This has impacted on the Section's ability to progress other planned work.
- 4.4 Although progress has improved from that reported in September, the Section has been operating at less than full establishment due to higher than usual sickness absence, whilst one member of staff has been called-up by the armed forces for a year from November 2015. Attempts to recruit to cover this period have, to date, been unsuccessful. This is likely to impact on progress during the remainder of the year.
- 4.5 As mentioned above, in addition to planned audits, the Internal Audit plan has a contingency for additional works and investigations. The following table provides a summary of these to date whilst more details are shown in the attached appendix:

Additional Work Status	As at 16 November 2015
Complete	4
Draft Report Issued	1
Work in Progress	1
Total	6

5. REPORT AUTHOR DETAILS

David Hughes, Chief Internal Auditor
David.Hughes@aberdeenshire.gov.uk
(01224) 664184

APPENDIX A

PROGRESS WITH INTERNAL AUDIT PLAN 2015/16 CROSS SERVICE AUDITS

SUBJECT / SCOPE	OBJECTIVE	Progress as at 16 November 2015		Red Amber Green	Comment where applicable
Corporate Policies and Procedures in Aberdeen City and Aberdeenshire Councils (joint audit)	To undertake a "stock take" of the policies and procedures in existence within Aberdeen City and Aberdeenshire Councils with a view to ascertaining the scope for standardisation and rationalisation.	Draft report due to be issued	17.08.15	Green	Report to be discussed by Aberdeen City and Aberdeenshire's Joint Senior Management Team on 9 December
		Draft report issued	13.08.15		
		Management response due	14.09.15	Amber	
		Management response received	N/A		
		Final report issued	N/A	Green	
		Original target Committee date	29.09.15	Amber	
		Anticipated submission to Committee	26.11.15		
		Revised submission to Committee	26.02.16		
Risk Registers	Council-wide review of procedures in place to consider whether risks are identified and adequately managed.	Draft report due to be issued	30.09.15	Amber	Work delayed due to Auditor undertaking additional works (see General section below)
		Draft report issued	16.10.15		
		Management response due	13.11.15	Green	
		Management response received	05.11.15		
		Final report issued	16.11.15	Green	
		Original target Committee date	29.09.15	Amber	
		Anticipated submission to Committee	26.11.15		
		Actual submission to Committee	26.11.15		

SUBJECT / SCOPE	OBJECTIVE	Progress as at 16 November 2015	Red Amber Green	Comment where applicable
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CROSS SERVICE AUDITS (continued)

Recruitment Procedures across all Services (excluding Teaching staff) NOTE: Work conjoined with Teachers Recruitment Audit	Consider whether all Services are complying with Policy relating to recruitment and document retention, and that recruitment is being undertaken in the most efficient manner.	Draft report due to be issued	22.08.15	Green	Further discussion required before report is finalised.
		Draft report issued	21.08.15		
		Management response due	21.09.15	Green Red	
		Management response received – HR Management response – E&CS	21.09.15 09.11.15		
Final report issued	N/A				
		Original target Committee date	29.09.15	Red	
		Anticipated submission to Committee	26.02.16		
ALEOs	To review the governance arrangements in place between Aberdeen City Council and its ALEOs, including determination of sources of assurance regarding risk management, internal controls, and staff and information governance.	Original target Committee date Anticipated submission to Committee	26.11.15 26.02.16	Amber	Delayed to allow Governance Hubs to meet before commencing audit.
Compliance with Procurement related Legislation and Financial Regulations.	To review sample of payments in excess of £5,000 to ensure that they have been made in full compliance with Legislation and Financial Regulations and that, where appropriate, Value for Money has been achieved.	<u>Audit 1</u> Original target Committee date Anticipated submission to Committee	26.11.15 25.02.16	Amber	Preliminary work undertaken with Finance to obtain and format required data
		<u>Audit 2</u> Original target Committee date	28.04.16	Green	

SUBJECT / SCOPE	OBJECTIVE	Progress as at 16 November 2015	Red Amber Green	Comment where applicable
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CROSS SERVICE AUDITS (continued)

Timesheets / Allowances	Consider whether terms and conditions are being complied with and that timesheets submitted for payment are accurate. Where appropriate, confirm claims to Service documentation and challenge management regarding overtime / additional hours worked.	Draft report due to be issued	15.12.15	Green	
		Original target Committee date	25.02.16	Green	
Following the Public Pound	Review arrangements in place to ensure that public funds are awarded against set criteria which complies with the principles of following the public pound requirements.	Original target Committee date Anticipated submission to Committee	25.02.16 TBC	Amber	Delayed at request of Head of Finance due to new procedures being introduced
Data Protection	Review arrangements in place across the Council to consider whether Data Protection legislation is complied with.	Original target Committee date	25.02.16	Green	

SUBJECT / SCOPE	OBJECTIVE	Progress as at 16 November 2015	Red Amber Green	Comment where applicable
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CORPORATE GOVERNANCE

Commercial and Procurement Services

Creditors System	Consider whether appropriate control is being exercised over the Creditors System, including contingency planning and disaster recovery, and that interfaces to and from other systems are accurate and properly controlled.	Draft report due to be issued	09.09.15	Amber	Partly delayed due to Internal Audit undertaking additional works detailed at end of this report and some issues needing to be discussed with Service – contacts not available
		Draft report issued	09.10.15		
		Management response due	06.11.15	Amber	
		Management response received	13.11.15		
		Final report issued	16.11.15	Green	
		Original target Committee date	29.09.15	Amber	
		Anticipated submission to Committee	26.11.15		
		Actual submission to Committee	26.11.15		

Finance

Budget Setting Process	Review procedures used in setting the Council's budget.	Original target Committee date	29.09.15	Amber	Delayed due to work being undertaken on Health and Social Care Integration
		Anticipated submission to Committee	25.02.16		
Council Tax	Consider whether billing and collection arrangements are robust and adequately applied.	Draft report due to be issued	20.11.15	Green	
		Original target Committee date	26.11.15	Amber	
		Anticipated submission to Committee	25.02.15		
Bank Reconciliations	Review procedures to ensure that accurate, timely reconciliations are produced using a robust methodology.	Original target Committee date	25.02.16	Green	

SUBJECT / SCOPE	OBJECTIVE	Progress as at 16 November 2015	Red Amber Green	Comment where applicable
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CORPORATE GOVERNANCE (continued)

Finance (continued)

VAT	Consider whether VAT returns are accurately and timeously prepared and that appropriate reconciliations are completed to ensure accuracy.	Original target Committee date	25.02.16	Green	
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Budget Monitoring	Review procedures used for monitoring the Council's revenue budget.	Original target Committee date	28.04.16	Green	
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Benefits	Consider whether benefits being paid to claimants are supported by appropriate documentary evidence, that the calculation of benefit is accurate, and that it has been properly recorded for subsidy purposes. To use Audit Scotland documentation to allow specific reliance to be placed on work done.	Original target Committee date	28.04.16	Green	
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SUBJECT / SCOPE	OBJECTIVE	Progress as at 16 November 2015	Red Amber Green	Comment where applicable
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CORPORATE GOVERNANCE (continued)

Human Resources and Organisational Development

Payroll System	Consider whether appropriate control is being exercised over the payroll system, including contingency planning, disaster recovery and interfaces, and that payments made by the system are accurate. To include system data reconciliations	Draft report due to be issued	09.07.15	Red	Delayed due to Auditors undertaking additional work detailed at end of this report
		Draft report issued	14.09.15		
		Management response due	13.10.15	Green	
		Management response received	06.10.15		
		Final report issued	08.10.15	Green	
		Original target Committee date	29.09.15	Amber	
		Anticipated submission to Committee	26.11.15		
		Actual submission to Committee	26.11.15		

EDUCATION AND CHILDREN'S SERVICES

Recruitment Procedures NOTE: Work conjoined with Council-wide review	Consider whether Service is complying with Policy relating to recruitment of teaching staff, and that recruitment is being undertaken in the most efficient manner.	Draft report due to be issued	22.08.15	Green	
		Draft report issued	21.08.15		
		Management response due	21.09.15		Further discussion required before report is finalised.
		Management response received - HR	21.09.15	Green	
		Management response – E&CS	09.11.15	Red	
Final report issued	N/A				
		Original target Committee date	26.11.15	Amber	
		Anticipated submission to Committee	26.02.16		

SUBJECT / SCOPE	OBJECTIVE	Progress as at 16 November 2015	Red Amber Green	Comment where applicable
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EDUCATION AND CHILDREN'S SERVICES (continued)

Academy Visits	Consider whether income and expenditure, payroll records, inventories, and computer security are adequately controlled and completed.	Draft report due to be issued	30.10.15	Green	
		Draft report issued	26.10.15		
		Management response due	23.11.15	Green	
		Management response received	N/A		
		Original target Committee date	25.02.16	Green	
Family and Community Support – Family Centres	Consider whether income and expenditure, payroll records, inventories, and computer security are adequately controlled and completed.	Original target Committee date	25.02.16	Green	
Teachers Payroll including Supply Teaches	Consider whether all aspects of payroll administration are adequately controlled and that payment is being made accurately to bona-fide employees.	Original target Committee date	28.04.16	Green	
Out of Authority Placements	Consider whether system used to make placements is robust and that alternatives are considered before decisions are made which commit expenditure.	Original target Committee date	28.04.16	Green	

SUBJECT / SCOPE	OBJECTIVE	Progress as at 16 November 2015	Red Amber Green	Comment where applicable
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COMMUNITIES, HOUSING AND INFRASTRUCTURE SERVICES

Housing

Rent Assessment	Consider whether the scheme is robust and is operating satisfactorily in relation to rent setting.	Draft report due to be issued	26.06.15	Green	
		Draft report issued	26.06.15		
		Management response due	24.07.15	Green	
		Management response received	06.07.15		
		Final report issued	17.07.15	Green	
		Original target Committee date	29.09.15	Green	
		Actual submission to Committee	29.09.15		
Rent Collection	Consider whether rent collection and arrears processes are robust and are being complied with.	Draft report due to be issued	25.09.15	Green	Delays in Internal Audit
		Draft report issued	N/A		
		Original target Committee date	29.09.15	Amber	
		Anticipated submission to Committee	26.11.15		
		Actual submission to Committee	N/A		
Building Maintenance Procurement	Consider whether adequate control is in place regarding procurement of materials.	Original target Committee date	26.11.15	Amber	Delayed due to volume of additional works being undertaken by Internal Audit in the Service (see General Section below)
		Anticipated submission to Committee	TBC		

SUBJECT / SCOPE	OBJECTIVE	Progress as at 16 November 2015	Red Amber Green	Comment where applicable
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COMMUNITIES, HOUSING AND INFRASTRUCTURE SERVICES (continued)

Housing

Sheltered Housing	To review the implementation of revised arrangements following the January 2013 report on Housing for Varying Needs Review.	Draft report due to be issued	09.10.15	Amber	Information requested from Finance on 08.09.15 not provided timeously and Service not responding fully and timeously to audit queries.
		Draft report issued	30.10.15		
		Management response due	30.11.15	Green	
		Management response received	N/A		
		Original target Committee date	26.11.15	Amber	
		Anticipated submission to Committee	25.02.16		

Transportation

Vehicles	Ensure that the procedures put in place to address concerns raised by the Traffic Commissioner have been implemented and are operating in a satisfactory manner. To include random, unannounced visits to check vehicles.	Original target Committee date	25.02.16	Green	
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SUBJECT / SCOPE	OBJECTIVE	Progress as at 16 November 2015	Red Amber Green	Comment where applicable
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COMMUNITIES, HOUSING AND INFRASTRUCTURE SERVICES (continued)

Transportation (continued)

Crematorium	Ensure that procedures put in place to address concerns raised in 2014/15 have been embedded in the Crematorium and ascertain where assurance over operation will be obtained from in future.	Draft report due to be issued	04.12.15	Green	
		Original target Committee date	25.02.16	Green	

Tendering Procedures	Consider whether robust tendering procedures are in place and are operating satisfactorily.	Original target Committee date	28.04.16	Green	
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Public Infrastructure and Environment

Trade Waste	Consider whether adequate control is in place covering income and expenditure, that appropriate agreements and other paperwork is in place, and that accounting arrangements are robust.	Draft report due to be issued	13.10.15	Amber	
		Draft report issued	26.10.15		
		Management response due	23.11.15	Green	
		Management response received	N/A		
		Original target Committee date	26.11.15	Amber	
		Anticipated submission to Committee	25.02.16		

SUBJECT / SCOPE	OBJECTIVE	Progress as at 16 November 2015	Red Amber Green	Comment where applicable
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ADULT SOCIAL WORK / INTEGRATION JOINT BOARD

Social Work Tendering	Consider whether robust, documented procedures are in place to adequately control tendering and selection processes.	Draft report due to be issued	02.10.15	Amber	Additional work being undertaken in respect of Children's Services requested by Chief Executive
		Draft report issued	N/A		
		Original target Committee date	26.11.15	Amber	
		Anticipated submission to Committee	25.02.16		

Self Directed Support	Consider whether adequate control is exercised over direct payments made in advance to clients.	Original target Committee date	25.02.16	Green	
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Integration of Health and Social Care	Internal Audit provision for Health and Social Care Partnership to include consultancy on arrangements being introduced covering risk management, staff and information governance, and provision of assurance to stakeholders.		As required	N/A	
		Draft report due to be issued	30.10.15	Amber	Delays in Finance and Social Work responding to requests for required information
		Draft report issued	04.11.15		
		Management response due	04.12.15	Green	
	Additional audit (ie outwith detailed planned work) providing pre-integration financial assurance agreed by Audit, Risk and Scrutiny Committee on 26.09.15	Management response received	N/A		
		Anticipated submission to Committee	25.02.16	Green	

SUBJECT / SCOPE	OBJECTIVE	Progress as at 16 November 2015	Red Amber Green	Comment where applicable
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PENSION FUND

Investment Strategy	Review of compliance with pension fund investment strategy.	Original target Committee date Anticipated submission to Committee	26.11.15 25.02.16	Amber	
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Investment Management	Review of arrangements in place to monitor the performance of investment managers.	Original target Committee date	28.04.16	Green	
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SUBJECT / SCOPE	OBJECTIVE	Progress as at 16 November 2015	Red Amber Green	Comment where applicable
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GENERAL

Follow up of recommendations agreed in previously issued Internal Audit reports.	To provide assurance that agreed actions have been implemented. Reporting will be by way of regular updates to Audit, Risk and Scrutiny Committee. To include reporting of agreed PWC recommendations.	Target Committee Date	29.09.15	Green	
		Actual Committee Date	29.09.15		
		Target Committee Date	26.11.15		
Actual Committee Date	26.11.15				
		Target Committee Date	25.02.15	Green	
		Actual Committee Date			

Reporting Internal Audit outputs to Audit, Risk and Scrutiny Committee.	To provide Audit, Risk and Scrutiny Committee with assurance regarding the areas examined by Internal Audit.	Target Committee Date	29.09.15	Green	
		Actual Committee Date	29.09.15		
		Target Committee Date	26.11.15		
Actual Committee Date	26.11.15				
		Target Committee Date	25.02.15	Green	
		Actual Committee Date			

Commercial and Procurement Services - PACE Projects.	To provide consultancy regarding issues arising from proposed projects.	N/A	N/A	
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Shared Services as they arise.	To provide consultancy regarding issues arising from shared service proposals.	N/A	N/A	
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SUBJECT / SCOPE	OBJECTIVE	Progress as at 16 November 2015	Red Amber Green	Comment where applicable
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GENERAL (continued)

Contingency - Investigations and additional works.	To undertake investigations and additional works as they arise during the year and to provide a contingency should systems subject to audit not be adequately documented by Services prior to audit.	Additional works undertaken / being undertaken are detailed in the following tables.		
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Council Tax Billing 2014/15	Establish reasons why incorrect bar codes had been recorded on Council Tax Bills and the controls in place to prevent duplicate bills being issued.	Draft report issued	02.06.15	Green	
		Management response due	30.06.15	Amber	
		Management response received	03.07.15		
		Final report issued	07.07.15	Green	
		Submission to Committee	29.09.15	Green	

Craft Workers Terms and Conditions	To review the completion of timesheets and compliance with agreed terms and conditions.	Draft report issued	12.08.15	Green	Management response included in draft report and returned to management with comments. Delays in returning response.
		Management response due	08.09.15	Amber	
		Management response received	11.09.15		
		Management response responded to	15.09.15	Red	
		Reminder sent to management	05.10.15		
		Further reminder sent	19.10.15		
		Response received	30.10.15		
		Final report issued	30.10.15	Green	
		Submission to Committee	26.11.15	Green	

Window Replacements	To review the circumstances regarding window replacements.	Final report issued	21.08.15	Green	
		Submission to Committee	26.11.15	Green	

SUBJECT / SCOPE	OBJECTIVE	Progress as at 16 November 2015	Red Amber Green	Comment where applicable
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GENERAL (continued)

Langdykes Road	To review whether officers have complied with Council policy / procedure in respect of granting of planning permission for the development of a Hydrogen Power Station.	Anticipated submission to Committee Submission to Committee	26.11.15 26.11.15	Green	
Building Services Recharges	To evaluate controls in place to ensure costs (materials and labour) charged to jobs are accurate.	Anticipated draft report issue	16.10.15	Amber	Delays in Internal Audit
		Draft report issued	N/A		
		Anticipated submission to Committee	25.02.16	Green	
Children's Social Work Payments	To evaluate controls in place.	Draft report issued	16.11.15	Green	
		Anticipated submission to Committee	25.02.16	Green	

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External Audit Progress Update – 2014/15 Audit

Prepared for Aberdeen City Council Audit, Risk and Scrutiny Committee
November 2015

Purpose of this report

1. This report aims to provide an update of progress with the external audit of the 2014/15 financial year. The intention is to provide the Audit, Risk and Scrutiny Committee (ARSC) with an update at each meeting. Our roles and responsibilities were set out in our 2014/15 annual audit plan which was considered by the Committee in February 2015. 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 2014/15

2. For 2014/15, 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 2015 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 2014 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 a Local Scrutiny Plan. This was developed following the Local Area Network's (LAN) consideration of new evidence in terms of its impact on existing risk assessments and identifying scrutiny activity for the council during 2015/16

- 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; arrangements for 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
- review of National Fraud Initiative arrangements

Matters for Members' attention

3. We would highlight the following points for members' attention in considering the progress report:

- **Annual audit activity** : Our audit work in respect of the council's housing benefit subsidy claim is expected to be complete by 20 November 2015 enabling me to certify the claim by the required deadline of 30 November 2015. Otherwise our audit work in respect of the 2014/15 financial year is now complete. Planning work is now underway for our 2015/16 audit and we will bring the Annual Audit Plan to the Committee in February 2016.

- **Local Scrutiny Plan:**

- Planning for the Care Inspectorate's inspection of older people's services is underway. Colleagues involved in the council's recent best value audit and myself met with the inspection team recently to share knowledge and areas of interest. I understand that the fieldwork will commence in January 2016.
- As part of the 2015/16 audit of the council, we will include best value follow up activity to monitor the council's progress in taking forward the improvement plan elected members and officers discussed with the Accounts Commission. There will be regular updates during the year with the chief executive and other key officers tasked with taking forward elements of the improvement agenda. While we will formally report findings in our 2015/16 Annual Audit Report next September, I will keep members of the Audit, Risk and Scrutiny Committee advised of activities through my regular progress reporting.
- The next round of shared risk assessments are due to commence shortly. Scrutiny partners are currently updating their intelligence and we are planning for the Local Area Network (LAN) to meet early in January 2016.

Progress of 2014/15 audit work – planned audit outputs all delivered

4. In agreeing our fee for the audit with the Head of Finance, we agreed to deliver the following outputs in relation to the 2014/15 audit. A summary of progress against our plans is set out below.

Planned outputs /Related activity		Target date for ARSC	Actual date	Complete	Comments
Governance					
I					
Annual Audit Plan including agreement of our fee for the audit		26 February 2015	26 February 2015	Yes	Considered by Audit, Risk and Scrutiny Committee on 26 February 2015
Local Scrutiny Plan		30 April 2015 (Delayed due to re-scheduled committee date)	25 June 2015	Yes	Considered by Audit, Risk and Scrutiny Committee on 25 June 2015.
Interim report on 2014/15 audit – covers internal controls and a follow up of 2013/14 Interim Action Plan		25 June 2015	25 June 2015	Yes	Considered by Audit, Risk and Scrutiny Committee on 25 June 2015.
Financial statements					
Annual report to Members and the Controller of Audit (including ISA260)		29 September 2015	29 September 2015	Yes	Considered by Audit, Risk and Scrutiny Committee on 29 September 2015
Independent auditor's report on the financial statements		29 September 2015	29 September 2015	Yes	Considered by Audit, Risk and Scrutiny Committee on 29 September 2015
Audit opinion on charitable trusts		29 September 2015	29 September 2015	Yes	Considered by Audit, Risk and Scrutiny Committee on 29 September 2015

Progress of 2014/15 audit work – returns

4. We are required to certify/submit the following returns but we do not routinely bring these matters to the committee:

Planned outputs /Related activity	Target date for submission	Actual date	Complete	Comments
Financial Statements				
Audit opinion on Whole of Government Accounts (WGA) 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.	30 September 2015	30 September 2015	Yes	Certified return submitted to the Scottish Government and National Audit Office.
Grants				
Education Maintenance Allowances	31 July 2015	31 July 2015	Yes	Certified return submitted to the Scottish Government.
Criminal Justice Services Returns	30 September 2015	2 October 2015	Yes	Certified claim submitted to the Treasurer and external auditor of the Northern Criminal Justice Authority.

Planned outputs /Related activity	Target date for submission	Actual date	Complete	Comments
Housing Benefit and Council Tax Benefit Subsidy	30 November 2015		Ongoing	There is a prescribed audit methodology for subsidy claims which requires an initial sample of 40 benefit cases. Further testing is required if errors are identified in the initial sample and on conclusion of the second round of testing, the errors are extrapolated to enable us report the impact on the figures included in the subsidy claim. Errors were found in the initial sample and therefore additional testing was required. We are working with the revenues team to complete this work and conclude the extrapolation exercise by 20 November so that we are ready to report/certify the claim by 27 November 2015.
Non Domestic Rates Income return	9 October 2015	9 October 2015	Yes	Certified return submitted to the Scottish Government.

Anne MacDonald, Senior Audit Manager

November 2015

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ABERDEEN CITY COUNCIL

COMMITTEE	AUDIT & RISK COMMITTEE
DATE	26 TH NOVEMBER 2015
INTERIM DIRECTOR	RICHARD ELLIS
TITLE OF REPORT	DATA PROTECTION REPORTING – JULY-SEPTEMBER 2015
REPORT NUMBER:	CG/15/135
CHECKLIST RECEIVED	YES

1. PURPOSE OF REPORT

The purpose of this report is to provide an overview for quarter 2 (July to September 2015) 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 to September 2015, are detailed below.

In the reporting quarter Aberdeen City Council received **18** Subject Access Requests and **52** requests from 3rd parties for personal data held by it.

By Service:

Service	Subject Access Requests	3 rd Party Requests
Aberdeen City Health and Social Care Partnership	11	44
Communities Housing & Infrastructure	2	5
Corporate Governance	2	0
Education & Children's Services	3	3
Office of Chief Executive	0	0
TOTAL	18	52

In the quarter, **70** requests have been responded to. The requirement of the Data Protection Act 1998 is that requests are responded to within 40 days. **61** requests were responded to within 40 days in the reporting quarter, some **87%** of requests responded to.

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 **0** requests.

b) Data Breaches and Near Misses

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
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Aberdeen City Health and Social Care Partnership	0
Communities Housing & Infrastructure	2
Corporate Governance	4
Education & Children's Services	3
Office of Chief Executive	0
TOTAL	9

By Breach Type:

Type of Breach	Number of Breaches
Human Error	7
Unauthorised Disclosure	1
Unauthorised Access	0
Loss	1
Theft	0
Other	0
TOTAL	9

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 on 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 a self-report to the ICO was required in **one** case. In that instance, the ICO decided that no further action was necessary and closed the case. The ICO considered it unlikely that there had been a data protection breach because, at the time of the incident, the Council had appropriate organisational and technical measures in place to protect the data.

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.

As mentioned above, there has been one determination by the ICO of outstanding breach investigations during the reporting period.

A full review of the Aberdeen City Council Corporate Data Protection policy and associated suite of procedures has been completed. Revised Policy and Procedures have been submitted to the Finance, Policy & Resources Committee for consideration. This was approved at Committee on 15th September 2015 and the recording and reporting of Data Protection near misses will commence in October 2015.

c) Data Protection Training

As previously reported to Committee, a review of induction Data Protection training has been undertaken. Information on overarching Data Protection responsibilities has been included in the content of an e-Induction module which is to be undertaken by all staff. Further, all staff who have responsibility for the processing of personal information will be required to complete the Data Protection essentials training which has been redesigned to provide an overview of the law and a focus on the responsibilities and expectations on individual staff members.

The launching of these revised training packages is being co-ordinated by the HR Service and further consideration will be given to how completion rates for this training will be monitored.

d) Complaints about Data Handling

A further aspect of the Data Protection responsibilities of Aberdeen City Council is responding to any complaints received from data subjects relating to the manner in which the Council processes their personal data.

The process for handling complaints is two-fold. At the first stage, when the complaint is raised with the Council, the Council will seek to respond to the complainant and resolve the concern. This may be by providing information relating to the manner in which personal data has been processed or by identifying and rectifying any weakness.

The second stage, if a complainant remains dissatisfied, is where a data subject can make a complaint to the ICO. The ICO will invite the Council to detail its handling of the issue under consideration and thereafter investigate such complaints and determine whether or not it is likely that the Council has fulfilled its obligations and duties under the Data Protection Act 1998.

If the Council has failed in its obligations and duties, the ICO can require the Council to take action to mitigate any risk.

In the reporting period, **one** complaint was received by the Council from a data subject.

Further, in the reporting period, there had been **one** notification from the ICO regarding a complaint about the Council.

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 risk.

8. BACKGROUND PAPERS

None

9. REPORT AUTHOR DETAILS

Sarah Kemlo, Paralegal

E-mail: skemlo@aberdeencity.gov.uk

Telephone: 01224 522796

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ABERDEEN CITY COUNCIL

COMMITTEE	Audit, Risk & Scrutiny
DATE	26 th November 2015
DIRECTOR	Richard Ellis
TITLE OF REPORT	Protecting Vulnerable Groups (PVG) Scheme
REPORT NUMBER:	CG/15/142
CHECKLIST COMPLETED	Yes

1. PURPOSE OF REPORT

The purpose of this report is to provide the Committee with information which it requested on the Council's current policy and procedures for the Protecting Vulnerable Groups (PVG) Scheme.

2. RECOMMENDATION(S)

that the Committee note the detail of the reports.

3. FINANCIAL IMPLICATIONS

There are no direct financial implications arising from this report.

4. OTHER IMPLICATIONS

None

5. BACKGROUND/MAIN ISSUES

The PVG Scheme- A Summary

- 5.1 The Protecting Vulnerable Groups (PVG) membership scheme replaced the previous disclosure arrangements for people who work with vulnerable groups in 2010. It is Scotland's response to the principal recommendation of the Bichard Enquiry Report, which called for a registration system for all those who work with children and vulnerable adults in the UK that would confirm that there is no known reason why an individual should not work with these client groups. England, Wales and Northern Ireland currently use the ISA Vetting and Barring Scheme.
- 5.2 The Act introduces a membership scheme for people undertaking regulated work with children and/or protected adults. The scheme has a memory and individual records held by the scheme are updated automatically when a person's circumstances change. When a disclosure is required because the scheme member is changing posts, or taking on an additional role, prospective employers can check whether he/she is a member of the scheme and whether there is any information held about them through the scheme update option.
- 5.3 Only those posts carrying out work (whether this is paid or unpaid) which is deemed to be regulated work, will qualify for membership of the PVG scheme. The Scottish Government cannot provide an absolute and definitive list of positions that constitute regulated work, as the roles and duties that people undertake vary widely between organisations and change over time.

Regulated work with Children

- 5.4 It is more straightforward to define regulated work with children than with adults as this is generally any work which involves responsibility for the welfare of a child. This can be through providing a service directly to children, through the type of establishment where regulated work takes place - such as a school.

Regulated work with Adults

- 5.5 The situation with adults is broadly similar to that with children. However, the main difference is that a 'protected adult' is a service based definition and avoids labelling adults solely on the basis of having a specific condition or disability.

Guidelines for PVG Eligibility for Elected Members

- 5.6 The PVG Act states that for an Elected Member to be eligible for PVG, he/she would require to meet criteria contained in Schedule 2 and Schedule 3 of the PVG Act, as follows:

Schedule 2, regulated work with children includes certain positions of trust:

"Member of-

(a) a committee (including joint committee) of a council which is concerned with the provision of education, accommodation, social services or health care services to children,

(b) a sub-committee which discharges any functions of any such committee".

Schedule 3, regulated work with protected adults, includes certain positions of trust:

"Member of a committee (including joint committee) of a council which is concerned with the provision of education, accommodation, social services or health care services to protected adults.

Any reference to a committee includes a reference to any sub-committee which discharges any functions of that committee."

It is important to be clear that these committees (including joint committees) must be dealing with the provision of the above mentioned services to protected adults, and **not the provision of these services to all adults**. A protected adult is an individual aged 16 or over who is provided with and receives certain care or support services, or prescribed health or welfare services.

1. It is clear that the intention is not for all councillors to be in PVG, but simply those who are members of these committees. The fact that they may occasionally refer decisions to the full Council is irrelevant, that is not regulated work.
2. Councils cannot ask all elected members (councillors) to become PVG scheme members unless they are all doing regulated work.
3. Under the PVG Act, any Elected Member in a political group being asked to substitute at any time on any Committee would be viewed as "ad hoc" and would not make them eligible for PVG as it would not meet the "Normal Duties" test.
4. It remains the responsibility of organisations to ensure that the legislative criteria for PVG is met. It is a criminal offence to ask someone to join the PVG scheme for a position which is not regulated work. It is also an offence to make a false declaration for the purposes of obtaining a PVG disclosure.

6. IMPACT

Improving Customer Experience –

The PVG Scheme is to enhance the safety of the Council's vulnerable customers.

Improving Staff Experience –

The PVG Scheme also provides protection for our staff.

Improving our use of Resources –

There are no direct resources implications arising from this report.

Corporate -

There are no direct implications arising from this report.

Public –

There are no direct implications arising from this report.

7. MANAGEMENT OF RISK

There are no identified material risks which would result from the approval of the recommendations in this report. The actions and recommendations contained in the report are a response to identified risks and are designed to mitigate these.

8. BACKGROUND PAPERS

9. REPORT AUTHOR DETAILS

William Taylor
wtaylor@aberdeencity.gov.uk
(01224) 523198



Internal Audit Report

Communities, Housing and Infrastructure

Council House Rent Setting

Issued to:

Pete Leonard, Director of Communities, Housing and Infrastructure
Angela Scott, Acting Director of Corporate Governance
Donald Urquhart, Head of Communities and Housing
Graeme Stuart, Housing Strategy & Performance Manager
Steven Whyte, Head of Finance
Anne MacDonald, Audit Scotland

EXECUTIVE SUMMARY

As at 31 March 2015, the Council managed 22,328 properties in the Housing Revenue Account which are required to generate around £81 million per annum in rental charges.

In order to ensure that the Council's approach to setting its Council House Rents was consistent, fair, efficient and transparent, whilst ensuring sufficient income to manage the Service, the Council undertook a rent restructuring process in the period 2011 to 2012. This resulted in a new Rent Setting Policy being implemented on 1 April 2013.

The new rents were to be phased in over a five year period at which point all houses would be fully converged on the new rent system. Rent increases and decreases in that period would also be capped at £3, before the application of an annual inflationary increase.

The objective of this audit was to consider whether the approved Rent Setting Policy is operating satisfactorily. This was found to be the case with the various rent accounts tested having been accurately calculated in accordance with the approved policy.

To ensure that the rent system has been accurately updated for the new financial year, the Service reviews one in every two hundred accounts manually. This check is done on screen and is not evidenced. In order to improve efficiency and assurance the Service has agreed to explore the possibility of obtaining an extract from the system for comparison to the Service's own calculations which are used to uprate certain elements in the rent charge. This would allow for the identification of any exceptions for investigation and is due to be complete by March 2016.

Additional charges for heating provision or stand-alone garages, as approved by Committee, will be applied to rent accounts where appropriate. The charge values are input to the rent system manually and are not dependent on any other field for calculation. Whilst there was no uprating for the heating charge in 2015/16, this is a labour intensive process which the Service is looking to automate for any future increases. The heating charge for three of the sampled properties did not match the heating type field. Whilst the 'Heating Type' field does not drive the 'Heating Element' charge, and therefore doesn't impact on the rent charged, which was correct, the Service acknowledges the importance of maintaining accurate information, and is considering how this information can be corrected. This issue will be complete by December 2015.

A further recommendation relating to bringing procedural documentation up-to-date will be completed by December 2015 whilst one relating to confirming the accuracy of rents in the Haudagain Roundabout area where the property is effectively rented to the Housing Revenue Account has been completed.

1. INTRODUCTION

- 1.1 The Council manages 22,328 (at 31 March 2015) properties in the Housing Revenue Account which are required to generate around £81 million per annum in rental charges.
- 1.2 In order to ensure that the Council's approach to setting its Council House Rents was consistent, fair, efficient and transparent, whilst ensuring sufficient income to manage the Service, the Council undertook a rent restructuring process in the period 2011 to 2012. This resulted in a new Rent Setting Policy being implemented on 1 April 2013.
- 1.3 The new Rent Setting Policy determines rent values by having a base rent for all properties with additions based on:
- property groups – house, four in a block, and flats
 - number of bedrooms
 - garages that are within the curtilage of the property.
- The resultant rent would be the “model” rent.
- 1.4 The new rents were to be phased in over a five year period at which point all houses would be fully converged on the new rent system. Rent increases and decreases in that period would also be capped at £3, before the application of an annual inflationary increase.
- 1.5 The objective of the audit was to consider whether the approved Rent Setting Policy is operating satisfactorily.
- 1.6 The factual accuracy of this report and action to be taken with regard to the recommendations made have been agreed with Donald Urquhart, Head of Communities and Housing, and Graeme Stuart, Housing Strategy & Performance Manager.

2. FINDINGS AND RECOMMENDATIONS

2.1 Legislation

- 2.1.1 The provision of rented accommodation is guided by the Housing (Scotland) Act 2001. It is for a landlord to determine the methodology for setting rents. However, where changes affecting all tenants are proposed, a landlord must consult with those tenants that would be affected. Tenants must be notified of any change to their rent 28 days in advance of the change taking effect.
- 2.1.2 Prior to 1 April 2013, when a new Rent Setting Policy was implemented, the Council had set rent using the Gross Annual Value of its properties, which is set by the Regional Assessor using a number of factors. This resulted in 820 different rent levels being set ranging from £18 per week to £234 per week. This was considered overly complex and unfair and, as a result, the Council undertook a review of the Rent Setting Policy.
- 2.1.3 The new Rent Setting Policy was implemented following a consultation process in which questionnaires were issued to all tenants in November 2011 followed by focus groups being held with a number of tenants in February 2012. The results of this were reported to the Housing and Environment Committee in May 2012, which approved further formal consultation, the outcome of which was reported to the Committee in August 2012. The Council, therefore, complied with the requirement to consult with its tenants in changing the methodology for setting rents.
- 2.1.4 A sample of 30 tenancies was reviewed and it was confirmed that letters to tenants had been created and issued at least 28 days prior to the change in rent becoming effective.
- 2.1.5 To ensure letters are sent to all tenants regarding the annual rent increase, the Systems Team reconciles the number of letters created to the number of properties for each letting zone. Evidence of successful upload to the printing software is also retained.

2.2 Rent Element Uprating

- 2.2.1 It is Council policy to increase annual rent by inflation plus 1%. The inflation rate to be applied to is the RPIX (Retail Price Index (RPI) excluding mortgage interest payments) in the preceding September. The rate applied for 2015/16 was the September 2014 rate of 2.3% plus 1%, giving an annual inflationary increase of 3.3%. This was approved by Council on 17 December 2014.
- 2.2.2 The rent element calculation is undertaken by the Housing Strategy & Performance Manager, and is provided to the System Team within Housing. The revised elements are input to the test environment to ensure the system calculates gross rents correctly before being input to the live system. Internal Audit testing confirmed that inflationary increases had been applied accurately.
- 2.2.3 The Systems Team have a procedural document for the rent uprating process. While the processes and system screens used have not changed, the document refers to the previous rent setting policy. Where procedural documents are not kept up-to-date, there is a risk that incorrect procedures may be applied.

Recommendation

The Service should bring the rent uprating procedural document up-to-date.

Service Response / Action

Agreed. The procedures will be updated in advance of the 2016 rent uprating.

Implementation Date

December 2015

Responsible Officer

Systems Manager

Grading

Important within audited area.

- 2.2.4 Access to amend the rent setting elements are restricted to four members of staff within the Housing Systems Team, and to two members of staff within ICT. None of the staff involved in uprating the charges on the system have direct involvement in rent collection, therefore it is considered that segregation of duties in place between rent setting and rent collection are adequate. The Northgate System has an audit trail of user activity, and any changes to rent elements will have the date, time and user identification recorded on the system.
- 2.2.5 Currently there are no controls in place to identify any conflicts of interest for staff involved in the setting of rent but the Council is in the process of procuring a Northgate System module that will provide conflict of interest identification functionality.

2.3 Rent Charges

- 2.3.1 Following confirmation of the rent element uprating, the necessary adjustments resulting from capped increases / decreases are independently calculated by three members of staff, with the results being compared for accuracy. A file is then submitted to the Systems Team for uploading to Northgate by ICT. Evidence of checking and upload was confirmed.
- 2.3.2 A sample of thirty tenancies that commenced prior to 1 April 2013 were reviewed and it was confirmed that the correct rent had been applied in the period 2013/14 to 2015/16, after taking account of capped increases and decreases and application of the approved inflationary increase.
- 2.3.3 The Policy requires that any tenancies commencing after its implementation have the model rent applied. A sample of twenty tenancies starting in 2014/15 were reviewed and it was confirmed that the 2014/15 and 2015/16 rent charges had been correctly calculated and applied.
- 2.3.4 An additional five properties let to external agencies were reviewed to ensure that the model rent was charged in accordance with Policy. All five were charged at model rent levels.

2.4 New Build Charge

- 2.4.1 New build properties had a premium of 25% added to their rent under the GAV rent setting process to help service the additional borrowing costs incurred. It was agreed by Committee that, when the new Rent Setting Policy was introduced, the rents for these properties would be frozen and only when the model rent for the property plus 25% converged with the frozen rent would the rent be increased. The 25% premium will be applied for a period of 15 years from the date the property was first let, at which point the rent will revert to the model rent.

- 2.4.2 The Northgate system holds the model rent charge and the additional new build element has to be added annually. This is independently calculated and confirmed by two members of staff. All elements are passed to the Systems Team for manual input to Northgate.
- 2.4.3 A sample of twenty new build properties was selected, and it was confirmed that the rent charges for 2013/14 to 2015/16 have been accurately calculated and applied to the correct account.
- 2.4.4 The Service has advised that changes to the grant funding of new properties by the Scottish Government may necessitate a review of the charge and associated premium for new build properties. It is anticipated that this will be undertaken before the allocation of the planned new builds in early 2017.

2.5 Quality Assurance

- 2.5.1 To ensure the rent system has been accurately updated with the uprated rent elements, rent restriction elements and new build charges, the Service review one in every two hundred accounts. The checking is done on screen and is not evidenced. The Service advised that to evidence this check would create additional work for staff, and have agreed to explore the possibility of obtaining an extract from the system for comparison to the Service calculation, this will allow for the identification of exceptions for investigation. Following the review an email confirming no errors is sent to the system’s team allowing for the upload to the live Northgate System to proceed. Evidence of this was confirmed.

<u>Recommendation</u>		
The Service should explore the possibility of validating the information uploaded to the rent system, and investigating any variances or exceptions identified.		
<u>Service Response / Action</u>		
Agreed		
<u>Implementation Date</u>	<u>Responsible Officer</u>	<u>Grading</u>
March 2016	Housing Strategy & Performance Manager	Important within audited area.

2.6 Haudagain Roundabout

- 2.6.1 In May 2013, the Housing and Environment Committee considered a report regarding the Haudagain Upgrade. The Committee had previously been advised that the proposal would lead to the demolition of “a few hundred” properties and that, once identified, the Committee would be requested to agree on the impact on rental charges for these properties. The May 2013 report stated that 325 properties may be affected and made proposals regarding rent increases for these. Rents that were subject to capped decreases would have the model rent applied, and those that were being phased up to the model rent would have rent fixed at the current level, with no future rent increases being applied to those properties. In a subsequent report to Committee in August 2014, the number of affected properties was revised to 132, of which 116 were tenanted. The number of affected properties will be subject to variation until the road design is finalised.
- 2.6.2 Five properties affected by the Haudagain Roundabout development were selected, and rent records were reviewed for 2013/14 to 2015/16 to ensure that the rent had been set in accordance with the Committee decision. Rents for all five properties had the model rent applied in 2013/14, which was frozen at that level and applied in 2014/15.

2.6.3 However, two of the properties in the sample had the rent increased to the 2015/16 model rent. As a result of these errors, a further five affected properties were reviewed and these were found to have had their rent set appropriately. The matter has been raised with the Service, who have advised they are unsure why the rent had not been restricted for the properties. However, the two properties are not let to external tenants, therefore tenants are not being overcharged.

Recommendation

The Service should investigate the matter, and ensure all properties affected by the Haudagain development are set in accordance with Committee decisions.

Service Response / Action

Review completed. There are currently seven properties let for office/community use with the rental paid by HRA to the HRA. As they are not tenanted by a household there is no need to restrict their rental. Application of the model rent is appropriate and has no financial implication.

Implementation Date

Implemented.

Responsible Officer

Housing Strategy & Performance Manager

Grading

Significant within audited area.

2.7 Miscellaneous Charges

2.7.1 Additional charges for heating provision or stand-alone garages, as approved by Committee, will be applied to rent accounts where appropriate. The charge values are input to Northgate manually and are not dependent on any other field for calculation. Whilst there was no uprating for the heating charge in 2015/16, this is a labour intensive process which the Service is looking to automate for any future increases. Three properties were noted where the heating charge did not match the heating type field. Whilst the 'Heating Type' field does not drive the 'Heating Element' charge, and therefore doesn't impact on the rent charged, the Service acknowledges the importance of maintaining accurate information, and are considering how this information can be corrected.

Recommendation

The Service should consider reviewing the heating type fields to ensure that they match the heating charge being levied.

Service Response / Action

Agreed

Implementation Date

December 2015

Responsible Officer

Housing Strategy & Performance Manager

Grading

Important within audited area.

AUDITOR: D Hughes
M Beattie
N Ritchie

Appendix 1 – Grading of Recommendations

GRADE	DEFINITION
Major at a Corporate Level	The absence of, or failure to comply with, an appropriate internal control which could result in, for example, a material financial loss, or loss of reputation, to the Council.
Major at a Service Level	<p>The absence of, or failure to comply with, an appropriate internal control which could result in, for example, a material financial loss to the Service/area audited.</p> <p>Financial Regulations have been consistently breached.</p>
Significant within audited area	<p>Addressing this issue will enhance internal controls.</p> <p>An element of control is missing or only partial in nature.</p> <p>The existence of the weakness identified has an impact on a system's adequacy and effectiveness.</p> <p>Financial Regulations have been breached.</p>
Important within audited area	Although the element of internal control is satisfactory, a control weakness was identified, the existence of the weakness, taken independently or with other findings does not impair the overall system of internal control.

ABERDEEN CITY COUNCIL

COMMITTEE	Audit, Risk and Scrutiny Committee
DATE	26 November 2015
DIRECTOR	N/A
TITLE OF REPORT	Internal Audit Report – Langdykes Road
REPORT NUMBER	N/A
CHECKLIST COMPLETED	Yes

1. PURPOSE OF REPORT

- 1.1 This report advises the Committee of the outcome from work that Committee requested Internal Audit undertake following referral of a matter from the Finance, Policy and Resources Committee regarding the transfer of site – Langdykes Road.

2. RECOMMENDATION

- 2.1 The Committee is requested to review, discuss and comment on the issues raised within this report.

3. FINANCIAL IMPLICATIONS

- 3.1 There are no financial implications arising as a result of this report.

4. TRANSFER OF SITE – LANGDYKES ROAD

- 4.1 At its meeting on 25 June 2015, the Audit, Risk and Scrutiny Committee considered a request from the Finance, Policy and Resources Committee of 9 June 2015 that the Committee carry out a comprehensive review of the process followed to identify a site on the south of the city to ensure compliance with legal requirements and good practice. The Committee resolved to request that the Chief Internal Auditor meet with appropriate Directors to agree the scope for the review and report back to the Committee.
- 4.2 The agreed scope was to review whether Council Officers had complied with Council Policy and Procedures in respect of the transfer of site at Langdykes Road and the granting of planning permission for the development of a Hydrogen Power Station. The review would not extend to consideration of whether the most appropriate site had been selected and approved.
- 4.3 Internal Audit meet with appropriate officers who had been involved in the project to establish a Hydrogen Power Station in the south of the city and,

during the course of the review, reviewed a number of relevant documents.

- 4.4 During the early stages of the project, eight sites were identified for consideration for use in the development by the Service. Having identified possible sites each was assessed using the following criteria:
- Cannot be green belt (unless it is current waste land)
 - Good vehicle access required
 - Clear sight lines for junctions
 - Site must be owned by Council
 - HV electrical cables available.
- 4.5 The Project Team (Applicant) approached the Planning Service to get advice on whether the sites complied with planning policy. Each site was assessed on its planning merits by the Planning Officer, and the Langdykes Road site was finally selected by the Project Team (Applicant) based on its compliance with planning policy and its deliverability.
- 4.6 Prior to submitting a planning application, the Project Team produced a Planning Application Supporting Statement providing background to the proposal, concepts (including access, traffic, usage, design and sustainability), legislation and a summary.
- 4.7 Under the Planning etc (Scotland) Act 2006, the proposed development is considered to be a 'local development'. As a result, there was no requirement to undertake a formal consultation prior to submission of a planning application. Such consultations are reserved for 'national' or 'major' development proposals.
- 4.8 A planning application was duly submitted on 21 October 2014 and, following submission of outstanding information, this was confirmed by the Planning Service as a valid application on 18 November 2014.
- 4.9 Following statutory notification to neighbours of the proposed development, and advertising in the local free press, seven representations (including one from the local Community Council) regarding the proposal were received by the final deadline for responses. In view of this, the application was referred to the Planning Development Management Committee, as required by the Council's Scheme of Delegation, on 28 May 2015.
- 4.10 Between the application date and before the deadline for representations to be made regarding the application, the Project Team held meetings with local Councillors and the community. Concerns were voiced and an alternative site was proposed which had not been considered originally as it was in green belt. However, the site was subsequently evaluated by the Project Team and the outcome of that evaluation was reported to the Finance, Policy and Resources Committee on 9 June 2015 with a comment from the Project Team that, had the site been considered as part of the original evaluation, it would have ranked second behind the Langdykes Road site. Planning Officers had assessed the alternative site and advised that development of the site would be contrary to Green Belt Policy and could not be supported as part of any formal application.

- 4.11 The report to the Planning Development Management Committee detailed the concerns raised in the representations made and addressed these by reference to Planning Policy. This provided a detailed evaluation informing Councillors of relevant matters they should consider in reaching a decision on the application. The Head of Planning and Sustainable Development's recommendation was to approve the application, subject to specific conditions.
- 4.12 Following divisions on two issues, the Committee divided in reaching its decision to approve the application in accordance with the Head of Planning and Development's recommendations.
- 4.13 On 26 May 2015, the Property Sub-Committee considered a report which requested that the transfer of the development site at Langdykes Road from the Housing Revenue Account to the General Fund be approved. The Sub-Committee resolved to refer the matter to the Finance, Policy and Resources Committee for consideration. That Committee resolved, on 9 June 2015, to agree the Director of Communities, Housing and Infrastructure's recommendations, including:
- that following an initial assessment the chosen site at Langdykes Road be progressed for the project; and
 - approve the transfer of the site from the Housing Revenue Account to the General Fund.
- 4.14 In conclusion, it is considered that Officers complied with Council Policy and Procedures in respect of the transfer of the site at Langdykes Road, the submission of a planning application, and the recommendation to grant planning permission for the development of a Hydrogen Power Station. The decision to grant consent for the development was made by Members of the Development Management Committee.

5. REPORT AUTHOR DETAILS

David Hughes, Chief Internal Auditor
David.Hughes@aberdeenshire.gov.uk
(01224) 664184

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Internal Audit Report

Risk Management

Issued to:

Angela Scott, Chief Executive
Richard Ellis, Interim Director of Corporate Governance
Steven Whyte, Head of Finance
Neil Buck, Performance and Risk Manager
Anne MacDonald, Audit Scotland

EXECUTIVE SUMMARY

Risk Management is the process of identifying risks, assessing the likelihood and impact of their occurrence and determining the most effective methods of managing or reducing them to an acceptable level. The objective of this review was to undertake a review of the Council's adopted Risk Management procedures to identify its risks and ensure that they are adequately managed.

A new Risk Management Strategy was approved by the Audit, Risk and Scrutiny Committee on 26 February 2015 and this replaced the Strategy that had been approved in October 2013.

The overall conclusion drawn by Internal Audit in relation to Risk Management is that the Council has shown good self-awareness regarding its position relating to implementing a revised Risk Management process throughout the organisation. Reports to Committee have highlighted where progress has been made and where improvements are required. The revised process is being driven forward by senior management and there appears to be general 'buy-in' to the strategy.

However, progress is not as advanced as anticipated and the required next steps are to improve progress, ensure that further tiers of management receive training in the risk management process so that it can become further embedded in the organisation, and ensure that reporting arrangements are in place and complied with to ensure that appropriate senior officer and member scrutiny can be applied in an effective way.

1. INTRODUCTION

- 1.1 Risk Management is the process of identifying risks, assessing the likelihood and impact of their occurrence and determining the most effective methods of managing or reducing them to an acceptable level.
- 1.2 The objective of this review was to undertake a review of the Council's adopted Risk Management procedures to identify its risks and ensure that they are adequately managed. This did not extend to consideration of the actual risks identified, how they had been ranked, or the controls in place to mitigate against those risks materialising. These controls will be reviewed in other planned Internal Audit work over a number of years.
- 1.3 The factual accuracy of this report and action to be taken with regard to the recommendations made have been agreed with Angela Scott, Chief Executive and Acting Director of Corporate Governance, and Neil Buck, Performance and Risk Manager.

2. FINDINGS AND RECOMMENDATIONS

2.1 System of Risk Management

2.1.1 In February 2014, the then Director of Corporate Governance presented a report to the Audit and Risk Committee outlining the characteristics of good risk management along with an assessment of the Council's practice at that time. The report identified that the system of risk management is made up of a number of elements:

- A risk management **Strategy**
- A **System**, generally an IT system, for helping to record the assessment and management of risk
- An organisational **Structure** which ensures that the management of risk is spread across individuals who are well placed to manage the risk
- **Staff** with the necessary **Skills** to manage risk
- **Shared Values** – a culture where risks (threats) are actively managed and risks (opportunities) are taken.

2.1.2 The focus of the report was on the **Structure** element comprising management responsibility and the use of corporate and service risk registers to demonstrate delegation. This highlighted that there were a number of areas where the Council's procedures demonstrated good practice. It also identified areas where improvement was needed and what needed to be done to achieve that improvement. Further reports were to be submitted to each cycle of the Committee informing members of the status of each component and plans for improvement.

2.1.3 In May 2014, the Audit and Risk Committee received an update report on the structure element and a focus on the **Skills** element. The Strategic Risk Register, which reflects the risk management structure, had been revised and approved by the Corporate Management Team. Each of the strategic risks, those that have the highest level of potential impact on the Council's ability to carry out its core and statutory duties, to provide essential services, and protect the workforce and communities from harm, were categorised into four high level themes of:

- Capacity
- Capability
- Harm
- Compliance.

The report detailed progress and where further work was required.

2.1.4 In relation to the skills element, the report identified the skills required by key officers as:

- Risk identification
- Assignment of risk ownership
- Risk evaluation (identifying existing controls, planned or developing mitigation, analysing risk events or incidents related to the risk and examining risks at the operational level which may have influence on higher risk)
- Assessment of risk appetite (assessing the level of risk the Council is prepared to accept when considering the cost of mitigation)
- Response (Tolerate, Treat, Transfer, Terminate)

- and for members as

- Assurance
- Embed and review.

2.1.5 The report identified a need for officer training and stated that members of the Audit and Risk Committee had received training. A report to the Audit and Risk Committee in September 2014 stated that it was the intention to monitor progress with completion of training modules and Online Interaction Learning courses by service at the CMT level through a suite of performance indicators reported through the Corporate Performance Dashboard. The Dashboard available on The Zone is incomplete and does not cover the above performance data.

<u>Recommendation</u>		
In order to meet its intention to monitor progress with the completion of training modules the Council should put arrangements in place to capture and report data as stated.		
<u>Service Response / Action</u>		
Agreed.		
<u>Implementation Date</u>	<u>Responsible Officer</u>	<u>Grading</u>
TBC	Performance and Risk Manager.	Significant within audited area.

2.1.6 The report also stated that the Strategic Risk Register (attached to the report) was considered at each monthly meeting of CMT, will be continuously updated to reflect changes at both the corporate and service levels, and that the register is now included in the Corporate Performance Dashboard. The note of meeting for CMT on 24 September 2015 acknowledged that work on the register is ongoing. Officers have stated that work is continuing within the Council on the content of the Strategic Risk Register with the intention to report this to the Audit, Risk and Scrutiny Committee when complete. A recommendation is made here to track progress.

<u>Recommendation</u>		
The Strategic Risk Register should be updated, approved and reported to the Audit, Risk and Scrutiny Committee.		
<u>Service Response / Action</u>		
Agreed.		
<u>Implementation Date</u>	<u>Responsible Officer</u>	<u>Grading</u>
March 2016.	Interim Director of Corporate Governance.	Significant within audited area.

2.1.7 There is a “box” for the Strategic Risk Register in the Corporate Performance Dashboard on The Zone, but it is not populated. The Corporate Governance service risk register was stated to be incorporated into the Service’s performance dashboard. Again, there are boxes in the dashboard held on The Zone for each function within Corporate Governance, but they are empty.

<u>Recommendation</u>		
Performance Dashboards held on The Zone should be populated with the required data.		
<u>Service Response / Action</u>		
Agreed.		
<u>Implementation Date</u>	<u>Responsible Officer</u>	<u>Grading</u>
March 2016	Performance and Risk Manager.	Important within audited area.

- 2.1.8 In June 2014, the Audit and Risk Committee received an update report on the structure and skills elements and a focus on the **System** element. It stated that an effective risk management information system will encompass:
- Risk profile data, values and information
 - Risk registers
 - Risk improvement and action plans
 - Business Continuity Plans and responsibilities
 - Risk incident information
 - Governance, monitoring and reporting functionality
- 2.1.9 In relation to risk incidents, the following had been identified as having particular significance:
- ICT Security
 - ICT Operations
 - Data Breaches / Information Security
 - Facilities (Operational)
 - Facilities (Security)
 - Health and Safety
- 2.1.10 It was reported that, in general, more work was required to capture learning from such events.
- 2.1.11 A new Risk Management Strategy was approved by the Audit, Risk and Scrutiny Committee on 26 February 2015 and this replaced the Strategy that had been approved in October 2013. The Strategy confirms the Council's commitment to the development of an Enterprise Risk Management approach and details the governance and reporting arrangements around the Council's management of risk whilst providing strategic direction with regard to the Council's approach to risk and opportunity. The Strategy is the principal point of reference for all officers and elected members involved in the risk management process and will be subject to annual review. Guidance is given on roles and responsibilities, the control environment, the assessment of risk appetite, governance around risk management in the Council Group, the integration of health and adult social care, and the management of, and response to, risk incidents.
- 2.1.12 The Risk Management Strategy is supported by a Risk Management Manual dated 2014 which details the Risk Management Process and is supported on The Zone by other Risk Management material. This shows that Service Management Teams are required to carry out monthly reviews of risks and prepare registers for reporting to committees. Committees are to review Service risk registers at least quarterly.
- 2.1.13 The Risk Management Manual pre-dates the approved Strategy. In order to ensure that it complements the Strategy in all respects there is a need to review and update the document.

Recommendation

The Risk Management Manual should be reviewed and updated where appropriate.

Service Response / Action

Agreed.

Implementation Date

March 2016.

Responsible Officer

Performance and Risk
Manager.

Grading

Important within audited
area.

- 2.1.14 There is evidence of the Corporate Governance risk registers being considered by the Service Management Team on a regular basis with a stated aim of reviewing those relating to other Services due to Corporate Governance having a more corporate resource and support role in these. The Education and Children's Service's risk register was considered by the Directorate Leadership Team in July 2015 and it was minuted that some changes were necessary before passing the register to Corporate Governance. Progress is being made with updating the Communities, Housing and Infrastructure risk registers, although these are not being considered by the Service Management Team on a regular basis.
- 2.1.15 It is clear that Services are not as far advanced with the completion and monitoring of their risk registers as anticipated by reports to the Audit, Risk and Scrutiny Committee. There is a potential that risks and mitigating controls are not being identified in a timeous manner, and that the Council may be exposed as a result of this.
- 2.1.16 The Corporate Governance Risk Register was reported to the Finance, Policy and Resources Committee on 15 September 2015 after being advised at its meeting on 9 June 2015 that quarterly performance reports would be submitted to the Committee and two of these each year would include the Service's Risk Register. The Communities, Housing and Infrastructure Risk Register was reported to the CH&I Committee on 19 May 2015. There have been no reports relating to the Education and Children's Services risk register to a Policy Committee, although it is understood that the first will be reported in November 2015.

Recommendation

Services should bring their risk registers up-to-date and these should be monitored through CMT and Service Management Teams, and reported to Committee in accordance with an agreed timetable.

Service Response / Action

Agreed.

Implementation Date

March 2016.

Responsible Officer

All Directors.

Grading

Significant within audited
area.

- 2.1.17 The Risk Management Strategy states that all Services will be represented on the Corporate Risk Management Group which will meet quarterly. When Internal Audit (PWC) audited the Council's risk management arrangements in November 2011, it was reported, under identified good practice, that the Corporate Risk Management Group had met regularly and had been well attended. The last meeting of the Group was in June 2014 (un-minuted) and the previous meeting was held in September 2013.

Recommendation

The Council should ensure that the Risk Management Group meets on a regular basis and that attendance is monitored.

Service Response / Action

The on-going need for the Risk Management Group will be considered in light of the senior leadership and attention being given to risk now within the organisation.

Implementation Date

March 2016.

Responsible Officer

Director of Corporate Governance.

Grading

Significant within audited area.

- 2.1.18 There are currently no terms of reference for the Corporate Risk Management Group detailing its purpose or composition.

Recommendation

Terms of Reference should be agreed for the Corporate Risk Management Group to ensure clarity of purpose.

Service Response / Action

The on-going need for the Risk Management Group will be considered in light of the senior leadership and attention being given to risk now within the organisation.

Implementation Date

March 2016.

Responsible Officer

Director of Corporate Governance.

Grading

Significant within audited area.

- 2.1.19 The Risk Management Strategy states that a Statement of Internal Control, which details the strength of the Council's response to various factors detailed in the Strategy will be presented to the Audit, Risk and Scrutiny Committee annually. The last report of this nature was dated September 2013.

Recommendation

A Risk Management annual report should be prepared and presented to the Audit, Risk and Scrutiny Committee.

Service Response / Action

The Council moved to adopt a broader governance statement which incorporated the required elements of the old statement of control. This was not reflected in the Risk Management Strategy so action needs to be taken to amend the Strategy to reflect adoption of the governance statement.

Implementation Date

TBC

Responsible Officer

Performance and Risk Manager.

Grading

Significant within audited area.

- 2.1.20 The Risk Management Strategy states that the provision of Risk Management training will be subject to annual benchmarking. The Council participates in the CIPFA / ALARM Risk Management Benchmarking Club. The 2014 report shows that the level of training and guidance that is in place to ensure that people have the right levels of skills and competencies to manage risks they face is below average for the Club and ranked 25th out of 32 participating Councils. Whilst the scoring and ranking is based on a self-assessment, the conclusion of this audit (as detailed in the Executive Summary) is that the Council has demonstrated good self-awareness in relation to Risk Management and this is likely to be reflected in the Benchmarking report.

- 2.1.21 It is understood that the Performance and Risk Manager has been meeting with HR&OD to discuss training and this needs to be progressed to fruition in order to improve performance in this area.

Recommendation

The provision of required training should be progressed.

Service Response / Action

Agreed. The first training session takes place on 6 November 2015 with two further sessions already scheduled.

Implementation Date

Implemented.

Responsible Officer

Performance and Risk Manager.

Grading

Significant within audited area.

- 2.1.22 A previous Internal Audit of the Council's Risk Management Arrangements identified that there was not enough awareness of the risks posed to the Council through ALEOs. The new Strategy includes comment on risk management in the Council Group and states that the Strategy provides a framework for the Council's ALEOs within which risk management arrangements may be implemented as part of internal governance arrangements. It goes on to list the minimum requirements in relation to the ALEOs.

- 2.1.23 The Council has introduced an ALEO Governance Hub which met for the first time in June 2015 with the next meeting scheduled for December 2015. The minutes of the June 2015 meetings covering the Council's Tier 1 ALEOs were considered by the Audit, Risk and Scrutiny Committee in June 2015. They show that the risk registers presented to the Governance Hub had been considered and challenged where appropriate by the Performance and Risk Manager, providing assurance over these. However, the Governance Hub does not yet extend to the Council's Tier 2 ALEOs.

Recommendation

Arrangements should be put in place to ensure that the risks associated with the Council's Tier 2 ALEOs are captured and monitored through the ALEO Governance Hub.

Service Response / Action

Agreed.

Implementation Date

May 2016.

Responsible Officer

Senior Democratic Services Manager.

Grading

Significant within audited area.

- 2.1.24 The Risk Management Strategy also covers the Integration of Health and Adult Social Care. Whilst the Aberdeen City Health and Social Care Partnership Integration Scheme's section on Risk Management does not cover the requirements of the Council's RM Strategy it does satisfy the requires of the Scottish Government in this respect. There is a risk register in place which was reported to the Council's Audit, Risk and Scrutiny Committee in September 2015. The Risk Management process is due to be managed using the NHS Datix system rather than the Council's Covalent System in order to allow for a common approach across the three Grampian partnerships.

AUDITOR: D Hughes

Appendix 1 – Grading of Recommendations

GRADE	DEFINITION
Major at a Corporate Level	The absence of, or failure to comply with, an appropriate internal control which could result in, for example, a material financial loss, or loss of reputation, to the Council.
Major at a Service Level	<p>The absence of, or failure to comply with, an appropriate internal control which could result in, for example, a material financial loss to the Service/area audited.</p> <p>Financial Regulations have been consistently breached.</p>
Significant within audited area	<p>Addressing this issue will enhance internal controls.</p> <p>An element of control is missing or only partial in nature.</p> <p>The existence of the weakness identified has an impact on a system's adequacy and effectiveness.</p> <p>Financial Regulations have been breached.</p>
Important within audited area	Although the element of internal control is satisfactory, a control weakness was identified, the existence of the weakness, taken independently or with other findings does not impair the overall system of internal control.



Internal Audit Report

Creditors System

Issued to:

Richard Ellis, Interim Director of Corporate Governance
Steven Whyte, Head of Finance
Craig Innes, Head of Commercial and Procurement Services
Simon Haston, Head of IT and Transformation
Graham Stubbins, Finance Manager Systems
Garry Stevens, Financial Services Manager
Sandra Massey, IT Technology Services Manager
Anne MacDonald, Audit Scotland

EXECUTIVE SUMMARY

The eFinancials system is used to manage the Council's payment of supplies and services. During the year to 31 March 2015, the system was used to pay approximately 209,000 invoices with a total value of £588.5 million. In the current financial year to 20 August 2015, approximately 77,000 invoices valued at £230 million have been paid.

The objective of the audit was to ensure that appropriate control is being exercised over the Creditors System, including contingency planning and disaster recovery, and that interfaces to and from other systems are accurate and properly controlled.

This review found that the controls over the system operation were working well and that there is a contingency plan in place in the event of a system failure. Regular system back-ups are undertaken and the system was recently successfully restored from a system back-up.

Recommendations to ensure that staff manuals are updated, that all staff complete Data Protection and Information Security training and that a review is undertaken of the variances between the order and invoice amounts for one particular supplier have been agreed by the Service.

1. INTRODUCTION

- 1.1 The eFinancials system is used to manage the Council's payment of supplies and services. It is supplied by Advanced Business Solutions. A contract for these services has been in place since 1998.
- 1.2 During the year to 31 March 2015, the system was used to pay approximately 209,000 invoices with a total value of £588.5 million. In the current financial year to 20 August 2015, approximately 77,000 invoices valued at £230 million have been paid.
- 1.3 The objective of the audit was to ensure that appropriate control is being exercised over the Creditors System, including contingency planning and disaster recovery, and that interfaces to and from other systems are accurate and properly controlled.
- 1.4 The factual accuracy of this report and action to be taken with regard to the recommendations made have been agreed with Garry Stevens, Financial Services Manager, Graham Stubbins, Finance Manager Systems and Sandra Massey IT Technology Services Manager.

2. FINDINGS AND RECOMMENDATIONS

2.1 Written Procedures

- 2.1.1 Comprehensive written procedures which are easily accessible by all members of staff can reduce the risk of errors and inconsistency. They are beneficial for the training of current and new employees and provide management with assurance of correct and consistent practices being followed, especially in the event of an experienced employee being absent or leaving.
- 2.1.2 As well as an on-line learning course on eFinancials, there are also a number of user guides available in Word format which can be accessed through the Zone. Two manuals aimed at Service users for Invoice Processing and Purchase Order Processing are currently out of date. Whilst the processes they describe are considered accurate, some information such as contact information requires reviewing.

Recommendation

The Service should review and where necessary update the user manuals.

Service Response/Action

Agreed.

Implementation Date

April 2016.

Responsible Officer

Financial Services
Manager.

Grading

Important within audited area.

- 2.1.3 The Accounts Payable team have a number of written procedures describing their daily procedures, including guides to using InfoSmart and running reports in eFinancials. The manuals are clear and the processes described were followed by Internal Audit in order to recreate the journey of an order through the purchase-to-payment procedure and this was done without difficulty.

2.2 General

- 2.2.1 80% of invoices paid by the Council are processed directly by the Accounts Payable Team; the remaining 20% are processed in the first instance through six Service specific systems (Care First, Caps Uniform, TALIS, Total Consilium, Confirm and Tranman). These systems are used by Services to place orders and to record Service specific information. Invoice payment information is interfaced from each of these systems. See section 2.4 below. There is one interface from eFinancials, this is to InfoSmart.
- 2.2.2 Of the invoices processed by the Accounts Payable team, approximately two thirds (65% in 2014/15) are supported by purchase orders placed by through PECOS (Professional Electronic Commerce Online System), an ordering system that is used by approximately 100 Scottish public sector organisations, which interfaces to eFinancials. Of the remaining 35%, the Service has advised that whilst the majority are for recurring services where a purchase order is not required, such as utility bills, there are instances where Service's will, in breach of Financial Regulations, not raise a purchase order. The non-use of purchase orders will be considered within transactional audits planned for the current financial year.
- 2.2.3 At present, when an invoice is processed and matched to the relevant order within eFinancials, the order is recorded as being complete and marked as closed. As there is no interface of information from eFinancials to PECOS, orders remain open within PECOS. As a result order details can be amended at any time within PECOS, even if they have been closed in eFinancials. An amendment to an order in PECOS which has

been closed in eFinancials will be flagged as an exception by the interface process and investigated by the Financial Systems team.

- 2.2.4 An exercise is completed quarterly to identify outstanding open orders in eFinancials. The Financial Systems Team contact the Service responsible to confirm whether the order can be closed off. This ensures that monitoring information contains either expenditure or valid outstanding commitments.

2.3 Remote Access & Support

- 2.3.1 Support for eFinancials is provided by the software vendor ABS and by WellData, an IT support services company. The IT Operations Management Standard para 8.9 requires that *'Where 3rd party network providers supply services it must be established at the outset that our confidentiality, integrity and availability requirements can be met and SLA and contracts are well defined'*. Remote access arrangements were previously managed on behalf of the Council by ATOS IT Services UK. At present there is no signed agreement for either ABS or WellData. The Service is currently in the process of taking back responsibility for granting remote access and with that ensuring that a remote access agreement is held for all systems that require one. The Service anticipates having this completed by June 2016. A recommendation is included here for tracking purposes.

Recommendation

The Service should ensure that a remote access agreement is held for all systems that require one.

Service Response/Action

Agreed. Currently in progress.

Implementation Date

June 2016

Responsible Officer

IT Technology Services
Manager

Grading

Significant within audited
area.

- 2.3.2 Support calls are raised by the Finance Systems Team through the online web tool Webfirst and external access is granted as required; the third party must provide a static IP address. Requests for patches and upgrades are sent to ABS via the Finance Systems Team. ABS apply these remotely and the fixes are then verified for completeness and stability and recorded on a spreadsheet by the Finance Systems Team.

2.4 System Interfaces

- 2.4.1 The Financial Systems Team undertake daily checking procedures to ensure the completeness and accuracy of the interface information input to eFinancials from the Service systems and PECOS as well as the output interface to InfoSmart. After each Interface has run, a system generated email or email from the system administrator is sent to the eFinancials system team to advise that the interface has been processed.

- 2.4.2 The emails show batch numbers and total values as well as details of individual invoices included in each batch. The interfaced data is initially automatically input to holding tables in eFinancials, following which a process is run by the Financial Systems Team to upload the information onto eFinancials. An email is then sent from ICT confirming the batch number, number of invoices and total values in the interfaces which have been uploaded. A report is run by the Financial Systems Team creating a spreadsheet with tick boxes to be compared with the 2 emails, creating a 3 way match for batch number, number of invoices and value. A review was undertaken of a selection of interfaces run on 25 August 2015. The information was complete and the values interfaced between systems matched.

2.5 System Access

- 2.5.1 Access is granted to eFinancials by the Financial Systems Team on receiving a new user form, available on the Zone, which has been authorised by a line manager. A spreadsheet of users is maintained and checked regularly against a leavers report. The system automatically logs an audit trail of user activity which the user cannot amend or delete. A sample of 10 user access requests was examined and compared to the system access provided. All access forms had been properly authorised, and were input timeously and accurately.
- 2.5.2 It is not currently possible to automatically lock user access after a period of inactivity, which would reduce the risk of the system being accessed inappropriately. Council staff are required to undertake a data protection course "Data Protection Essentials" and information security training 'For Your Eyes Only' which mitigates this risk. Of the 17 staff employed within the Accounts Payable Team, 10 had completed information security training, whilst only 1 had completed the data protection training.

Recommendation

The Service should ensure that all staff complete the required training in data protection and information security.

Service Response/Action

Agreed.

Implementation Date

December 2015.

Responsible Officer

Financial Services
Manager.

Grading

Significant within audited
area.

- 2.5.3 It is important that authorised users are granted appropriate access levels commensurate with their role, whilst simultaneously giving due consideration to segregation of duties. Access levels are assigned to users when their profile is first set up by the Financial Systems Team. Levels assigned range from permitting read-only access, to permitting access to input and amend supplier data as well as the processing of invoices.
- 2.5.4 Whilst it is possible to segregate duties and set up a user with system access to either amend supplier data or process invoices, currently all staff who are required to undertake these tasks have access rights to undertake both. Staff with this level of access are instructed to restrict their activities on any one day to one or the other, in order to manually segregate these duties. A report is run on a weekly basis by the Team Leader showing what data has been amended, in what way and by whom, and this is reviewed and retained to ensure that any changes are trackable. A copy of this report was reviewed and found to provide a clear audit trail, and only the designated staff with responsibility for changing standing data had done so.
- 2.5.5 A list of all users with current access to input data to eFinancials was obtained and examined. Levels of access were found to be appropriate for the tasks carried out. All users were checked through PSe (Payroll system) and are currently employed in the described roles.
- 2.5.6 The Accounts Payable team is currently divided into two sub-teams; one with primary responsibility for inputting invoices, who all have access level 30, and one with primary responsibility for processing invoices and supplier data, 4 of whom have level 73. The team managers have expressed a wish to give all team members the same role and level of access to allow greater flexibility within the Team. This would however remove the segregation of duty control currently in operation and would require additional scrutiny of the report referred to in para 2.5.4. Whilst this is an operational decision that will be taken

by the Service, Internal Audit would advise retaining the current levels of segregation of duties.

2.6 Supplier Data

2.6.1 The new supplier process is managed by Commercial and Procurement Services (C&PS). Forms requesting new supplier set-up are available on the Zone; parts 1 to 3 should be completed by the requisitioner and the supplier, approved by the requisitioner's line manager and forwarded to C&PS for approval before being sent to the Accounts Payable and PECOS teams to approve the supplier and add the details to the relevant systems. If an individual is to be set up as a supplier where no PECOS order is available, there is a specific form which is sent to the Accounts Payable team to input to eFinancials. A sample of 10 new supplier requests was reviewed. All were properly authorised and the information input accurately to the creditors system.

2.6.2 When notification is received from any supplier that an amendment to their bank details is required a letter is sent to the address currently held in the system requesting confirmation of both the old details and new details in writing. This conforms to good practice advised by the National Anti-Fraud Network. A sample of twenty supplier amendments was reviewed. In two cases evidence supporting the amendment had not been retained, which means that there is no assurance that the amendments were appropriate or correctly input. The Service has advised that they will improve staff training and monitoring to address this issue.

Recommendation

The Service should ensure that evidence supporting amendments to supplier standing data is retained.

Service Response/Action

Agreed. Staff will reminded of this requirement at team briefings.

Implementation Date

November 2015.

Responsible Officer

Financial Services
Manager.

Grading

Important within audited area.

2.6.3 At present the Accounts Payable team has officers dedicated to specific tasks, with a clear separation of processing invoices and amending supplier data, as discussed in 2.5.7 above. In addition to the report on segregation of duties previously mentioned, there is also a weekly report reviewed by the Team Leader on new and amended suppliers, allowing changes to be tracked.

2.6.4 Suppliers can access a secure portal to eFinancials and send messages to the Accounts Payable team, see invoice status and get copies of remittances. The team do not accept phone calls from suppliers, only these messages or voicemails. Services are expected to handle the bulk of correspondence with suppliers, including resolution of disputes.

2.7 Invoice Processing

2.7.1 The EU directive for Electronic Invoicing in Public Procurement came into effect on 16 April 2014 and is to be implemented into national law by amendment to the Scottish Regulations Public Contracts (Scotland) Regulations 2012 no later than 27 November 2018. Local authorities have a further 12 months after this date to comply. The Directive requires contracting authorities to be able to receive e-invoices and make payment electronically for all contracts regulated under the EU Procurement Directives. However, while the acceptance of e-invoices by all contracting authorities is mandatory, the

exchange of invoices in other formats will still be allowed if both the contracting authority and supplier agree.

2.7.2 To ensure compliance the Council is using Cloud Trade. The Cloud Trade solution enables invoices from any supplier to be received by email in a variety of formats (PDF, xml, HTML, EDI). The solution then extracts the key invoice data, interprets the data into an invoice format, validates the data against pre-determined workflow (eg PO number, VAT number etc.) and then exports the invoice and posts, via xml, to eFinancials. The system has been in operation since October 2014. When an invoice is received the AP team are sent a notification, the data is transferred to eFinancials and, if matched, automatically scheduled for payment.

2.7.3 In July 2015 an Early Payment Discount Scheme (EPDS) was introduced. The scheme, operated by Oxygen Finance, involves electronic invoices from participating suppliers generally being paid within one or two days of receipt when there is a straight match, and within ten days when there is a mis-match to gain the maximum rebate. The invoice submitted by the supplier does not reflect the discount. The discount is calculated after the captured invoice information is passed to Oxygen Finance and is processed as a credit note within the creditors system. Such invoices must be submitted through the Cloud system. Oxygen receive a proportion of the rebate created by the discount. The operation of this scheme will be reviewed by Internal Audit at a later date.

2.7.4 As of July 2015 there are 3 ways in which invoices are input to eFinancials:

1. By mail: scanned into InfoSmart using DB Capture – may need to be validated
2. By email: PDF stripper captures data and inputs to InfoSmart, or directly to eFinancials if validation not required
3. Through CloudTrade (e-invoicing): data stripped from e-documents and uploaded to holding area in eFinancials

As a result, every invoice received by the Accounts Payable team is stored electronically within InfoSmart and given an index card to allow searching. Paper invoices are stored for 6 weeks and then securely destroyed. Invoices processed through feeder systems are not held in InfoSmart but stored by the originating Service.

2.7.5 Invoices which are scanned through DB Capture, which uses OCR technology to capture the data, are reviewed by an officer when there is an error in the invoice image validation. In all other cases where suppliers have been set up on DB Capture, invoice templates have been set up to allow the system to automatically identify references and values. DB Capture can then check calculations for accuracy, ensure that PO numbers match information in eFinancials, look for duplicate invoice numbers and identify the due date so that invoices can be prioritised. The system flags possible errors so that the Accounts Payable team can manually amend or remove duplicates.

2.7.6 If staff action is required during invoice processing a task is added to the relevant officer's InfoSmart workflow. Officers have daily targets for processing, which are monitored by the Team Leaders. The Accounts Payable team are able to re-direct tasks to an alternative officer's workflow if necessary. Invoices are held in a master queue in InfoSmart and are added to an individual's workflow once processing of the previous invoice is completed. This ensures that staff cannot predict which invoices they will be processing. It also allows for staff to focus on one specific invoice at a time, which could help in the reduction of errors.

2.7.7 If invoices relating to purchase orders placed through PECOS (referred to within the system as POP) are matched, they should be accepted automatically once the invoice information is entered to the system. Information from PECOS is interfaced to eFinancials 5 times a day and placed in a holding area until 3.30 pm, when a "matching" job is

processed. For an invoice to be processed successfully, the system will look for a three way match between the purchase order, goods received and invoice.

- 2.7.8 The current error tolerance limit is £2.00 for all suppliers except Brakes the catering supplier, for which the tolerance level is £50. The tolerance limit has been set at this level following discussions with Services, who accept that there may be variances in the types of foodstuffs and quantities delivered from that ordered, and are satisfied with the tolerance level. Whilst it is acknowledged that the Services are accepting of the tolerance level of variances, the actual variances should be kept under management review.

Recommendation

A review of the number of variances between the order and invoice amounts relating to goods purchased from Brakes should be undertaken and if significant in numbers, this should be raised with C&PS for discussion with the supplier.

Service Response/Action

Agreed. A reconciliation of the values above or below the £50 tolerance was undertaken some time ago, and the cost to the Council overall was negligible. We will look to have a further reconciliation undertaken as per request. It is very difficult where there are foodstuffs on order based on quantities to get this correct. Many invoice values for Brakes are low value, so the £50 tolerance is a huge benefit to us in getting invoices paid first time. We are seeing nearly 80% of their invoices matching first time through Cloud, so the resultant saving in staff time and cost of dealing with high volumes of invoices not matching first time is drastically reduced.

Implementation Date

March 2016.

Responsible Officer

Financial Services
Manager.

Grading

Important within audited area.

- 2.7.9 After the matching job has been run, eFinancials interfaces the results with InfoSmart, either attaching voucher information to an index card for accepted invoices, or returning details of mis-matches which are then sent to the requisitioner as a task to be resolved and re-input.
- 2.7.10 Most invoices should be supported by purchase orders; for a small number this is not appropriate (e.g. utility bills). Invoices with no PO (“non-POP”) must be approved and given a financial code before payment. Either they come to the Accounts Payable team with this already completed by an authorised signatory or they will be sent for authorisation within InfoSmart to the workflow of a relevant officer within the requisitioning Service. Invoices from the Cloud identified by the system as not having a purchase order (non-POP) are transferred across to InfoSmart every 30 minutes to be processed.
- 2.7.11 Once accepted for processing, invoices are organised into batches ready to be posted for payment, and batch header documents are created within eFinancials. This may be done automatically or manually. Batches are divided according to whether they are POP or non-POP invoices; spot checks are made on non-POP invoice batches before payment by Team Leaders. A batch is chosen and opened, an invoice is selected, then the voucher number is searched within InfoSmart to ensure that it has been properly authorised and the totals are correct. Records are not kept of these checks as this would make the task too time consuming. The batches are then approved for payment by a Team Leader or the Financial Services Manager. POP invoices and those received from feeder systems are pre-approved as part of the authorisation processes within PECOS and the feeder systems and so are not checked; these are posted for payment by one of the Team Leaders on a daily basis.

2.7.12 A weekly report is run by the AP Team Leader to identify unauthorised and mismatched invoices. This is then compared to previous reports and sent to all named Services and to the Accountancy team. Invoices which remain outstanding from previous reports are marked in red for urgent action.

2.8 Credit Notes & Disputed Invoices

2.8.1 The eFinancials system will not allow credit to be processed on an invoice once payment to the supplier has been made. If a credit note is received after the related invoice has been paid, a credit balance will be retained against the supplier's account in eFinancials and this will be set against a future invoice. Requests for refunds are sent to suppliers that are used infrequently.

2.8.2 Any invoice which cannot immediately be matched within the set tolerances as detailed in para 2.7.8 is marked as disputed and payment is stopped. A dispute marker code is added in eFinancials and from that point on it will not be automatically processed; it must be manually approved and added to a payment batch once the marker has been removed. Only a member of the Accounts Payable team can add or remove a dispute marker; this is done once confirmation is received from the Service that any differences have been investigated and resolved.

2.8.3 Invoices marked as disputed are not included in late payment performance statistics; they are monitored through task processing and invoice processing reporting by the AP Team Leader to ensure that mismatch "disputes" are cleared quickly and that genuine disputes are being investigated by the Services concerned. All genuinely disputed invoices should have dates and details in the comments field in their InfoSmart record input by the originating Service to allow the process to be tracked.

2.9 Payment Terms

2.9.1 The Service aims to pay invoices within 30 days of receipt, to avoid potentially having to pay late payment interest and to reimburse the recovery costs of the creditor in accordance with the Late Payments of Commercial Debts (Interest) Act 1988 as amended. Prompt payment also prevents a negative impact not only on the Council's Statutory Performance Indicators but also on the Council's business relationships with suppliers.

2.9.2 The Financial Services Manager receives a monthly report from the Financial Systems Team on how many invoices were paid within 30 days of receipt, which is a statutory performance indicator. This data is also sent to Audit Scotland on an annual basis. Per this report, as at June 2015, 99.15% of undisputed invoices had been paid promptly, a figure which compares to previous years (2014/15 – 99.2%, 2013/14 – 99.1%).

2.10 Payments Processing

2.10.1 Payment runs may be initialised by any member of the Accounts Payable team. eFinancials reports are run to pick up all invoices posted for payment and generate payment batches. Every payment batch has a batch number and every payment item within a batch has a payment voucher number; these should not be confused with invoice voucher numbers. A text file is produced showing the totals for the different payment types and this is scanned and saved to the team file in the C drive.

2.10.2 Invoices may be added or removed from batches at this stage. If amendments are made screenshots are taken of the alterations and printed out, reasons are added in manuscript, and the printouts are scanned and saved in the team file. It is not possible to change the amount to be paid on an invoice by amendment.

- 2.10.3 Once payments are batched the processing date is input (next working day). Finally a job is run to produce and print payment documents.
- 2.10.4 Payment by BACS is encouraged as it is deemed to be the most efficient and cost effective method of payment. Approximately 95% of suppliers currently receive payments by BACS and 5% by cheque. Payment by cheque tends to be of a "one off" to individuals reluctant to pass on bank details, or where the requested bank details cannot be obtained.
- 2.10.5 BACS payments are due up to 3 working days from the date instructed, and can be initiated by officers with access to the relevant responsibility. Data is sent securely to Bottomline Technologies (suppliers of secure financial messaging services) to transfer BACS files over the internet to the relevant banking institutions. It is then possible for those officers with sufficient access to go into the BACS website to check if payments have been made properly.
- 2.10.6 Five employees have been set up with the authority to transmit BACS payment runs and each of these has a unique BACS transmission account that is controlled through cards, card readers and passwords. There is an audit trail of the BACS payment that is transmitted by each employee via the recording of the applicable ID number on the BACS Summary Receipt.
- 2.10.7 Cheques are produced to a timescale for 2nd class mail; they are printed in the Accounts Payable team office and the cheque number is input to eFinancials before the cheque is sent. The details are reported as described below.
- 2.10.8 Payment reports are produced on the different payment types. These are printed, scanned to the team folder in the C drive and then securely destroyed; it is necessary to keep these confidential as the BACS report contains bank account details. Copies of the payments lists were obtained and the details were verified to eFinancials.

2.11 Reconciliations

- 2.11.1 There is one Creditors control account and no suspense account. Data on the monies to be transferred from the main Council Bank Account to the Creditors Payment Account is faxed to the Treasury Unit team by the Accounts Payable Team Leader on a weekly basis.
- 2.11.2 The Bank Reconciliation team run a report on a daily basis reconciling the Creditors Payment Account fund figures to the cost centre totals in the ledger. Any variations are investigated and then corrected by journal.

2.12 Erroneous Payments

- 2.12.1 In addition to controls within eFinancials, the Service has an agreement with an external provider, AP Forensics, to check processed invoices for duplicates. An extract is taken from eFinancials of all invoices approved for payment 3 days previously. The files are sent to APF, stored and matched. An error and duplicate report is produced daily which rates the possibility of error. The potential duplicates are considered and where necessary investigated further; the voucher number on the report allows for the identification of the invoice within Info Smart.
- 2.12.2 Amounts paid in error will be recovered from the next payment to the supplier if possible, otherwise a letter will be sent requesting repayment. At present only the two Accounts Payable Team Leaders have access to this system. A review of 15 possible duplicates found that all were unique invoices and appropriately paid. The Service advised that the proportion of genuine duplicates found by the system is quite small, due to the controls already in place. When duplicates are identified the AP team will take steps to recover the payment and the Service concerned is given advice.

2.13 System back up and business continuity plans

- 2.13.1 The risk of a major business IT system failure is currently reflected within the Corporate Governance Operational Risk Register. The potential impact of eFinancials being unavailable is that suppliers are not paid and is specifically referenced in the document. The internal controls identified are business continuity and disaster recovery, and adoption of an enterprise approach to the whole IT eco-system.
- 2.13.2 A full backup of the eFinancials database is undertaken daily by the IT Service using Oracle Recovery Manager (RMAN), which, as part of the backup process will run a restore process without actually restoring any files, thus verifying the validity of the back up. In addition to the daily backup once a week the database is stopped and a cold backup is taken. This is the safest way to back up because it avoids the risk of copying data that may be in the process of being updated. However, a cold backup involves downtime because users cannot use the database while it is being backed up. The cold backup is undertaken on Sunday when the system is not being used and therefore does not impact users. The backup files are checked for consistency and, therefore, validity on a Monday. An example of both types of backups were reviewed and were found to have been completed successfully.
- 2.13.3 Server system back up is provided and managed by ATOS IT Services UK. Full backups are undertaken weekly and incremental backups are performed every second day. An annual Disaster Recovery exercise is undertaken by ATOS and the Council covering all systems, the last being in November 2014.
- 2.13.4 The Disaster Recovery and Business Continuity Plan is held by the Grampian Emergency Planning Unit which is a shared service team which co-ordinates the emergency planning for Aberdeen City and Aberdeenshire Councils. eFinancials is considered within the Finance Service Business Continuity Plan and describes the process to be followed in the event of loss or partial loss of access to computers.

AUDITORS: D Hughes
M Beattie
L Jarvis

Appendix 1 – Grading of Recommendations

GRADE	DEFINITION
Major at a Corporate Level	The absence of, or failure to comply with, an appropriate internal control which could result in, for example, a material financial loss, or loss of reputation, to the Council.
Major at a Service Level	<p>The absence of, or failure to comply with, an appropriate internal control which could result in, for example, a material financial loss to the Service/area audited.</p> <p>Financial Regulations have been consistently breached</p>
Significant within audited area	<p>Addressing this issue will enhance internal controls.</p> <p>An element of control is missing or only partial in nature.</p> <p>The existence of the weakness identified has an impact on a system’s adequacy and effectiveness.</p> <p>Financial Regulations have been breached.</p>
Important within audited area	Although the element of internal control is satisfactory, a control weakness was identified, the existence of the weakness, taken independently or with other findings does not impair the overall system of internal control.

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Internal Audit Report

Human Resources & Customer Service

Payroll System

Issued to:

Angela Scott, Acting Director of Corporate Governance
Ewan Sutherland, Head of HR and Customer Service
Steven Whyte, Head of Finance
David Cheyne, Payroll Manager
Anne MacDonald, Audit Scotland

EXECUTIVE SUMMARY

Since 2000, the Council has operated the PS enterprise (PSe) system supplied by Northgate to process and administer salaries for its own staff and organisations including 'Grampian area' Police Scotland staff, Aberdeen City Councillors, Aberdeen Safer Community, Aberdeen Greenspace Trust, and Bon Accord Care.

In 2014/15, gross salaries paid to 8,700 Aberdeen City employees through the system totalled £198.9 million.

The objective of this audit was to ensure that appropriate control is being exercised over the Payroll system, including contingency planning, disaster recovery, and interfaces, and that payments made by the system are accurate. In general, this was found to be the case. Recommendations to develop a strategy for replacement of the existing system which ceases to be supported from 2020 onwards, ensuring that password composition is in accordance with the Council's Information Good Security Practice Guidelines, and the development of reports to allow for more focussed checking of information have been agreed by the Service.

Currently there is no high level documentation detailing how the system operates. Whilst the lack of this documentation has not impacted on the Service to date there remains a risk that if key personnel were to leave the organisation there would be a loss of information. The Service has advised that the current focus is on the replacement strategy referred to above.

1. INTRODUCTION

- 1.1 Since 2000, the Council has operated the PS enterprise (PSe) system supplied by Northgate to process and administer salaries for its own staff and organisations including 'Grampian area' Police Scotland staff, Aberdeen City Councillors, Aberdeen Safer Community, Aberdeen Greenspace Trust, and Bon Accord Care.
- 1.2 In 2014/15, gross salaries paid to 8,700 Aberdeen City employees through the system totalled £198.9 million.
- 1.3 The objective of this audit was to ensure that appropriate control is being exercised over the Payroll system, including contingency planning, disaster recovery, and interfaces, and that payments made by the system are accurate.
- 1.4 The factual accuracy of this report and action to be taken with regard to the recommendations made have been agreed with David Cheyne, Payroll Manager.

2. FINDINGS AND RECOMMENDATIONS

2.1 System Support & Documentation

- 2.1.1 The PSe system was implemented by the Council in 2000. Key staff within both the Payroll Development Team and the Payroll processing teams have been in post for many years and are familiar with the PSe system and supporting payroll procedures.
- 2.1.2 The Payroll Development Team and ICT advised that the system has been subject to local customisation over the years to meet the changing needs of the organisation. The Service advised that PSe is not viewed by Northgate as one of their core products and as such there is no significant ongoing development of the system, however software system problems are resolved and statutory updates are provided. Management advised that Aberdeen City is currently the only Council in Scotland using PSe.
- 2.1.3 Whilst in-house customisation has benefits for the organisation, the risk exists that ongoing support and maintenance of the system may prove problematic. There is also a risk that, if the product is not being actively developed by the provider, future support and maintenance costs may become prohibitively expensive or support may be withdrawn altogether.
- 2.1.4 The Payroll Manager confirmed that support will continue with Northgate until January 2020 when the life of the product will end and that consideration is being given to replacing the current system with a new HR and Payroll system. At this stage however, management are making plans but no firm decisions have been made. A recommendation is included here to highlight the need for a strategy for replacing the current system.

Recommendation

The Service should ensure that a strategy is developed to ensure continued ability to provide payroll services.

Service Response / Action

Agreed. A project team has been set up to look at HR and Payroll System requirements and develop a strategy.

Implementation Date

April 2017

Responsible Officer

Head of HR

Grading

Significant within audited area

2.2 System Changes

- 2.2.1 Prior to the implementation of changes to the live payroll system, for example statutory rate changes for tax, NI and student loans, Northgate will notify the Payroll Development Team, who will undertake system testing to ensure that the proposed system changes are accurate.
- 2.2.2 The Payroll Development Team select an employee record which they know will be affected by one of the changes and undertake a manual calculation for each change. In addition, when the change relates to tax and national insurance a second verification is undertaken using a software product called Qtac. There is also a verification of parameters that should not be changed as part of the update process.

2.2.3 A review of the 2014/15 year end change information processed by the Senior Payroll Development Officer confirmed that planned changes had been adequately tested prior to implementation within the live environment.

2.2.4 Once tested the system upgrades are provided by Northgate to ICT for implementation.

2.3 Written Procedures

2.3.1 Accessible, comprehensive and up to date written procedures can reduce the risk of errors and inconsistency. They are beneficial for the training of current and new employees and provide management with assurance of correct and consistent practices being followed, especially in the event of an experienced employee being absent or leaving.

2.3.2 Whilst documented procedures are available which aim to show the steps that the Payroll Development Team and payroll staff should follow to complete various tasks, there is a lack of high level documentation setting out how the PSe system operates overall, how it is structured, how user profiles are created and maintained, how key system controls operate, what maintenance and support arrangements are in place, how audit logs are produced and maintained, and use of Access databases for reporting purposes.

Recommendation

The Payroll Development Team should compile a PSe Operations manual which should provide an overview of the operations of the PSe system including system architecture, process maps, key system controls, key maintenance routines, etc.

Service Response / Action

This has not been required in the 15 years we have had the system. This would take a considerable amount of time to achieve with little benefit, requiring a resource that we are unable to provide as any additional resources will be allocated to the new HR/Payroll system project. This is where we feel the resources are better utilised.

Audit Position

Whilst it is accepted that there has not been a problem in the last 15 years were key members of staff with knowledge of the system to leave the organisation, there is a risk that the processing of payroll may be adversely affected.

Implementation Date

N/A

Responsible Officer

N/A

Grading

Significant within audited area

2.4 Access Controls

2.4.1 Access to the PSe application is administered by the Payroll Development Team who provide users with access levels appropriate to their job role. The Council's Information Security Good Practice Guidelines require that passwords are of a minimum length of 8 characters and are made up of letters and a minimum of one number and one special character. The current PSe system password set up requires a minimum length of 6 and a maximum of 12 characters, and doesn't require the use of numbers or special characters. Passwords require updating every 90 days and changes are forced via system controls.

Recommendation

The Service should explore whether or not it is possible to set the password parameters on the system to ensure compliance with Information Security Good Practice Guidelines.

Service Response / Action

Agreed. Whilst PSe has the capacity to comply with the Information Security Good Security Guideline, this was not part of the original system controls. The fix to resolve this is not straight forward, but payroll will investigate and change if possible.

Implementation Date

November 2016

Responsible Officer

Development Team
Officer

Grading

Important within audited
area

- 2.4.2 At the time of the audit review an exercise had been completed by the Payroll Development Team to check the authorisation rights of all system users following organisational changes within the Council which required new posts and job titles to be created and old posts and job titles to be deleted. The Service has advised that they intend to start reviewing all users on a three monthly rolling basis, to ensure that only valid users continue to have access to the system. The Service has advised that this will commence once the Council wide staffing restructure has been completed.

2.5 System Interfaces

- 2.5.1 As part of the original PSe implementation, IT interfaces were built linking the Payroll system with the travel system, the General Ledger and the Creditors system by Rebus Software Services. Each interface was formally commissioned by the ICT function and managed via the change control process. Each interface is supported by detailed system specifications, testing regimes and sign off. The interfaces that were processed in August 2015 were reviewed and were found to be operating effectively; the interfaced information was matched to the providing and receiving systems.

2.6 Transaction Input

- 2.6.1 Payroll staff involved in data input have received on the job training in the use of the application. System on line help facilities are available to assist users and where appropriate staff will enlist the help of other colleagues. Unresolved issues may be referred to the Payroll Development Team.
- 2.6.2 The input documents used are designed primarily to assist completion of the form rather than to match the PSe application input screen, although in practice most follow a logical format. "Drop Down" pre-coded data fields are used to assist staff inputting transaction data where possible, thus minimising the possibility of input errors.
- 2.6.3 In some systems, control over data input is exercised through secondary keying of data or using batch control totals. This is not used in the PSe system although, as a mitigating control, reliance is placed on monitoring of Payroll expenditure reports by Budget Centre Managers. Once information has been keyed into the system the input documents are typically marked (diagonal line scored on the document).
- 2.6.4 In addition to keying of input direct into PSe (which forms the main method by which data is input to the Payroll system), data can also be uploaded from Excel spreadsheets using a template/spreadsheet workbook created by the Development Team. Only valid information is processed directly into the payroll system, with any errors contained within the workbook highlighted on an Import Errors report, which is corrected by payroll operational staff with reference, where necessary, to the Service.

2.7 Data Processing

- 2.7.1 The salaries paid to ten new start employees and five employees that left the Council's employ were manually recalculated and compared to the system calculation. All but one system calculation matched the manual recalculations.
- 2.7.2 The Service advised that, in order to simplify calculations, the methodology for calculating starters' and leavers' salaries had been changed in April 2015 from a 365ths to a 12ths (Calendar month) basis, and the system calculation had not yet been updated to accurately reflect the change. A work around is currently in place whereby the salary entitlement is calculated manually and input to override the system generated figures. However, as a result of human error, the figures from the manual calculation were not input to the system and the system applied the original (but out of date) calculation to the starting salary thus generating an overpayment of approximately £40 to the employee.
- 2.7.3 This was highlighted to the Service during the course of the audit, and following a review of all new start employees affected by the change a further six overpayments were identified. The Service has advised that all overpayments have been recovered.
- 2.7.4 No independent check is carried out by Payroll staff on the accuracy of an individual's payroll calculation. There is a risk therefore that when new staff are being set up on the system and their pay is being calculated for the first time, any errors made at this stage will not be identified by Payroll and reliance will be placed on retrospective review by the employee themselves, or the relevant budget holder who may review a cost centre report giving payroll details. It is acknowledged that Payroll check that new starts and leavers are supported by paperwork from HR, but this does not constitute a check on the accuracy of the Payroll calculation itself.

Recommendation

The Service should consider introducing an independent check of a sample of all starting salary calculations to confirm accuracy until a system fix is introduced.

Service Response / Action

The fix has now been implemented by the Senior Development Officer.

Implementation Date

N/A

Responsible Officer

N/A

Grading

Important within audited area

- 2.7.5 The core function of the payroll system is to ensure that employees are paid correctly, and tax, national insurance and superannuation are accurately calculated. The payments and deductions for 10 employees were manually recalculated and matched that reflected within the system.

2.8 Output

- 2.8.1 A schedule is maintained detailing all the expected output following Payroll processing. On a monthly basis, a range of control reports including Payroll Reconciliation, Gross to Net Pay report, the Creditors report and the general ledger interface report are produced and reviewed by the Payroll Team at Part 1 and Part 2 of Payroll processing.
- 2.8.2 Reports reviewed as part of the Part 1 output, provide an opportunity to correct errors or omissions prior to the payroll being finalised and funds being transferred via BACS. On completion of the checking of reports at this stage, a print file is transmitted to Aberdeenshire Council to enable the hard copy payslips to be printed by the reprographics team. Payslips are then returned to the Council and sent out to

employees. The Service advised that any errors or omissions spotted by employees on receipt of their payslips can potentially be corrected prior to the payroll for the period being finalised and the funds transferred by BACS. On completion of final amendments and checking, key reports are rerun as Part 2 of the reporting schedule. If errors are spotted, and corrected and BACS payments amended, revised payslips are produced.

2.8.3 Reconciliations are performed between the Payroll and the financial ledger as part of period end checks. These reconciliations also involve a manual check on the cumulative totals per the system against manual spreadsheet records referred to as the “Black Books” which contain details of the period and cumulative totals for Tax, NIC, Pension, Student Loans, Maternity, Paternity and Adoption Pay. These reconciliations are performed and checked by staff within the Payroll Operations team on a monthly basis and are also subject to review by the Payroll Manager. A review of the manual checks completed for the May 2015 payroll was undertaken and found to be operating adequately. These monthly checks also involve a reconciliation to the financial ledger and evidence of this was obtained for May 2015.

2.8.4 There is currently no routine check carried out on the changes made to employee bank accounts. There is a report currently available through Access but it is not currently used by Payroll staff.

<u>Recommendation</u>		
The Service should consider reviewing a sample of changes made to bank account details to confirm that the change is adequately supported by a request from the employee whose pay will be redirected as a result of the bank account change.		
<u>Service Response / Action</u>		
This is already an area where the Payroll Team double check on entry. There has been a negligible amount of errors over the years due to Payroll input. I therefore think that the increased Payroll checking would have a negative input as the time spent could be used elsewhere. With the move to YourHR Anywhere most bank changes will be completed by self service.		
<u>Implementation Date</u>	<u>Responsible Officer</u>	<u>Grading</u>
N/A	N/A	Important within audited area

2.8.5 It was also noted that although an exception report is produced and reviewed which highlights monthly Gross Pay equal to or greater than £4500, there is currently no report available which highlights material variations in an individual’s pay from the current pay period to the previous period. A material variations report would allow for the identification of errors, misstatement and possible fraud prevention.

<u>Recommendation</u>		
Consideration should be given to developing a Payroll exception report highlighting significant variations between an individual’s Gross Pay in the current period, compared to the previous period.		
<u>Service Response / Action</u>		
Agreed. Payroll will look at the feasibility of developing an exception report which shows an agreed % differential. This will allow for more targeted checks.		
<u>Implementation Date</u>	<u>Responsible Officer</u>	<u>Grading</u>
April 2016	Payroll Development Officer	Important within audited area

2.9 BACS transfer

2.9.1 BACS is the central body for processing UK payments and the method most widely used by companies and local authorities to pay employees. The Council uses C – Series, a web based BACSTEL–IP software package to facilitate salary payments. Each paygroup within the Council has a unique BACS template within C-Series to allow the transmission of the payments file.

2.9.2 A formal process is in place for reconciling the payroll with the resulting BACS payment file. Authorisation to make payment is provided by one of the Payroll Officers (operating on rotation within the Payroll team). Subsequent transmission of the BACS file must then be completed by authorised staff within the Payroll Development Team. Both stages of the BACS payment authorisation routine are controlled by individual user names and passwords via the C – Series application. The submission for May 2015 (Month 2) was verified.

2.10 System back up and business continuity plans

2.10.1 Arrangements are in place for the regular and routine back up of the PSe system. These services are provided to the Council by ATOS IT Services UK and are administered by ICT. Back up jobs are run automatically on a daily, weekly and monthly basis. The backup schedule for May 2015 was reviewed together with the backup logs; all were completed successfully.

2.10.2 The Payroll Business Continuity Plan (BCP) forms part of the overall plan for the HR Service. An annual Disaster Recovery exercise is undertaken by ATOS and the Council covering all systems, the last being in November 2014 which involved the switching to ATOS's secondary site. Restoration from backups was tested in April 2015 and was completed successfully.

AUDITORS: D Hughes
M Beattie
D Lawson

Appendix 1 – Grading of Recommendations

GRADE	DEFINITION
Major at a Corporate Level	The absence of, or failure to comply with, an appropriate internal control which could result in, for example, a material financial loss, or loss of reputation, to the Council.
Major at a Service Level	<p>The absence of, or failure to comply with, an appropriate internal control which could result in, for example, a material financial loss to the Service/area audited.</p> <p>Financial Regulations have been consistently breached.</p>
Significant within audited area	<p>Addressing this issue will enhance internal controls.</p> <p>An element of control is missing or only partial in nature.</p> <p>The existence of the weakness identified has an impact on a system's adequacy and effectiveness.</p> <p>Financial Regulations have been breached.</p>
Important within audited area	Although the element of internal control is satisfactory, a control weakness was identified, the existence of the weakness, taken independently or with other findings does not impair the overall system of internal control.

ABERDEEN CITY COUNCIL

COMMITTEE	Audit, Risk and Scrutiny
DATE	26 th November 2015
DIRECTOR	Richard Ellis (interim)
TITLE OF REPORT	Scottish Public Services Ombudsman Complaint Decisions
REPORT NUMBER	CG/15138
CHECKLIST COMPLETED	Yes

1. PURPOSE OF REPORT

This report provides details of all Scottish Public Services Ombudsman (SPSO) decisions relating to Aberdeen City Council complaints received during 2014/15 that were subsequently referred to the Ombudsman.

2. RECOMMENDATION(S)

It is recommended that Committee review the contents of this report, identify any systemic issues and recommend any additional actions as appropriate.

3. FINANCIAL IMPLICATIONS

Any revenue and capital implications for the implementation of SPSO recommendations have been funded from service budgets. There have been no substantial financial implications to date.

4. OTHER IMPLICATIONS

N/A

5. BACKGROUND/MAIN ISSUES

The Scottish Complaints Handling Procedure (CHP) has three stages:

- Stage 1 - Frontline Resolution
- Stage 2 - Formal Investigation
- Stage 3 - Independent External Review (SPSO)

The first two stages of the complaints handling process are dealt with internally by the council. The SPSO considers complaints from people who remain dissatisfied at the conclusion of the council's complaints procedure. The SPSO looks at issues such as service failures and maladministration (administrative fault), as well as the way the council has handled the complaint.

The ombudsman has the authority to make a final decision on the complaint. Following their investigation, the SPSO write to the council and the complainant with the outcome of their decision. Where necessary the SPSO will make recommendations that the council must implement to address a customer's dissatisfaction and / or to prevent the same problems that led to the complaint from happening again. The SPSO also instruct the timescales for implementing their recommendations.

In 2014/15, 668 complaints were recorded by Aberdeen City Council. 420 of those complaints were investigated and responded to as a Stage 2 complaint and 31 of those complaints were subsequently referred to the SPSO for consideration.

The SPSO investigated 13 of the 2014/15 Aberdeen City Council complaints, of which 4 were not upheld, 5 were upheld and 3 were partially upheld. Details of the upheld and partially upheld complaints with recommendations are provided in Appendix A. One partially upheld complaint had no recommendations and is therefore not included.

In addition, the SPSO made recommendations in relation to two complaints at enquiry stage to be carried out to achieve resolution without going to full SPSO investigation. The details of which are outlined in Appendix B.

All recommendations were implemented by Aberdeen City Council within the timescales required by the SPSO.

6. IMPACT

Improving Customer Experience –

Complaints are a valuable source of information about council services, which can help to identify recurring or underlying problems and potential improvements. It is important to take action to try to stop the problem from happening to any customers again. Lessons can be learnt from identifying common and recurring causes of complaints but

another important approach is to identify lessons that can be learnt from individual complaints.

As part of the complaints handling procedure, services should identify learning points so that they can be recorded and acted upon to improve the customer experience. This is particularly important where complaints are upheld, but even a complaint which is not upheld could still highlight the need for us to improve communications or the way in which we manage the customer's expectations.

Where appropriate, actions should be implemented across the Council, and not just in the service area that was the subject of the individual complaints. Complaints information can also be reviewed to improve service delivery for customers in the future.

Improving Staff Experience –

The outcomes of complaint decisions should be fed back to relevant staff. This includes both upheld and not upheld decisions to engage staff in complaints handling and ensure they are fully informed of outcomes. Complaint information can be used to inform changes in working practices and training provision for staff to improve their experience as well as that of the customer. SPSO recommendations relating to complaints handling are fed back to the responding officers to help develop the key skills required for good complaints handling.

Improving our use of Resources –

The organisation should look to solve the core issue which led to the complaint and learn from the outcome of complaints so to reduce the potential for more / similar complaints. This should lead to a reduction in repeat complaints and complaints investigation and handling time which can be a lengthy process for those involved.

Corporate -

This recommendation supports the Shaping Aberdeen 'triple aim' triangle in terms of improving the staff experience, improving the customer experience and improving the use of resources in delivering outcomes.

This requirement to share learning from complaints supports the Single Outcome Agreement; providing joined up working across the organisation that will provide overall, an excellent customer experience.

It supports the smarter priorities of 'Smarter Governance – Participation'. Specifically;

"Smarter Governance – Participation: acknowledging the role that citizens can play in the evolution of the city.

Priority: we will encourage citizens to participate in the development, design and decision making of services to promote, civic pride, active citizenship and resilience.

Outcome: Citizens feel they can influence their communities through engagement in the development, design and decision making of services.”

Senior management should review the information gathered from complaints regularly and lessons learnt from complaints should be fed back into individual service improvement plans.

Public –
N/A

7. MANAGEMENT OF RISK

No risks have been identified in this report.

8. BACKGROUND PAPERS

N/A

9. REPORT AUTHOR DETAILS

Lucy McKenzie,
Project Executive,
LucyMcKenzie@aberdeencity.gov.uk
01224 34976

2014/15 - Aberdeen City Council SPSO Investigation Recommendations

Complaint Received Date	Complaint Description	Upheld / Partially Upheld	Directorate (as they are now)	Service (as they are now)	SPSO Recommendations
15 April 2014	Customer dissatisfied with the way in which his complaint regarding the sale of food past its use-by-date was handled.	Partially Upheld	Communities, Housing and Infrastructure	Planning and Sustainable Development	<ol style="list-style-type: none"> 1. The council should issue a formal apology for the failure to address the complainant's email of 25 April 2014 fully. 2. The council should review their practices of the timing informing parties of the decision taken by the Council with regard to complaints about food safety issues.
25 June 2014	Complainant alleges that a school has failed in their duty of care.	Partially Upheld	Education and Children's Services	Education Services	<ol style="list-style-type: none"> 1. The council should issue the complainant and their family with an apology for the failure to keep an accurate record of the medications administered during the trip. 2. The council should provide evidence of how the arrangements for medication on trips have been improved to avoid a recurrence of such failings in future. 3. The council should consider whether there are merits in consulting other professionals involved in a pupils care when completing person specific risk assessments and report back to the ombudsman. 4. The council should apologise to the complainant for failing to address their concerns appropriately in response to their complaints. 5 The council should ensure all relevant staff are aware of the need to provide a full response to complaints in line with the complaints handling procedure.

Complaint Received Date	Complaint Description	Upheld / Partially Upheld	Directorate (as they are now)	Service (as they are now)	SPSO Recommendations
9 July 2014	Complainant not satisfied with the level of garden maintenance.	Upheld	Communities, Housing and Infrastructure	Public Infrastructure and Environment	<p>1. The council should issue a letter of apology to the customer for failing to carry out remedial work. This SPSO decision was appealed, and rejected by the SPSO who then added a further recommendation:</p> <p>2. The council should take steps to ensure that maintenance work that is agreed to is recorded appropriately and that, once the work is complete, this too is recorded and dated on worksheets as appropriate.</p>
11 July 2014	Lack of acknowledgment or response to 2 emails sent to planning querying planning approval.	Upheld	Communities, Housing and Infrastructure	Planning and Sustainable Development	<p>1. The council should apologise for the failings identified in the investigation.</p> <p>2. The council should remind staff that the model CHP requires them to clearly communicate the outcome (decision) of an investigation to the customer (e.g. upheld or not upheld)</p> <p>3. The council should demonstrate to the SPSO that action has been taken to resolve the discrepancy between the response time stated in the PEC and the one stated in the automated acknowledgement email.</p>
18 Sept 2014	Bathroom was unfit for needs of disability.	Upheld	Communities, Housing and Infrastructure	Land and Property Assets	<p>1. The council should issue a further apology for the complaints handling failings identified.</p> <p>2. The council should provide a copy of my decision letter to the member of staff who responded to this complaint on behalf of the Council.</p>

Complaint Received Date	Complaint Description	Upheld / Partially Upheld	Directorate (as they are now)	Service (as they are now)	SPSO Recommendations
9 Jan 2015	Complainant disputes charges raised after moving out of property as he said he had not been made aware that this could happen and he states agreement was obtained from housing officer before doing a lot of the decorating work. He said he first wrote in about this in November and has not had any response.	Upheld	Communities, Housing and Infrastructure	Communities and Housing	<ol style="list-style-type: none"> 1. The council should apologise for the failings identified in this letter. 2. The council should cancel the outstanding invoice. 3. The council should reflect on the failings identified and how to prevent them occurring again. 4. The council should review the rechargeable repairs appeals procedure and ensure that it refers to SPSO at the end of the process. 5. The council should provide the SPSO with a copy of the standardised tool for estimating repair costs.
29 Jan 2015	Delayed repair to window causing uninhabitable temperatures causing him to leave property and wants a rent rebate.	Upheld	Communities, Housing and Infrastructure	Land and Property Assets	<ol style="list-style-type: none"> 1. The council should apologise to the customer for the failings identified in the investigation. 2. The council should remind appropriate staff that responses to complaints make reference to all council actions relevant to the subject of the complaint. 3. The council should remind appropriate staff that correspondence indicating that the complaints process has been completed should not be provided to complainants while investigations are still ongoing. 4. The council should provide customer with a goodwill payment equivalent to 4 weeks of rent in recognition of the inconvenience suffered due to not providing an effective repair to the window in the property within a reasonable timescale.

2014/15 - SPSO Aberdeen City Council Recommendations at Enquiry Stage

Complaint Received Date	Complaint Description	Upheld / Partially Upheld	Directorate (as they are now)	Service (as they are now)	SPSO Recommendations
12 Sept 2014	Displeasure by treatment when downsizing.	N/A	Communities, Housing and Infrastructure	Land and Property Asset	1. The council should make an ex gratia payment to the complainant of £355.35 in recognition of the council failing to carry out checks at her home for three years and for the lengthy delay she experienced in getting work done to her new home.
26 Jan 2015	Inadequate service from Gas Call who never seem to fix complainant's boiler. Also lack of action by ACC employee caused an unnecessary day in the house waiting for workman who never came.	N/A	Communities, Housing and Infrastructure	Land and Property Assets	1. The council should arrange for an independent inspection to be carried out on the boiler in an effort to identify whether it is in fact fit for purpose and functioning appropriately 2. In recognition of the time and trouble experienced by the complainant the council should consider making a payment to them as a good will gesture.

ABERDEEN CITY COUNCIL

COMMITTEE	Audit, Risk and Scrutiny
DATE	26 November 2015
DIRECTOR	Richard Ellis
TITLE OF REPORT	Audit Scotland – Audit of Housing Benefit – Risk Assessment Report
REPORT NUMBER	CG/15/129
CHECKLIST COMPLETED	Yes

1. PURPOSE OF REPORT

The purpose of the report is to advise the Committee of the outcome of Audit Scotland's Housing Benefit – Performance Audit Risk Assessment.

2. RECOMMENDATION(S)

It is recommended that the Committee note the content of this report.

3. FINANCIAL IMPLICATIONS

There are no direct financial implications. However, given the key role the Benefits Service plays in delivering aspects of the welfare state and recognising the significant sums involved an efficient and effective Benefits Service protects the public purse and helps maximise both Council Tax and Rent collection.

4. OTHER IMPLICATIONS

None

5. BACKGROUND/MAIN ISSUES

The risk assessment was undertaken as a follow up to Audit Scotland's Housing Benefit/Council Tax Benefit risk assessment carried out during 2012/13.

The service was inspected in June 2015 following completion and submission of a self assessment in May 2015. The report is attached at Appendix 1.

Specifically the risk assessment considers the effectiveness of the benefit service in meeting national and local priorities, business planning and reporting, and delivering outcomes.

Information for the risk assessment was gathered from a range of sources including:

- the self-assessment, supporting evidence, and updated action plan provided by the council,
- Department for Work and Pensions (DWP) indicators and other performance measures
- scrutiny of internal and external audit reports
- discussions with the appointed external auditor
- discussions with council officers during the June 2015 site visit.

A risk assessment was previously carried out on Aberdeen City Council's benefit service in September 2012 when Audit Scotland identified 13 risks to continuous improvement. These were reported to the Chief Executive in November 2012 and, in response, the service submitted an action plan in January 2013 to address these risks which Audit Scotland accepted as satisfactory, if fully implemented.

In May 2015, the service submitted a current self-assessment along with supporting evidence, and an updated action plan. Audit Scotland have stated that of the 13 risks identified, 12 are fully completed and 1 is outstanding. In completing 12 of these risks, Audit Scotland believes the service has made a very positive contribution to the delivery of the benefit service. In particular, by:

- developing an annual business plan which includes a retrospective look at performance across all areas of the business, and details the key objectives, tasks and performance indicators for the year.
- having a comprehensive performance reporting regime, and regularly reporting benefit service performance to staff, senior management and members.
- significantly improving speed of processing performance from an average of 38 days for new claims and 22 days for changes of circumstances in 2013/14, to an average of 20 days and 12 days respectively in 2014/15.
- having a strong focus on quality, and continuously improving accuracy performance from 84% in 2012/13 to 93% in 2014/15 .

- developing and implementing an annual risk-based programme of interventions which has helped the service to identify £598,960 of overpayments since 2013/14 in respect of customers who had failed to declare a change of circumstances.
- carrying out overpayment classification exercises and analysing overpayments to help identify errors and minimise the potential for subsidy loss, and regularly reporting overpayment recovery performance to senior managers.

In order to ensure continuous improvement, Audit Scotland have identified the need to address the one outstanding risk and the two new risks identified. These are:

- The service does not routinely monitor the recovery of fraud overpayments and administrative penalties to ensure they are rigorously recovered and that benefit fraud is deterred
- The service needs to address the decline in overpayment recovery performance.
- The service needs to ensure that the maximum amount of prescribed deductions from ongoing benefit is applied and, where this amount has been reduced, that the claim is regularly reviewed to ensure that the reduction remains appropriate, particularly in respect of overpayments that have arisen as a result of fraud.

The service has as requested submitted proposals to Audit Scotland to address and minimise the identified risks. The proposals detailed below have been agreed with Audit Scotland. It is the responsibility of Revenues and Benefits Manager to implement:

- The service recognises that the overpayment recovery performance has declined. As a result, the ownership of overpayments including recovery pre-warrant has been transferred to the Benefits Team from the Corporate Debt Recovery Team. As part of this process a full review of processes, procedures and resources has commenced. This review will identify the reasons for the decline in performance and will provide solutions.

The review will include investigating DWP Best Practice guidance, benchmarking with other Local Authorities and liaison with the system supplier.

- As part of the overall review of overpayments, it is proposed to introduce a periodic review of all reduced deductions to ensure that it is fully utilising the maximum recovery by deductions rate in all relevant cases.

- Fraud Overpayments will also be reviewed in line with Best Practice guidance, benchmarking and liaison with the system supplier to identify other recovery methodologies available.

6. IMPACT

Improving Customer Experience

Advisory report only

Improving Staff Experience

Advisory report only

Improving our use of Resources

Advisory report only

Corporate

Advisory report only

Public

The public need to be aware that Council is providing a Housing Benefit and Council Tax Reduction service which is effective in meeting national and local priorities, business planning and reporting, and delivering outcomes.

7. MANAGEMENT OF RISK

Advisory report only.

8. BACKGROUND PAPERS

Audit Scotland Risk Assessment Report

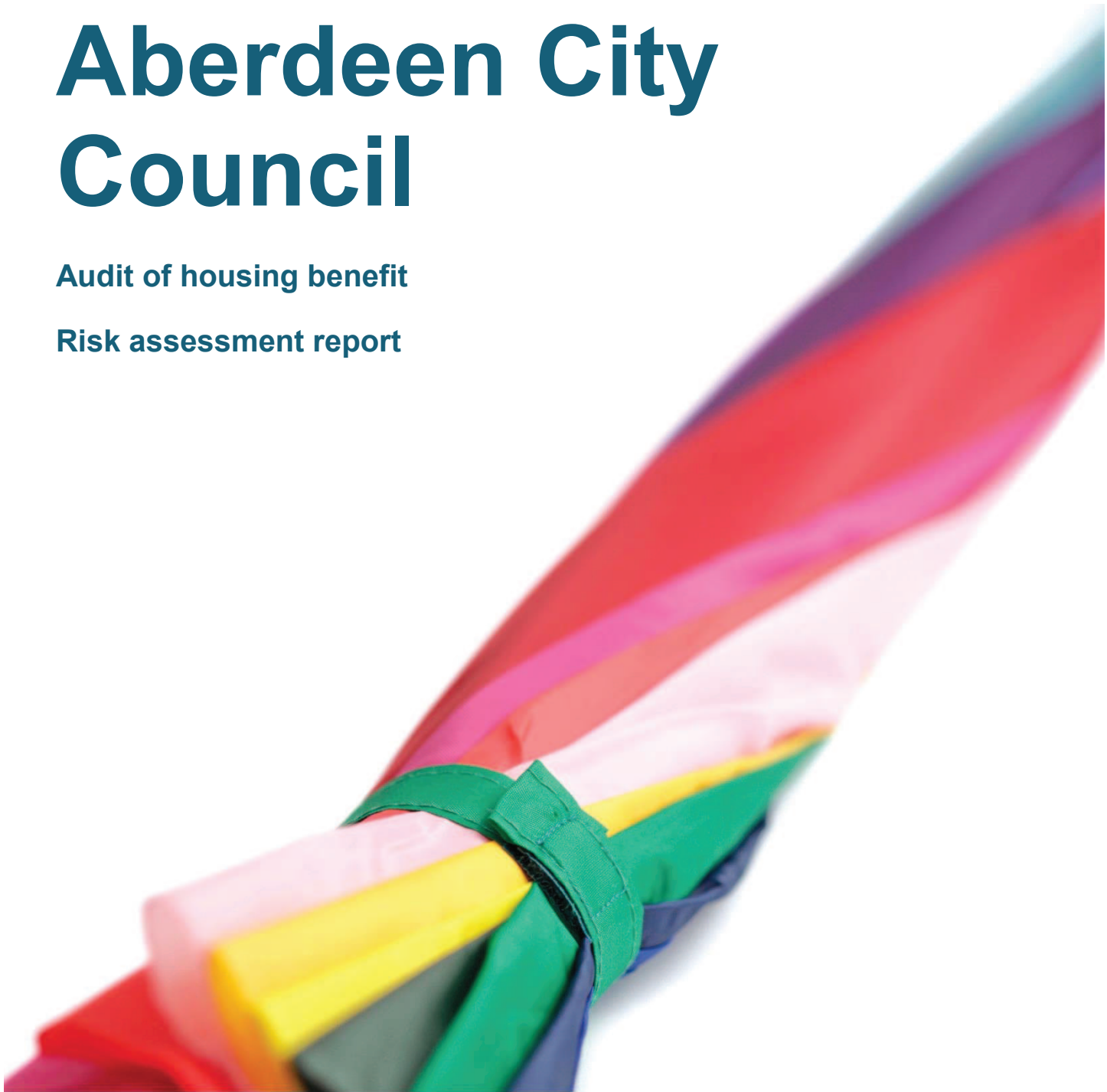
9. REPORT AUTHOR DETAILS

Wayne Connell
Revenues and Benefits Manager
waynec@aberdeencity.gov.uk
01224 346868

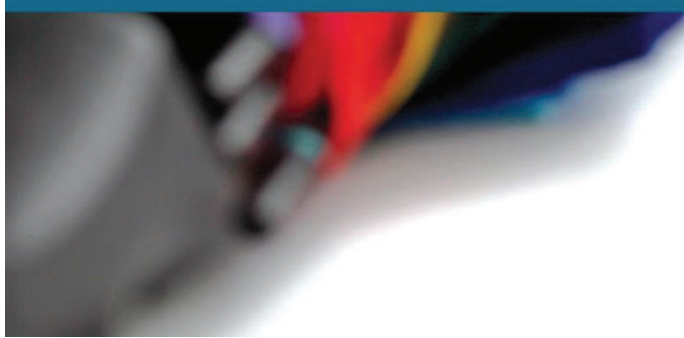
Aberdeen City Council

Audit of housing benefit

Risk assessment report



Prepared for Aberdeen City Council
July 2015



Audit Scotland is a statutory body set up in April 2000 under the Public Finance and Accountability (Scotland) Act 2000. We help the Auditor General for Scotland and the Accounts Commission check that organisations spending public money use it properly, efficiently and effectively.

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Introduction

1. This risk assessment was completed as part of Audit Scotland's housing benefit (HB) risk assessment programme. It does not represent a full audit of Aberdeen City Council's benefit service.
2. The Local Government in Scotland Act 2003 introduced new statutory duties relating to Best Value and Community Planning. The key objective of the risk assessment is to determine the extent to which the benefit service is meeting its obligations to achieve continuous improvement in all its activities.
3. Specifically, the risk assessment considers the effectiveness of the benefit service in meeting national and local priorities, business planning and reporting, and delivering outcomes.
4. Information for this risk assessment was gathered from a range of sources including:
 - the self-assessment, supporting evidence, and updated action plan provided by the council
 - Department for Work and Pensions (DWP) indicators and other performance measures
 - scrutiny of internal and external audit reports
 - discussions with the appointed external auditor
 - discussions with senior officers in the council during our site visit in June 2015.

Executive summary

5. A risk assessment was previously carried out on Aberdeen City Council's benefit service in September 2012 when Audit Scotland identified 13 risks to continuous improvement. These were reported to the Chief Executive in November 2012 and, in response, the council submitted an action plan in January 2013 to address these risks which Audit Scotland accepted as satisfactory, if fully implemented.
6. In May 2015, the council submitted a current self-assessment along with supporting evidence, and an updated action plan. Of the 13 risks identified, the progress the council has made is commendable:
 - 12 actions fully completed
 - 1 action outstanding.Appendix A covers this in detail.
7. In completing 12 of these risks, the council has made a very positive contribution to the delivery of the benefit service. In particular, by:

- developing an annual business plan which includes a retrospective look at performance across all areas of the business, and details the key objectives, tasks and performance indicators for the year
 - having a comprehensive performance reporting regime, and regularly reporting benefit service performance to staff, senior management and members
 - significantly improving speed of processing performance from an average of 38 days for new claims and 22 days for changes of circumstances in 2013/14, to an average of 20 days and 12 days respectively in 2014/15
 - having a strong focus on quality, and continuously improving accuracy performance from 84% in 2012/13 to 93% in 2014/15
 - developing and implementing an annual risk-based programme of interventions which has helped the service to identify £598,960 of overpayments since 2013/14 in respect of customers who had failed to declare a change of circumstances
 - carrying out overpayment classification exercises and analysing overpayments to help identify errors and minimise the potential for subsidy loss, and regularly reporting overpayment recovery performance to senior managers.
8. Although the council demonstrates awareness of what constitutes an effective, efficient and secure benefit service, there is one risk outstanding from our previous risk assessment and, in order to ensure continuous improvement, the council needs to address this risk and the new risks identified. These include:
- taking action to address the decline in overpayment recovery performance
 - ensuring that the maximum amount of prescribed deductions from ongoing benefit is applied and, where this amount has been reduced, that the claim is regularly reviewed to ensure that the reduction remains appropriate, particularly in respect of overpayments that have arisen as a result of fraud.

Business planning and reporting

9. An effective business plan provides an opportunity for the council to set out the aims and objectives for each service and should contain key deliverables against which performance can be measured, monitored and reported.
10. Since our previous visit there have been some significant changes within the benefit service and, as a consequence, the way in which HB is administered. In April 2013, as a result of the UK Government's welfare reform agenda, the benefit service created a new team to deliver the council's Scottish Welfare Fund (SWF) and, to provide the service with a consistent approach to management checking, a Quality Assurance (QA) team was established in April 2013, which was fully staffed by July 2013.

11. The service has also managed a considerable turnover of staff in the last 18 months which has resulted in the recruitment and training of 25 customer care assistants (CCA) and 2.5 team leaders during the period. In addition, following the removal of the spare room subsidy (RSRS), the council experienced a significant increase in the number of applications for a discretionary housing payment (DHP) from 159 in 2012/13 to 2,575 in 2014/15, creating additional workloads for the service.
12. As a consequence of increased workloads, the loss of experienced staff, and the need to recruit and train new staff, claims processing performance declined significantly from an average of 27 days for new claims and 15 days for changes of circumstances in 2012/13, to an average of 38 days and 22 days respectively in 2013/14.
13. However, the benefit service responded very positively to this decline and by implementing a number of changes to its structure, and working in partnership with the DWP's Performance Development Team (PDT), the service considerably improved speed of processing performance in 2014/15 to an average of 20 days for new claims and an average of 12 days for changes of circumstances. This level of improvement is commendable and is discussed in more detail under *Speed of processing*.
14. Revenues and Benefits is part of the Finance Service, which is a key service within the Corporate Governance Directorate and responsible for administering HB and Council Tax Reduction (CTR), Council Tax (including recovery), Business Rates, service income, social work financial assessments, and the Scottish Welfare Fund (SWF).
15. The *Benefit Processing Annual Report 2014/15* serves as the Revenues and Benefits business plan and is presented each year to the Head of Finance. The annual report reflects on the previous year's performance and sets out general principles to be adopted in the administration of HB and CTR. These principles include:
 - promoting the uptake of HB by producing and publishing publicity material, when appropriate
 - working closely with key stakeholders
 - ensuring that staff undertake regular training
 - administering overpayments in accordance with statutory provisions
 - seeking to promote a counter-fraud culture amongst staff and the public to deter fraud.
16. The annual report also sets out the service's key performance targets which include the average time to process new claims and changes of circumstances, the financial accuracy of payments, the number of interventions to be carried out, and the value of benefit overpayments to be recovered.
17. The council makes good use of an online reporting system to report performance to senior management and members. It formally reports the performance of the benefit service each quarter to the Finance, Policy and Resources Committee in respect of the average time to process new claims and changes of circumstances, the accuracy of claims, the percentage of new claims decided within 14 days of receiving all information, and the gross

administration cost per case. In addition, there is regular detailed reporting of benefit service performance at an operational level. This includes:

- weekly - between the benefit team leaders and processing staff
 - weekly - between the Benefits Processing Manager and benefit team leaders
 - weekly - between the Revenues and Benefits Manager and the Benefits Processing Manager
 - monthly - between the Head of Finance and the Revenues and Benefits Manager.
18. Managing performance is a key component in delivering an effective service and the council has a strong performance management ethos which includes carrying out annual performance reviews for staff and having a comprehensive performance development programme which includes individual staff targets for speed of processing, work volumes and accuracy. Performance against these targets is discussed at monthly one to one meetings between processing staff and their respective team leaders.
19. In addition, a 'performance wall' was introduced in 2014, which is updated monthly and shows speed of processing and accuracy performance at service, team, and anonymously at individual level. This is an innovative approach which the council told us has been very effective in contributing to the significant improvements in speed of processing and accuracy performance in 2014/15.
20. In preparation for the introduction of Universal Credit (UC) in November 2015, senior officers from the Revenues and Benefits service are members of the UC Housing Operational Group, the corporate Welfare Reform Board, and the recently established sub-group with the Housing department which was created to ensure that communication with customers about UC is co-ordinated, efficient and effective.
21. Audit Scotland identified five risks to continuous improvement during the previous risk assessment in that:
- the service business planning cycle included the previous year's performance being reviewed for the annual report to members. This did not include all areas and was too late in ensuring effective targeting of resources at the start of the new business year
 - the specific areas that required improvement were not made clear in the annual report or on the issues list
 - it was not clear whether the high level actions on the issues list were ongoing tasks or improvement activities. To facilitate more effective planning and monitoring all improvement activities needed to be made clearer and should be supported with specific detailed actions, associated key milestones and completion dates
 - the monthly performance report to senior officers was limited to speed of processing. The service, after Audit Scotland's previous risk assessment, committed to reporting its accuracy performance to senior managers and members but had not done so. Given the subsidy losses incurred by the council, financial accuracy should have been considered a key area and included in the monthly and annual reports

- the outcome and effectiveness of the service's intervention activity was not being measured, monitored or reported.
22. We consider that all five risks have been addressed in this area as the *Benefit Processing Annual Report 2014/15* is developed in March and finalised in April, details all aspects of the benefit service's activities, and clearly sets out the key areas for improvement and operational tasks for the year.
23. The council has also increased the level of performance information provided to senior managers and members. Accuracy performance is reported monthly to senior managers and formally reported to the Finance, Policy and Resources Committee each quarter. In addition, outcomes from the service's intervention activities are reviewed and analysed every six weeks and formally reported each quarter by the interventions team leader to the Benefits Processing Manager.

Delivering outcomes

24. Effective operational processes and IT systems, along with skilled staff, help benefit services deliver sound performance and continuous improvement. The council has a number of management arrangements in place to support this.

Speed of processing

25. When customers claim benefit, it is a time of financial uncertainty for them and, as such, it is essential that the service has sufficient fully trained and effective benefit processors in place that can make informed decisions on complex benefit claims and pay benefit promptly.
26. At the time of our previous visit in 2012, the benefit service had experienced a significant turnover in staff and was carrying a number of vacant posts which had a detrimental effect on the service, particularly the time taken to process new claims and changes of circumstances. As a consequence, Audit Scotland requested that the council provide regular updates on performance to determine if the required improvements could be achieved.
27. In April 2013, the UK government's welfare reform agenda resulted in a number of changes to the way in which HB was delivered which impacted on councils. As a consequence of these changes, in the November 2013 performance update to Audit Scotland, the council reported a further decline in new claims and changes of circumstances performance to an average of 38 days for new claims, and an average of 22 days for changes of circumstances, at quarter two of 2013/14. The council advised that the following were key factors in the decline in performance:
- a tenfold increase in the number of applications for a DHP from 159 in 2012/13 to 1,790 in 2013/14 following the RSRS

- the loss of seven experienced benefit staff from January 2013 to setup and deliver the council's SWF
 - the loss of a further seven experienced benefit staff to other posts within the council.
28. The council took a number of positive steps in order to manage the reduction in staffing levels and the decline in performance. These included:
- utilising overtime
 - employing trained agency staff
 - recruiting 10 new members of staff
 - improving the use of the DWP's Automated Transfer to Local Authority Systems (ATLAS) data
 - working in partnership with the DWP's PDT.
29. The council told us that working collaboratively with the PDT allowed for an extensive review of business processes with a view to improving working practices and speed of processing performance. As a result of this work, a comprehensive *Benefit Improvement Action plan* was developed, new teams were created as part of a service restructure, procedures were revised, additional staff training was provided where appropriate, and workload allocations were reviewed and revised.
30. In order to ensure the delivery of the action plan, a Senior Team Leader was removed from operational duties to focus on the timeous delivery of the actions and the council told us that by taking this decision it successfully introduced the new structure and working practices in January 2014. The initial priority was to deal with new claims with a dedicated resource allocated to clearing the backlog of new claims that had accrued. The council told us that this backlog was cleared in April 2014, and that the additional backlogs in respect of DWP and ATLAS notifications and changes of circumstances were cleared by May 2014 and July 2014 respectively.
31. As a result, the council delivered significant improvements in the time taken to process new claims from an average of 38 days in 2013/14 to 20 days in 2014/15, and changes of circumstances from an average of 22 days in 2013/14 to 12 days in 2014/15. This performance placed the council 11th of the 32 Scottish councils for new claims and 22nd for changes of circumstances, based on the DWP's published quarter three data for 2014/15. The level of improvement since 2013/14 is highly commendable.
32. Exhibit 1 illustrates the council's current and previous performance

Exhibit 1: Speed of processing performance (average number of days)

	2012/13	2013/14	2014/15
New claims	27 days	38 days	20 days
Changes of circumstances	15 days	22 days	12 days

Source: Aberdeen City Council

33. Audit Scotland identified one risk to continuous improvement during the previous risk assessment in that priority had been given to processing new claims, which had improved, but changes of circumstances performance remained well below the national average and showed no sign of improvement.
34. We consider that this risk has been addressed given the significant improvement in changes of circumstances performance in 2014/15.

Accuracy

35. The accurate and secure administration of HB should be a key priority for every council, and to support this it should have a robust quality assurance framework in place.
36. The benefit service has a clear commitment to ensuring the accuracy of claims and a key aim in the *Benefit Processing Annual Report 2014/15* is to protect against fraud and error. To address the risks previously highlighted by Audit Scotland, particularly in relation to the consistency of the quality checking regime, a dedicated QA team was established in the Revenues and Benefits structure in April 2013.
37. The council told us that the QA team was fully staffed by July 2013 and consists of three QA and Appeals officers, at team leader level, who are responsible for helping CCAs to make correct HB/CTR decisions by providing advice, guidance, and remedial training where appropriate. The *Quality Assurance Plan 2015/16* sets out the team's key priorities which include:
 - conducting quality assurance checks on 10% of decisions made by staff
 - providing constructive feedback to team leaders and CCAs
 - providing training for all staff throughout the year, including staff in other departments
 - monitoring staff performance in relation to the 95% accuracy target
 - creating and maintain desk aids/procedures for staff to follow
 - maintaining the QA spreadsheet detailing staff's individual accuracy.
38. On a daily basis a random sample of claims are selected from a benefit IT system report which contains the cases which the council considers to be high-risk, based on previous analysis. The QA team aims to carry out ten full case checks for each CCA per month which is reduced to a minimum of five full case checks if the CCA has had a period of absence, for example, annual leave or illness.

39. In addition, the work of new staff, and staff that are under-performing, is subject to a 100% management check, which is reduced incrementally as performance improves. Where staff are under-performing, the council's *Performance Management Policy* is instigated which involves discussions with staff to identify any underlying issues and the development of a personalised performance plan which details:
 - the required improvements in performance
 - the support/training that will be provided
 - the timescale for improvement
 - how progress will be monitored and reviewed
 - the potential consequences of failing to meet the required improvements.
40. The outcomes from the daily management checking activities are recorded electronically on a QA database and subsequently extracted to a comprehensive spreadsheet which the QA team uses to summarise and analyse the data to identify trends and patterns of error at individual, team and service level. This information is used to report the outcomes of management checks to team leaders who are responsible for ensuring that staff are aware of the error, and that the appropriate corrective action is taken.
41. Where errors are found, the QA team is responsible for the development and delivery of remedial training and the creation of desk aids to support staff to help improve performance. For example, a recent desk aid was devised to help CCAs determine the correct effective date when a customer has reported a change in earned income.
42. There is regular reporting of accuracy performance at the weekly benefit operational meeting and the weekly management meeting and summary performance at service, team and individual level is updated monthly and displayed prominently on the 'performance wall' within the benefit team area.
43. At the end of each year the QA team produces a comprehensive report for the Benefits Processing Manager and the Revenues and Benefits Manager which details the outcomes from all management checks, provides summary data on the types of errors found, and information on the actions carried out by the QA team to deliver improvements, for example the issue of a weekly 'Did you know?' email.
44. The report also sets out the QA team's objectives for the following year which includes:
 - delivering refresher training more regularly focussing on areas where errors are recurring, for example, ensuring effective dates are correct
 - holding regular workshops to help improve the communication between team leaders and CCAs
 - working in partnership with team leaders to deliver refresher training to ensure a consistent approach to managing queries from staff.
45. Exhibit 2 illustrates the council's current and previous performance.

Exhibit 2: Accuracy performance

	Target	Achieved
2012/13	95%	84%
2013/14	95%	89%
2014/15	95%	93%

Source: Aberdeen City Council

46. It is clear that the council has a strong commitment to ensuring the accuracy of its claims and has made considerable and continuous improvement since 2012/13. The establishment of a dedicated QA team has provided the council with an independent, consistent, and robust management checking regime and, although it has yet to achieve its accuracy target of 95%, we consider that it has the required processes in place to help deliver further improvement.
47. Audit Scotland identified one risk to continuous improvement during the previous risk assessment in that, while the service's quality checking regime was extensive, there was no evidence of a focus on risk, or the key aspect of paying the correct amount of benefit to its customers.
48. We consider that this risk has been addressed as the council analyses the outcomes from its management checks and uses this information to focus its activities on claims that are considered high-risk.

Interventions

49. To minimise error in the caseload, councils must encourage customers to report changes of circumstances on time and have a robust intervention programme to identify changes and take appropriate corrective action.
50. The council seeks to ensure that customers are educated and aware of the need to report a change in circumstances. For example, the benefit claim form and notification letters contain information on what types of changes should be reported and a change of circumstances form is issued with each notification letter.
51. In addition, the council website has an interactive form for customers who have access to the internet to enable them to report a change electronically, and customers who attend the council's Customer Service Centre (CSC) are also reminded of the need to report any changes. To ensure that changes are actioned timeously, information received at the CSC is recorded on the document imaging system for action by the benefit service.
52. The council also actively participates in the DWP's Housing Benefit Matching Service (HBMS), Audit Scotland's National Fraud Initiative (NFI), and more recently the DWP's Real Time Information (RTI) data matching services, which all help to identify possible unreported changes of circumstances that require further investigation.

53. The service also makes good use of the benefit IT system diary facility to produce reports that highlight claims where future changes are expected, or known, that would affect the customer's benefit entitlement, for example, a significant birthday or an increase in earnings.
54. With the introduction of the DWP's ATLAS service, which has provided councils with an alternative method of dealing with changes of circumstances, the majority of the council's proactive interventions are desk-based.
55. To manage its interventions programme, the council has a dedicated Interventions/Single Housing Benefit Extract (SHBE) team consisting of a team leader and four CCA's and the Revenues and Benefits *Interventions Strategy 2015/16* sets out its approach, which is to make maximum use of all available data and intelligence and use proactive measures to identify predictable changes.
56. In 2015/16 the council aims to issue 300 postal reviews every six weeks to customers in receipt of a private or occupational pension, or customers that have not had a review within the last two years. The outcomes from each six-week campaign are monitored and reviewed by the Interventions/SHBE team leader to determine the effectiveness of the selection criteria and to record the number of cases that result in an increase or decrease in benefit.
57. On a quarterly basis these outcomes, and also the total value of underpayments and overpayments identified from intervention activity, is formally reported to the Benefits Processing Manager and the Revenues and Benefits Manager as part of the regular one to one performance meetings.
58. The Interventions/SHBE team also produces an annual report which summarises the interventions activity and is used to determine the overall effectiveness of the service's approach, and set the focus and interventions timetable for the following year.
59. Exhibit 3 below details the outcomes from the council's intervention activities.

Exhibit 3: Intervention outcomes

	No. of interventions	No. of changes identified	% of changes identified	No. resulting in a benefit decrease	No. resulting in a benefit increase
2012/13	1901	986	50%	733	253
2013/14	2096	1416	68%	1199	217
2014/15	751	484	65%	413	71
Totals	4748	2885	61%	2345	541

Source: Aberdeen City Council

60. Since 2013/14 the council has identified 65% or more un-reported changes from its interventions activity which demonstrates that it is effectively targeting its caseload. In doing so the Interventions/SHBE team has also identified overpayments totalling £441,259 in 2013/14 and £157,701 in 2014/15, which is commendable.
61. Although only 751 interventions were carried out in 2014/15, this was during a period when the benefit service lost nine experienced processing staff and a decision was taken to suspend intervention activity to ensure that speed of processing performance was not compromised. The council advised that intervention activity is scheduled to recommence in July 2015 when the new staff have been fully trained.
62. Audit Scotland identified two risks to continuous improvement during the previous risk assessment in that:
- the service's intervention approach was unclear and that more work was required before its intervention strategy was implemented to ensure that cases were effectively targeted and the methods of doing so were selected to help ensure efficiency and effectiveness
 - the council did not have effective processes in place to routinely gather and analyse information on the effectiveness of its risk criteria to ensure its intervention activity was effectively targeted.
63. We consider that both of these risks have been addressed as the council has a clear approach to carrying out interventions which is detailed in the *Interventions Strategy 2015/16*. This is based on analysis of previous outcomes to ensure that cases most likely to have an unreported change of circumstances are targeted and results from its approach demonstrate that it is effective.

Overpayments

64. To protect public funds, councils should take appropriate steps to ensure that overpayments are minimised and that when they do occur they are correctly classified and rigorously recovered.

65. The *Overpayments Recovery Policy* details the council's approach to the prevention and detection of benefit overpayments and aims, with the use of clear procedures and appropriate training, to enable staff to:
- promptly identify overpayments
 - prevent overpayments from occurring, where possible
 - notify customers and other affected persons promptly
 - correctly classify overpayments to ensure the amount of subsidy available is maximised
 - recover overpayments in line with legislation and in a timely, cost effective, and efficient manner
 - ensure that effective monitoring processes are in place.
66. Where a benefit overpayment has arisen and the customer remains in receipt of benefit, the CCAs are responsible for initiating recovery from ongoing deductions. However, if the customer is not in receipt of benefit, until 1 April 2015, the council's Corporate Debt Recovery team was responsible for the recovery of the debt and made good use of all available recovery options. These included:
- issuing a sundry debtor invoice
 - working with the DWP's Debt Management Unit to recover overpayments from ongoing DWP benefits where appropriate
 - using the DWP's Customer Information System, and other commercial products, to trace customers who are no longer claiming benefit in the local authority area
 - working in partnership with Sherriff's Officers to pursue difficult to recover debt.
67. To ensure that overpayments calculations are accurate and being correctly classified, regular management checks are carried out. These include a team leader check on all overpayments over £1,000, and a sample check by the QA team of 20 random overpayments at five specific points during the year, April, August, September, October and March. The purpose of the sample checks is to establish the reasons for overpayments occurring, identify trends and patterns of error, and to make recommendations for improvement, where appropriate.
68. In the 2014/15 *Comparative Analysis of HB Overpayments* report, the QA team identified the most common reason for an overpayment occurring was an undeclared change of circumstances where the customer was in receipt of earned income or an occupational pension. Based on this analysis a number of recommendations were made. These included:
- amending the service's interventions strategy to focus on earned income and occupational pension cases
 - creating a benefit survey, to be issued in 2015/16, to assess customers understanding of the need to report a change in circumstances, and review current correspondence to ensure that legislative guidelines are clear and understandable

- continuing to monitor the work of staff, particularly in respect of high-risk cases, with a view to reducing the number and value of local authority (LA) error overpayments.
69. There is regular reporting of overpayment recovery performance, including monthly monitoring and reporting on the level of LA/administrative delay error overpayments against the DWP thresholds and, to ensure that CCAs are fully aware of how to correctly classify an overpayment, remedial training was provided by the QA team in November and December 2014, with refresher training scheduled to take place in November 2015.
 70. This is particularly important as a council can lose subsidy if LA/administrative delay error overpayments exceed the DWP lower threshold of 0.48% of the total value of correct payments made each year, and no subsidy is paid if the value of LA error/administrative delay overpayments exceeds 0.54% of the total value of correct payments made.
 71. As a result of the decline in speed of processing in 2013/14, the council had a backlog of work in 2014/15 and, although the backlog was cleared by July 2014, the resultant processing delays led to an increase in the value of LA/administrative delay error overpayments which exceeded the DWP's upper threshold limit of 0.54%. As a consequence, the council was unable to claim £291,000 in subsidy which was a significant loss of income and clearly illustrates the need to ensure that new claims and changes of circumstances are processed timeously.
 72. It is acknowledged that the council's actions to address the decline in speed of processing performance had a very positive effect on claims processing times and, at the time of our on site visit, we were told that the percentage of LA/administrative delay error overpayments was being reported at below the lower DWP threshold.
 73. In 2012/13 and 2013/14 the council delivered a consistent level of performance in respect of the percentage of in-year debt recovered and against the total debt outstanding. However, performance declined in 2014/15 and we were told that this was a contributing factor in the decision to transfer benefit debt recovery functions (with the exception of debt already with Sherriff's Officers) from the Corporate Recovery Team to the Benefits Team with effect from 01 April 2015.
 74. The council recognises that this is an area for improvement and told us that it was in the early stages of a full review of its policies and procedures to identify where improvements could be made that could enhance recovery performance.
 75. Exhibit 4 illustrates the council's current and previous recovery performance.

Exhibit 4: Overpayment levels and recovery performance

	2012/13	2013/14	2014/15
Total overpayments c/f	£4,353,330	£4,979,540	£5,685,445
Total overpayments raised in-year	£2,380,999	£2,568,217	£2,773,706
HB debt recovered	£1,492,308	£1,625,864	£1,605,325
% recovered of in-year debt	63%	63%	58%
% recovered of total HB debt	22%	22%	19%

Source: Aberdeen City Council

76. Although the council makes good use of all available recovery options it is not rigorously pursuing the recovery of fraud overpayments, or fully utilising the maximum amount that can be used to recover from ongoing deductions where the customer is still in receipt of benefit. This is of particular concern in respect of fraud overpayments, as the prompt recovery of these debts should help act as a deterrent to others considering fraud against the council.
77. When we analysed the council's fraud overpayments data we found that since 2010/11 the council had only recovered £837 of the £8,864 of administrative penalties that had been raised which equates to approximately 9.4% of the outstanding debt. In addition, of the 80 fraud overpayments we analysed, we found that the average amount being recovered from ongoing deductions was £6.35, which is well below the maximum rate set by the DWP for 2014/15 of £18.25.
78. Although the council advised that, in some cases, a reduction in the amount to be recovered from ongoing benefit is applied when a customer has requested an income and expenditure assessment, we consider that all overpayments with ongoing deductions below the prescribed amounts should be reviewed to ensure that the amount being deducted remains appropriate.

Risks to continuous improvement

1	The council needs to address the reasons for the decline in overpayment recovery performance.
2	The council needs to ensure that it is fully utilising the maximum recovery by deductions rate in all relevant cases and, where a reduction has been agreed following an income and expenditure assessment, that it is regularly reviewed to ensure that the amount remains appropriate.

79. Audit Scotland identified three risks to continuous improvement during the previous risk assessment in that:

- there was no specific analysis of official error overpayments to identify the cause which could be used to help minimise overpayments, and improve the financial accuracy of future decisions
 - there was no specific analysis of claimant error overpayments to identify the cause which could be used to help minimise overpayments occurring, to better target intervention activity, and to inform any education programme that reminds customers of their responsibility to promptly notify change events
 - the council did not routinely monitor the recovery of fraud overpayments and administrative penalties to ensure they were being rigorously recovered and that benefit fraud was being deterred.
80. We consider that the council has addressed two of the three risks in that there is regular analysis and reporting of the reasons for overpayments which the council has used to deliver remedial training, amend its interventions approach, and to engage with and educate customers on the importance of reporting a change in circumstances.
81. However, we consider that the remaining risk is outstanding as the council is not routinely monitoring the recovery of fraud overpayments and administrative penalties to ensure that they are being rigorously recovered and that fraud is being deterred.

Counter-fraud

82. The prevention, detection and investigation of fraudulent claims are important aspects of a secure and effective benefit service. Counter-fraud activities help to protect public funds by ensuring that fraudulent claims are identified and sanctions are applied where appropriate.
83. In 2010, the joint DWP/Her Majesty's Revenues and Customs (HMRC) fraud and error strategy proposed a Single Fraud Investigation Service (SFIS) to address fraud across all benefits and Tax Credits, whether currently administered by DWP, HMRC or local authorities. The main objective of the policy was to ensure that all types of social security and Tax Credit fraud would be investigated according to a single set of guidance and priorities.
84. In April 2015, the council's benefit fraud investigation function was transferred to SFIS. However, in order to continue to investigate non-benefit related fraud, for example CTR fraud, the council has retained its counter-fraud staff and established a corporate counter-fraud team.
85. As part of the new SFIS regime, a local agreement has been developed between the council and the DWP which sets out the requirements for the exchange of information between the two organisations. This includes recommended timescales, a single point of contact, and an escalation route should any issues arise that cannot be resolved at the single point of contact level.

86. Audit Scotland identified one risk to continuous improvement during the previous risk assessment in that the service's sanction performance had declined, did not compare favourably to other councils with a similar caseload, and showed little sign of improvement.
87. In view of the transfer of benefit fraud functions to SFIS we consider that the above risk is no longer relevant.

Appendix A

Progress against action plan dated January 2013	
Risk identified	Status
The service business planning cycle includes the previous year's performance being reviewed for the annual report to Members. This does not include all areas and is too late in ensuring effective targeting of resources at the start of the new business year.	Completed
The specific areas that require improvement are not made clear in the annual report or the issues list.	Completed
It is not clear whether the high level actions on the issues list are on-going tasks or improvement activities. To facilitate more effective planning and monitoring all improvement activities need to be made clearer and should be supported with specific detailed actions, associated key milestone and completion dates.	Completed
The monthly performance report to senior officers is limited to speed of processing. The service, after Audit Scotland's previous risk assessment, committed to reporting its accuracy performance to senior managers and members but has not done so. Given the subsidy losses incurred by the council, financial accuracy should have been considered a key area and included in the monthly and annual reports.	Completed
The outcome and effectiveness of the service's intervention activity is not measured, monitored or reported.	Completed
Priority has been given to processing new claims which have improved but changes of circumstances performance remains well below the national average and shows no sign of improvement.	Completed
While the service's quality checking regime is extensive, there is no evidence of a focus on risk or the key aspect of paying the correct amount of benefit to its customers.	Completed
The service's intervention approach is unclear. More work is required before its intervention strategy is implemented to ensure that cases are effectively targeted and the methods of doing so are selected to help ensure efficiency and effectiveness.	Completed
The council does not have effective processes in place to routinely gather and analyse information on the effectiveness of its risk criteria to ensure its intervention activity is effectively targeted.	Completed
There is no specific analysis of official error overpayments to identify the cause of the overpayment. This information could then be used to help minimise overpayments and improve the financial accuracy of future decisions.	Completed

Progress against action plan dated January 2013

<p>There is no specific analysis of claimant error overpayments to identify the cause of the overpayment. This information could then be used to help minimise overpayments occurring, to better target intervention activity, and to inform any education programme that reminds customers of their responsibility to promptly notify change events.</p>	Completed
<p>The council does not routinely monitor the recovery of fraud overpayments and administrative penalties to ensure they are rigorously recovered and that benefit fraud is deterred.</p>	Outstanding
<p>The service's sanction performance has declined, does not compare favourably to other councils with a similar caseload and at present shows little sign of improvement.</p>	Completed

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ABERDEEN CITY COUNCIL

COMMITTEE	Audit, Risk and Scrutiny
DATE	26 November 2015
DIRECTOR	Pete Leonard
TITLE OF REPORT	Food Standards Scotland Core Audit Of Local Authority Official Controls In Relation To Regulation (EC) 852/2004 On The Hygiene Of Foodstuffs In Food Business Establishments And The Application Of The Food Hygiene Information Scheme
REPORT NUMBER	CHI/15/297
CHECKLIST COMPLETED	Yes

1. PURPOSE OF REPORT

This report presents the findings of the Food Standards Scotland Core Audit of Aberdeen City Council's Official Controls in relation to Regulation (EC) 852/2004 on the Hygiene of Foodstuffs in Food Business Establishments and the application of the Food Hygiene Information Scheme.

2. RECOMMENDATION(S)

That the Committee notes the Audit Report and the associated Action Plan prepared by the Environmental Health Service.

3. FINANCIAL IMPLICATIONS

None

4. OTHER IMPLICATIONS

None

5. BACKGROUND/MAIN ISSUES

Audits of Local Authorities food law enforcement services are part of Food Standards Scotland's (FSS) arrangements to improve consumer

protection and confidence in relation to food and feed. These arrangements recognise that the enforcement of UK food law relating to food safety, hygiene, composition, labelling, imported food and feeding stuffs is largely the responsibility of Local Authorities. These Local Authority regulatory functions are principally delivered through the Commercial Team of the Environmental Health and Trading Standards Service with the exception of feeding stuffs enforcement which is undertaken by the Trading Standards team.

The Core Audit undertaken from the 28th to 30th July 2015 examined the Environmental Health Food Law Enforcement Service. The audit process involved checking documented Service policies, procedures and file records along with “reality checks” to premises where FSS auditors accompanied Environmental Health Officers on visits to establishments that had previously been inspected. Assessment of the local arrangements in place for Officer training, competency and authorisation, inspections of food businesses and internal monitoring was also undertaken. The aim of the FSS Audit Scheme is to maintain and improve consumer protection and confidence by ensuring that Local Authorities are providing an effective food law enforcement service and to gain assurance that Local Authority food hygiene law enforcement service systems and arrangements are effective in supporting food business compliance. In addition it also verifies that local enforcement is managed and delivered effectively.

The Audit scheme also provides the opportunity to identify and disseminate good practice and provide information to inform Food Standards Scotland policy on food safety and standards. Parallel Local Authority audit schemes are implemented by the Food Standards Agency’s offices in the other countries comprising the UK.

Local Authorities’ conformance is assessed against the Food Law Enforcement Standard (“The Standard”), the 5th revision of which was published in April 2010 by the Food Standards Agency as part of the Framework Agreement on Official Feed and Food Controls by Local Authorities.

Specifically, this Core Audit aimed to establish that:

- The organisation and management structure of the Environmental Health Service is capable of delivering the requirements of the Food Law Code of Practice;
- The Authority’s Internal monitoring arrangements and documented procedures are consistent, appropriate, effective and comply with internal policies and procedures, and that corrective actions are implemented to ensure that interventions are carried out competently;
- The Authority’s interventions and assessment of food safety management systems based on HACCP principles at food business

premises monitor, support and increase food law compliance and are timely, appropriate, risk-based and effectively managed;

- The Authority's food business and enforcement records, including those in relation to food safety management systems based on HACCP principles, are sufficiently detailed, accurate, up to date and effectively managed;
- The Authority ensures consistency in implementation and operation of the Food Hygiene Information Scheme (FHIS). The aim is to ensure that where food business establishments are rated under FHIS and where consumers see FHIS branding, they can be confident that the local authority is operating the FHIS as the Food Standards Scotland (FSS) intends.

Summary of Audit Findings

The Audit outcome was extremely positive with only one issue highlighted as requiring attention. That issue related to the carrying out of interventions in accordance with the relevant legislation, Codes of Practice, centrally issued guidance and policies and procedures. This matter has already been addressed and more information can be found in Annexe A of the Audit Report a copy of which can be found in Appendix 1 of this report. The main findings are summarised in the bullet points below.

- The Authority had developed an Official Food Control Service Plan for 2015-2016. The format and content of this is generally in accordance with the Service Planning Guidance in the Framework Agreement.
- The Authority had developed a series of documented policies and operational procedures relating to their food law enforcement responsibilities, many of which had been recently reviewed. These documents were available to all Officers in electronic format on a central directory.
- The authorisation format and supporting authorisation documents were generally satisfactory, Authorisation documents were available and were being used by Officers.
- Individual Officer training needs were identified as part of their annual performance review and development plan. Officers were subject to regular reviews of performance including detailed occasional shadowed inspections. Training records contained evidence that many Officers had completed a minimum of 10 hours relevant training in the last year.
- The procedures and the associated multiple forms that required to be maintained for each inspection were very onerous but were

being appropriately and consistently followed and completed. From the files examined, it was evident that Officers were aware of the Authority's procedures for conducting inspections and adhered to these, Food Business Operators were generally provided with hand written reports or occasional letters confirming the main findings from inspections. In one case there was an interval of over 30 months between registration and inspection.

- File checks of five general food hygiene premises confirmed that the Authority were completing detailed inspections, including the assessment of cross contamination risks and Hazard Analysis and Critical Control Points (HACCP) based food safety management systems. The information retained within the premises files provided sufficient evidence to support the basis for Officers' enforcement decisions and the Food Hygiene Information Scheme (FHIS) rating given.
- It was evident from audit checks that Officers were taking a graduated approach to enforcement and actively worked with businesses to achieve compliance. The information reviewed relating to a series of Notices identified that the enforcement decisions reached were appropriate to the contraventions identified and that the Enforcement Policy was being followed.
- Discussion and review of internal monitoring procedures and practices indicated that the Authority was routinely and consistently monitoring many aspects of food law enforcement work. Records of internal monitoring activities were available.

6. IMPACT

Improving Customer Experience –

The Environmental Health Service, Commercial Team, has two categories of customers:

- i. The general public who are protected as officers ensure that food which is provided by businesses in the City is safe to eat. The Audit report highlighted officers were completing detailed food safety inspections including the assessment of cross contamination risks. Enforcement decisions reached were also deemed to be appropriate to the contraventions identified.

- ii. Businesses who are given advice and support to ensure that they have the necessary knowledge to comply with the relevant legislation.

The Audit report confirmed that officers were taking a graduated approach to enforcement and actively worked with businesses to achieve compliance with the law.

Improving Staff Experience –

The Audit Report confirmed that enforcement staff are appropriately authorised and trained. The report helped to boost staff morale and recognised the consistent effort that officers routinely invest when undertaking their duties.

Improving our use of Resources –

The Environmental Health Service operates a priority based preventative inspection programme designed to concentrate resources on businesses involved in higher risk activities. A risk based approach to each inspection is adopted by officers, concentrating on those aspects which are most important to ensure food safety and food quality are maintained. In addition all complaints received about food or food businesses are investigated where sufficient supporting evidence/information is available.

Corporate -

The work of the Environmental Health Service contributes to making Aberdeen a highly successful City which is a great place to live, work and visit.

- a. Links to the 5 year Corporate Business Plan

The Service has a flexible, skilled and motivated workforce that makes best use of the financial resources available, delivering improvement in the specific service priorities in the most cost effective manner

- b. Links to Community Planning Single Outcome Agreement 2013

Ensuring that businesses are given relevant advice and guidance and food legislation is appropriately enforced contributes to making Aberdeen an attractive, clean, healthy and safe place to live and work; a City that is welcoming to business and values its business community

- c. Links to Aberdeen- the Smarter City

The work undertaken by the officers of the Environmental Health Service links with the visions contained within Aberdeen- the Smarter City. The Service assists with the promotion of Aberdeen as a great

place to do business and visit and works with partners to promote the city as a place to export from.

Public –

This report will be of interest to the public as it concerns an assessment of how the local authority enforce food safety law. The public are aware that there is the potential to contract food poisoning after consuming food made in premises that do not comply with food hygiene legislation.

7. MANAGEMENT OF RISK

Non Applicable

8. BACKGROUND PAPERS

The Framework Agreement on Official Feed and Food Controls by Local Authorities

<http://www.food.gov.uk/multimedia/pdfs/enforcement/frameworkagreementno5.pdf>

9. REPORT AUTHOR DETAILS

Andrea Carson

Principal Environmental Health Officer

E-mail : acarson@aberdeencity.gov.uk

Telephone:01224 522741

Appendix 1: Food Standards Scotland Report on the Core Audit of Aberdeen City Council's Official Controls in relation to Regulation (EC) 852/2004 on the Hygiene of Foodstuffs in Food Business Establishments and the application of the Food Hygiene Information Scheme- 28-20th July 2015.

Food Standards Scotland

Report on the Core Audit of Local Authority Official Controls in relation to Regulation (EC) No 852/2004 on the Hygiene of Foodstuffs in Food Business Establishments and the Application of the Food Hygiene Information Scheme

**Aberdeen City Council
28-30 July 2015**

Foreword

Audits of Local Authorities food law enforcement services are part of Food Standards Scotland arrangements to improve consumer protection and confidence in relation to food and feed. These arrangements recognise that the enforcement of UK food law relating to food safety, hygiene, composition, labelling, imported food and feeding stuffs is largely the responsibility of Local Authorities. These Local Authority regulatory functions are principally delivered through Environmental Health and Trading Standards Services. The Food Standards Scotland website contains enforcement activity data for all UK local authorities and can be found at:

www.foodstandards.gov.scot/food-safety-standards/regulation-and-enforcement-food-laws-scotland/audit-and-monitoring#la

The attached audit report examines the Local Authority's Food Law Enforcement Service. The assessment includes the local arrangements in place for Officer training, competency and authorisation, inspections of food businesses and internal monitoring. The audit scope was detailed in the audit brief issued to all Local Authorities under reference ENF/S/14/016 on 21 May 2014. The main aim of the audit scheme is to maintain and improve consumer protection and confidence by ensuring that Local Authorities are providing an effective food law enforcement service. This audit was developed to gain assurance that Local Authority food hygiene law enforcement service systems and arrangements are effective in supporting food business compliance, and that local enforcement is managed and delivered effectively.

The Audit scheme also provides the opportunity to identify and disseminate good practice and provide information to inform Food Standards Scotland policy on food safety, standards and feeding stuffs. Parallel Local Authority audit schemes are implemented by the Food Standards Agency's offices in the other countries comprising the UK.

Specifically, this audit aimed to establish that:

- The organisation and management structure of the Local Authority is capable of delivering the requirements of the Food Law Code of Practice;
- Internal Local Authority service monitoring arrangements and documented procedures are consistent, appropriate, effective and comply with internal policies and procedures, and that corrective actions are implemented to ensure that interventions are carried out competently;
- Local Authority interventions and assessment of food safety management systems based on HACCP principles at food business premises monitor, support and increase food law compliance and are timely, appropriate, risk-based and effectively managed;
- Local Authority food business and enforcement records, including those in relation to food safety management systems based on HACCP principles, are sufficiently detailed, accurate, up to date and effectively managed;
- The Local Authority ensures consistency in implementation and operation of the Food Hygiene Information Scheme (FHIS). The aim is to ensure that where food business establishments are rated under FHIS and where consumers see FHIS branding, they

can be confident that the local authority is operating the FHIS as the Food Standards Scotland (FSS) intends.

Food Standards Scotland audits assess Local Authorities' conformance against the Food Law Enforcement Standard ("The Standard"), the 5th revision of which was published in April 2010 by the Food Standards Agency as part of the Framework Agreement on Official Feed and Food Controls by Local Authorities and is available on the Food Standards Agency's website at: <http://www.food.gov.uk/multimedia/pdfs/enforcement/frameworkagreementno5.pdf>

It should be acknowledged that there will be considerable diversity in the way and manner in which Local Authorities may provide their food enforcement services reflecting local needs and priorities.

For assistance, a glossary of technical terms used within this audit report can be found at Annexe C.

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1.0 Introduction

1.1 This report records the results of an audit at Aberdeen City Council with regard to food hygiene enforcement, under relevant headings of The Standard in The Framework Agreement on Official Feed and Food Controls by Local Authorities. The audit focused on the Authority's arrangements for the management of food premises inspections, enforcement activities and implementation of the Food Hygiene Information Scheme. The report has been made available on the Food Standards Scotland website at: www.foodstandards.gov.scot/food-safety-standards/regulation-and-enforcement-food-laws-scotland/audit-and-monitoring#la

Reason for the Audit

- 1.2 The power to set standards, monitor and audit Local Authority food law enforcement services was conferred on Food Standards Scotland by Sections 3 and 25 of the Food (Scotland) Act 2015 and Regulation 7 of The Official Feed and Food Controls (Scotland) Regulations 2009. This audit of Aberdeen City Council was undertaken under section 25 (1-3) of the Act, and Regulation 7(4) of the Regulations as part of the Food Standards Scotland audit programme.
- 1.3 The last audit of Aberdeen City Council's Food Service was undertaken by the Food Standards Agency (Scotland) in April 2013. The previous audit to that was in August 2011

Scope of the Audit

- 1.4 The audit covered the Local Authority services for the delivery of official controls in relation to Regulation (EC) No 852/2004 on the hygiene of foodstuffs. In particular:
- The Service Plan, associated reviews and management of variances;
 - The review of all documented policies and procedures for enforcement activities;
 - The delivery of official controls for the intervention programme associated with the Regulation;
 - The means by which the Local Authority ensures that Officers are competent to effectively assess food safety management systems based on HACCP principles;
 - The implementation and effectiveness of intervention activities including the assessment of food safety management systems based on HACCP principles at food business premises;
 - The maintenance and management of appropriate records in relation to enforcement activity at food businesses;
 - The scoring of premises and the allocation of an outcome for the Food Hygiene Information Scheme;
 - Internal monitoring arrangements.
- 1.5 The audit examined Aberdeen City Council's arrangements for official controls in relation to Regulation (EC) No 852/2004 on the Hygiene of Foodstuffs. The audit included verification visits to food businesses to assess the effectiveness

of the official controls implemented by the Local Authority at the food business premises and, more specifically, the checks carried out by the Authority's Officers to verify Food Business Operator (FBO) compliance with legislative requirements. The scope of the audit also included an assessment of the Authority's overall organisation and management, and the internal monitoring of other related food hygiene law enforcement activities.

- 1.6 The audit examined key food hygiene law enforcement systems and arrangements to determine that they were effective in supporting business compliance, and that local enforcement was managed and delivered effectively. The on-site element of the audit took place at the Authority's offices at Marischal College, Broad Street, Aberdeen.

Background

- 1.7 Aberdeen City Council's food law enforcement service is provided by the Environmental Health Section. The Service Aims and Objectives are to protect public health, consumer interests and consumer confidence with respect to the safety, composition, description and labelling of food.

This aim is pursued through a mix of interventions that include:

- (a) Intervention, partial intervention, audit; both programmed preventative visits and also visits in response to complaints and enquires.
- (b) Verification, to ensure specified requirements have been fulfilled at establishments
- (c) Education, which includes advice given during interventions as well as the provision of education, training and the general promotion of food safety and food standards issues.
- (d) Intelligence, which includes the gathering of information through food sampling, monitoring technological/legislative changes and inter-authority/agency communication.

- 1.8 The main objectives of these enforcement approaches are:
- Improvement in hygiene practices and standards within food premises.
 - The prevention of the causes and spread of food-borne infections.
 - The removal of unsafe food from the food chain.
 - The prevention of illegal and unfair trading practices.

1.9 The Food Regulatory Service

The food regulatory service is provided from within the Environmental Health Commercial Section of the Communities, Housing and Infrastructure Service by a mix of staff that includes Environmental Health Officers, Authorised Officers and administration staff. A number of the staff have joint responsibility for both food enforcement and enforcement of Health and Safety at Work. The section also has responsibilities for port health work, liaison with the Licensing Board and Licensing Committee and for liaison over planning and building warrant applications with a view to providing advice on environmental health issues that may be involved.

- 1.10 Environmental Health have a statutory role in the enforcement of legislation that is intended to ensure the hygienic handling of food and the safety of the final product in terms of its wholesomeness and fitness for consumption.

The term 'enforcement' is taken to include:

- The provision of advice about the application and interpretation of legislation.
- The provision of advice about best practice.
- Encouragement of food businesses to achieve compliance and adopt good practice through awareness raising, promotion, education and provision of feedback.
- Raising the awareness of consumers about safe food handling practices and about how to interpret labelling and descriptions of food in order to make informed choices.
- Partnership arrangements with the business and voluntary sectors and other agencies.

Formal enforcement options available to the Local Authority include:

- The use of enforcement notice procedures to require improvements to safety controls or prohibit or limit any dangerous operations.
- The power to seize or detain unfit food.
- Reporting matters to the Procurator Fiscal with a view to instigating prosecution.

The circumstances under which these options are judged appropriate are set out in the Food Safety Enforcement Policy.

The actions associated with enforcement are concerned with the monitoring of food safety and food standards performance through the following:

- Intervention and audit of food handling and manufacturing operations and processes.
- Investigation of consumer complaints.
- Sampling of food.
- Investigation of issues passed on by other food authorities or Food Standards Scotland
- Investigation of cases of food-borne disease.
- Review of guidance issued to businesses in the light of technical or legislative developments.

2.0 Executive Summary

- 2.1 The Authority had developed an Official Food Control Service Plan for 2015-2016. The format and content of this is generally in accordance with the Service Planning Guidance in the Framework Agreement.
- 2.2 The Authority had developed a series of documented policies and operational procedures relating to their food law enforcement responsibilities, many of which had been recently reviewed. These documents were available to all Officers in electronic format on a central directory.
- 2.3 The authorisation format and supporting authorisation documents were generally satisfactory, Authorisation documents were available and were being used by Officers.
- 2.4 Individual Officer training needs were identified as part of their annual performance review and development plan. Officers were subject to regular reviews of performance including detailed occasional shadowed inspections. Training records contained evidence that many Officers had completed a minimum of 10 hours relevant training in the last year.
- 2.5 The procedures and the associated multiple forms that required to be maintained for each inspection were very onerous but were being appropriately and consistently followed and completed. From the files examined, it was evident that Officers were aware of the Authority's procedures for conducting inspections and adhered to these, Food Business Operators were generally provided with hand written reports or occasional letters confirming the main findings from inspections. In one case there was an interval of over 30 months between registration and inspection.
- 2.6 File checks of five general food hygiene premises confirmed that the Authority were completing detailed inspections, including the assessment of cross contamination risks and Hazard Analysis and Critical Control Points (HACCP) based food safety management systems. The information retained within the premises files provided sufficient evidence to support the basis for Officers' enforcement decisions and the Food Hygiene Information Scheme (FHIS) rating given.
- 2.7 It was evident from audit checks that Officers were taking a graduated approach to enforcement and actively worked with businesses to achieve compliance. The information reviewed relating to a series of Notices identified that the enforcement decisions reached were appropriate to the contraventions identified and that the Enforcement Policy was being followed.
- 2.8 Discussion and review of internal monitoring procedures and practices indicated that the Authority was routinely and consistently monitoring many aspects of food law enforcement work. Records of internal monitoring activities were available.

3.0 Audit Findings

3.1 Organisation and Management

Service Planning

- 3.1.1 The Authority has an Environmental Health and Trading Standards Food and Feed Regulatory Service Plan in place for 2015/2016 as required. The Plan was comprehensive and is drafted in line with the Service Planning Guidance in the Framework Agreement. There has been a suitable review of the 2013/2014 Service Plan and the Plan has been suitably approved by the Communities, Housing and Infrastructure committee on 18 March 2015.
- 3.1.2 The aim of the Food Service is to protect public health, consumer interests and consumer confidence with respect to the safety, composition, description and labelling of food. This aim is pursued through a mix of interventions with the main objectives of these enforcement approaches being the improvement in hygiene practices and standards within food premises, the prevention of the causes and spread of food-borne infections, the removal of unsafe food from the food chain and the prevention of illegal and unfair trading practices.
- 3.1.3 Aberdeen City Council has a responsibility for the provision of food law enforcement protection services covering approximately 2000 food businesses. Table 1 illustrates the number and type of food businesses within Aberdeen City.

Table 1: Number and Type of Food Businesses within Aberdeen City

Food business Type	Premises	
	1 April 2013	1 April 2014
Primary Producers	4	4
Manufacturers & Packers	61	60
Importers/Exporters	1	1
Distributors/Transporters	41	40
Retailers	445	457
Restaurant & Caterers	1487	1520
Total	2039	2082

The principal responsibility is the intervention and audit of these premises, however there is also responsibility to investigate food complaints relating to the safety or standards of food sold from these establishments. This includes a responsibility to investigate, where appropriate, on behalf of other enforcement agencies under the Home Authority Principle.

Additionally, the authority has responsibility for co-ordinating a monitoring and surveillance programme for foods produced in the area.

3.1.4 The Authority had recently completed the 3 year SFELC Implementation Strategy for Controlling the Risk of Cross Contamination by following Agency Guidance to implement a cross contamination inspection strategy from 2012 to 2015. This had the result of ensuring that high and medium risk establishments were regularly inspected and compliance achieved, with many low risk and unrated remaining to be inspected. This result is acceptable to Food Standards Scotland.

3.1.5 The completed official controls as detailed in the LAEMS returns for 2014-15 were as follows:

	Totals
Total Premises at 31 Mar 2014	2095
Inspections and audits	841
Verification and surveillance	906
Sampling visits	229
Advice and education	38
Information/intelligence gathering	0
Total premises subject to official control	950

3.1.6 Specialist services are provided by Aberdeen Scientific Services who provide analytical services and microbiological services in addition to being the appointed food examiner for Aberdeen City Council.

3.1.7 Profile of Premises and Service

The number of approved fish processing premises is a particular feature of demand in the Aberdeen area. The City also contains a high concentration of large 'superstore' retail outlets which serve a significant number of consumers beyond the Aberdeen City boundary.

The City has a comparatively small number of major manufacturers outside the fish processing sector.

Number of business due for food hygiene Interventions in 2014/2015

Risk category	Inspection Frequency	Number of premises
A	6 months	16
B	12 months	151
C	18 months	Currently excluded 320 Included 217
D	24 months	96
Not risk rated	N/A	96
E	Alternative Enforcement Strategy every 3 years	126
Overdue from previous year		4
Total		706

Category A & B premises are to be inspected before their due date, C premises will be dealt with in line with the Scottish Food Enforcement Liaison Committee's Cross Contamination Strategy, Category D premises, will be carried out when competing service demands allow. Work will be prioritised firstly by the risk and secondly by the length of time the intervention has been overdue. Category E premises requiring food hygiene interventions will be tackled by an Alternative Enforcement Strategy (AES) in the form of a telephone questionnaire that will be undertaken by the Administration Team.

- 3.1.8 The Food Service Plan for 2014-2015 details the current number of full time staff allocated to the Food Regulatory Service as:

Section Management	
Trading Standards and Commercial premises Manager	0.2
Commercial team leader	0.5
Principal Environmental Health Officers	1.6
Field Staff	
Environmental Health Officers	7.6
Senior Authorised Officers	1.6
Authorised Officers	3.0
Section Support	
Administrative Staff	3.0
TOTAL	17.5

The LA Resources Questionnaire return to the Food Standards Agency for this Authority on 23 April 2015 indicated that there were 15.0 full time equivalents (FTE) in post doing both food hygiene and food standards.

- 3.1.9 The current Service Plan shows the financial allocation for staff for food work is £849,729 with a net cost for the service of £1,162,025.

3.1.10 Taking Enforcement Action

The Food Authority seek to ensure through the provision of advice, education, publicity, guidance and where appropriate, fair and reasonable formal enforcement action is taken in accordance with documented instruction and guidance.

Enforcement Policy

- 3.1.11 The Authority has a Food Safety Enforcement Policy and Procedure document in place. The Policy had been approved by the Housing and Environment Committee in March 2013.

3.1.12 The Authority will:

- Register any premise which is the subject of a legal requirement for registration within 28 days of receipt of a registration form and carry out a preliminary programmed inspection of such premises within 28 days of registration where possible.

- Approve any premise which is the subject of such a legal requirement in accordance with the Services' inspection procedures and relevant legislation.
- Detect all premises requiring registration as far as is practicable. Identification of unregistered premises will be facilitated, using all available intelligence provided to the Council's regulatory services.
- Undertake a priority based preventative inspection programme designed to concentrate resources on businesses involved in higher risk activities.
- Identify and differentiate between explicit requirements of the legislation and those issues which are raised by way of recommendation and good practice, within reports raised as a result of these inspections.
- Adopt a risk based approach to inspections concentrating on those aspects which are most important to ensuring food safety and food quality are maintained.
- Inspect food premises within the ownership of Aberdeen City Council in exactly the same manner as any other premises.
- Investigate all complaints which we receive about food or food businesses, where sufficient information and/or evidence is available. In accordance with the Food Safety Service Plan.
- Investigate all reports, both suspect and confirmed of incidents of food borne infection notified to us where a food premises is implicated as a source of infection.
- Respond promptly and appropriately to all food alerts received from the Food Standards Scotland.
- Plan and implement a risk based food standards inspection programme to monitor the quality of food and level of compliance with composition and labelling requirements.
- Inspect and where necessary carry out appropriate veterinary checks on foodstuffs imported from countries out with the European Union.

3.1.13 The Authority aim to ensure food business operators (FBO) and other responsible persons adopt effective food safety management systems based on HACCP Principles by providing:

- [a] Cook Safe manuals and CD Roms combined with consultation sessions with food business operators.
- [b] In depth discussions on the principles of Hazard Analysis linked to practical examples given during routine inspections.
- [c] Reference to the most appropriate industry, government and other relevant guidance on risk assessment.
- [d] Where possible and necessary the adoption of a formal two stage Audit to assess compliance with the requirements of Article 5 (Hazard Analysis recognising the progress achieved by businesses). Firstly by an Adequacy Audit to assess the suitability of any policy or procedure used in relation to Hazard Analysis and secondly by a Compliance Audit to establish the effectiveness of implementation of these procedures.

Documented Policies and Procedures

3.1.14 Procedures are in place for many areas of enforcement, e.g. Food Hygiene Interventions, Seizure and Detention, Prohibitions, Formal Samples, Authorisation of Officers Food Complaints, Food premises database accuracy,

Investigation of Food related Infectious disease, Food alerts and Food Incidents and Food Fraud.

- 3.1.15 The series of policies and procedures generally comply with the requirements of the Framework Agreement and many of these have been recently reviewed. There are currently no specific procedures for the service of Hygiene Improvement Notices (HIN's), Remedial Action Notices (RAN's) or Regulation 27 certificates. A modification to the documented "Prohibition Procedures" could be adapted to cover all of these.
- 3.1.16 An electronic document control system is in place and all policies and procedures are managed by the Principal Environmental Officer (Food Safety). Officers have access to the current versions from the shared drive.
- 3.1.17 There are numerous aide memoires and forms used in the inspection process which require Officers to follow a set scheme of work and devote a considerable amount of time to compliance with the complicated procedure and associated paperwork. The premises that had been registered then not inspected for over 30 months would appear to have not been picked up by adherence to the documented enforcement policy.

Recommendation

3.1.18 The Authority should:

Carry out interventions in accordance with the relevant legislation, Codes of Practice, centrally issued guidance and the Authority's policies and procedures.

[The Standard – 7.2]

Authorisation and Training Files

- 3.1.19 The Authorities authorisation documents were available and listed the legislation that individual Officers were able to enforce. Two Officers authorisation documents were checked and were satisfactory.
- 3.1.20 The Staff Authorisation Procedure is clear and comprehensive. Many Officers have completed the Campden five days Hazard Analysis and Critical Control Point (HACCP) course, some had been on the additional two day validation and verification course. It would be good practice to have all officers complete both these courses when available, especially the newly qualified officers. There were records of attendance at many different formal training events.
- 3.1.21 Audit checks confirmed that all Officers' qualifications were available, that copies of relevant qualification certificates had been retained by the Authority and were current.

- 3.1.22 Individual Officer training needs were identified annually as part of the annual performance development plan. All training records examined contained evidence of a minimum 10 hours relevant training in the last year based on the principles of continuing professional development.

Database and Monitoring Returns

- 3.1.23 The electronic database is used as the central reference point for the majority of information stored within the service. As such it is important that there are good protocols for data storage and retrieval to ensure that consistent methods are used. The procedure to prevent corruption or loss of data on the system appears to be sufficient to ensure this outcome.
- 3.1.24 Checks of the database reports produced were found to show that premises were generally being inspected at the correct frequencies. There were very low numbers of high risk A and B rated premises and a small amount of category C's missed. There were many D and E rated premises and unrated premises missed as a result of the Local Authority following the Scottish Food Enforcement Liaison Committee Guidance on the implementation of the Cross Contamination Strategy. This was acceptable to Food Standards Scotland.
- 3.1.25 The Authority had 2095 premises reported through The Local Authority Enforcement Monitoring System (LAEMS) on 31 March 2015. The returns indicated that the following activities had been recorded:

Total Premises at 31 March 2015	2095
Inspections and Audits	841
Verification and Surveillance	906
Sampling visits	229
Advice and education	38
Information/Intelligence gathering	0
Total premises subject to official controls	950

3.2 Enforcement

- 3.2.1 It was evident from audit checks and interviews that Officers were taking a graduated approach to enforcement and actively worked with businesses to achieve compliance.

Food Premises Inspections

- 3.2.2 The Authority was implementing an effective risk based food premises intervention programme which included revisits prior to the consideration of formal enforcement action.

Premises Files including Inspection Reports and Records

- 3.2.3 The Authority has an electronic system for record keeping. The system is capable of providing information required by Food Standards Scotland and appropriate security and backup systems appear to be in place to minimise the risk of corruption or loss of data.

- 3.2.4 Five file checks of recent food interventions were undertaken. The information was available both electronically and in hard copy. File records were found in the most part to be comprehensive and detailed. Sometimes these were difficult to follow as there are many different forms being completed for each intervention. The apparent lack of a simple procedure together with Officers approaching written records in different ways had resulted in the carbon copy form left at the time of the initial visit sometimes being the main method of reporting interventions. In certain cases this ran to four pages of notes and included detailed contraventions.
- 3.2.5 Food Business Operators who received the carbon copy form as the only form of correspondence received no details of the Senior Officer to contact to allow them to discuss the outcome of the intervention.
- 3.2.6 Aide memoires were used as required and were generally well completed. In both reality check visits the Officers had displayed initiative by conducting the intervention using the aide memoire as a prompt with the details being completed contemporaneously after the inspection. From the five files examined one premises had not been inspected within the correct frequencies, the other four had inspection frequencies in accordance with the Food Law Code of Practice. Officers clearly distinguished between legal and article 5 requirements and any recommendations in their correspondence with Food Business Operators.
- 3.2.7 A Food Business Information Sheet was required to be updated at each intervention and this included verifying the status of the Food Business Operator. In 2 cases of subsequent enforcement action following an intervention, it had led to the repeat service of notices as we understand that the Food Business Operators had provided misinformation on their status. Any review of the procedure for the service of notices should have regard to this issue.

Verification Visits to Food Premises

- 3.2.8 During the audit, verification visits were undertaken to two premises. These were to a café and a Restaurant. The Authorised Officers who had carried out the recent programmed inspections accompanied the auditors on the verification visits. The main objective of each visit was to assess the effectiveness of the Authority's assessment of the FBOs compliance with the food law requirements of Regulation (EC) No 852/2004.
- 3.2.9 Interviews were held with the individual Officers before the verification visits took place to confirm the contents of the file records and to explain the format and objectives of the visit. It also gave the Officers the opportunity to explain the inspection process, i.e. the preparatory work carried out prior to an inspection and the general process while on site, which included a preliminary interview with the FBO, the general hygiene checks to verify compliance with the structure and hygiene practice requirements and checks carried out to verify compliance with HACCP based procedures and the decision process for the Food Hygiene Information Scheme outcome.

- 3.2.10 Both visits confirmed that checks carried out by Officers were detailed, thorough and had adequately assessed business compliance with structure and hygiene practice. Officers had assessed cross contamination and HACCP compliance during the inspection and had commented where appropriate. The inspection aide memoire used at the visits detailed that the CookSafe System was being used and that records and other appropriate documents had been examined by the Officer.
- 3.2.11 In both visits, Officers had been found to have correctly assessed the premises in terms of the Food Hygiene Information Scheme, as Improvement Required in one instance and a pass in the other instance.

Notices and Prosecutions

- 3.2.12 Five Hygiene Improvement Notices (HIN's) and two Remedial Action Notices (RAN's) were examined. The matters arising that required a notice were suitable and there was evidence of suitable service. In one file multiple notices had been served under cover of the standard inspection letter which does not draw attention to the seriousness of the situation. Follow up visits and letters had been completed and were generally in accordance with the Practice Guidance. This had proven difficult to verify during the audit given the amount of paper work completed for each intervention.
- 3.2.13 The referral to the Procurator Fiscal was for the lack of a Hazard Analysis Critical Control Point (HACCP) system and was found to be well prepared and appeared to be an appropriate course of action.

Seizure, Detention and Voluntary Surrender of Food

- 3.2.14 There had been no action taken in this area at the time of audit.

Food Sampling

- 3.2.15 There is a documented sampling policy and each of the suitably qualified Officers take it in turns to manage, organise and conduct the sampling programme on a monthly basis. Samples are taken from businesses producing high risk foods within the Council area. Where samples fail investigations to establish cause and further sampling takes place. Official Controls are discussed with the Food Business Operator to improve Food Safety.

Alternative Enforcement Strategies

- 3.2.16 Low risk food hygiene Category D premises interventions will be carried out when competing service demands allow. Work will be prioritised firstly by the risk and secondly by the length of time the intervention has been overdue. Category E premises requiring food hygiene interventions will be tackled by an Alternative Enforcement Strategy (AES) in the form of a telephone questionnaire that will be undertaken by the Administration Team.

3.3 Investigations and Promotion

Food Related Infectious Disease Notifications and Investigation

- 3.3.1 The Authority receive infectious disease notifications from the NHS Grampian. They are logged by administration staff onto the Civica database and allocated to an Officer by the Principal Environmental Health Officer/s for investigation, recording and reporting back to the Health Board. It was noted that the Health Board do not notify the Authority of Campylobacter cases.

Food Alerts, Incidents and Rapid Alert System for Feed and Food

- 3.3.2 Notification of alerts, incidents or a RASFF are received at Aberdeen City Council from Food Standards Scotland. There is a Food Alerts procedure managed by the Principal Environmental Health Officer (Food Safety). The procedure includes the action to take if an incident originates within Aberdeen City. The checks found the correct actions required had been completed and documented.

Food Hygiene Information Scheme

- 3.3.3 Food Standards Scotland, in partnership with local authorities, operates the FHIS in Scotland. The scheme encourages businesses to improve hygiene standards. The overarching aim is to reduce the incidence of foodborne illness and is designed to give straightforward information to the general public about how each food outlet fared at its last food hygiene inspection carried out by its local authority.

Inspection Outcomes of the Scheme

- 3.3.4 Food hygiene inspections aim to measure food establishments against compliance criteria. Regular inspections are already carried out as part of routine enforcement duties and the outcome of inspections is that an establishment is deemed to be broadly compliant or not.
- 3.3.5 The inspection outcomes of the Food Hygiene Information Scheme should reflect compliance and should be visible at the establishment, on the Local Authority web site and also on www.foodstandards.gov.scot

The key features of the scheme

- 3.3.6 The scheme is voluntary and provides transparency of enforcement inspection outcomes which are shown in simple and clear terms. The assessment of compliance for the purposes of the scheme is significantly different from assessment of risk-rating undertaken following programmed inspections. This ensures that there is no conflict between these assessments, which are designed to serve different purposes.
- 3.3.7 Aberdeen City Council participates in the Food Hygiene Information Scheme. Five file checks were undertaken in connection with the Food Hygiene Information Scheme and it was noted that the SFELC trigger values are being used.

3.3.8 All premises had been correctly selected for the Scheme and had been correctly scored for the appropriate award. Where premises had gone from Improvement Required to a Pass, as a result of a further visit within 7 days of contraventions being remedied, the risk rating of the premises had not been altered, which is correct and in line with the FHIS guidance. All FHIS updates were uploaded to the web every month. Certificates were issued to the premises with the inspection letter. Improvement Required certificates are not issued and formal appeal procedures are not offered. Aberdeen post intervention letters on the Council website.

3.4 Internal Monitoring

3.4.1 The Authority had a procedure for internal monitoring by the Principal Environmental Health Officer which included the assistance of an Administrative Officer. Evidence was provided in a file. Qualitative monitoring is done by selecting one file per Officer per calendar month and reviewing the content with the documenting of outcomes. There are one to ones taking place frequently with all Officers being given the opportunity to discuss any issues or performance related topics with the Principal Officer.

3.4.2 Quantitative monitoring checks are carried out by the production of regular reports from the electronic database. These are discussed with Officers where appropriate. There are regular technical (team) meetings where Officers discuss issues relevant to enforcement consistency.

3.5 General Points

3.5.1 In discussion with Officers on the Food Hygiene Information Scheme a suggestion was made that a third category of award between the pass and the Eatsafe award would be a good idea. It would give greater recognition to premises that were very good but did not have the food preparation staff with the Intermediate Food Hygiene Certificate necessary for Eatsafe. This would set good premises apart from those that do the minimum required for a pass certificate.

Auditors: Graham Forbes
Kevin McMunn
Claire Moni

Food Standards Scotland
Audit Branch,
Aberdeen

ANNEXE A**Action Plan for Aberdeen City Council**

Audit date: 28-30 July 2015

TO ADDRESS (RECOMMENDATION INCLUDING STANDARD PARAGRAPH)	BY	ACTION TAKEN TO DATE
<p>The Authority should:</p> <p>Carry out interventions in accordance with the relevant legislation, Codes of Practice, centrally issued guidance and the Authority's policies and procedures.</p> <p>[The Standard – 7.2]</p>		<p>The Principal Environmental Health Officer (Food Safety) (PEHO) has been given access to the spread sheet of newly registered food businesses generated by the Admin team.</p> <p>This spread sheet is checked by the PEHO on a weekly basis and inspection jobs are allocated to officers.</p>

ANNEXE B

(1) Examination of Local Authority policies and procedures

The following Local Authority policies, procedures and linked documents were examined before and during the audit:

- Food Safety Enforcement Policy (January 2013)
- Housing and Environment Committee minutes 12 March 2013
- Communities, Housing and Infrastructure Committee Minutes of 18 March 2015
- Environmental Health and Trading Standards Food and Feed Regulatory Service plan 2015/2016
- Assessment Questionnaire for food businesses
- Procedure for Seizure and detention (June 2013)
- Prohibition Procedures (June 2015)
- Procedure for Formal Samples (June 2015)
- Authorisation of Officers Policy and Procedures (May 2015)
- Documented Food Complaints Procedures
- Procedure to ensure Food premises Database is accurate, reliable and up-to-date (May 2015)
- Food Hygiene Intervention Procedures A Quality Monitoring management System (June 2015)
- Documented Food Sampling Policy (May 2015)
- Procedure for Investigating Food related Infectious disease (April 2015)
- Procedure for dealing with food alerts (June 2015)
- Food Incidents and Food Fraud policy and Procedures (June 2015)
- Guidance on the issue of green slips and hand written reports (Supplementary Procedures to the Food Hygiene/Safety Inspection Procedures) (May 2015)
- Authorisation documents
- File monitoring record template (March 2015)
- Infectious Disease Incident Plan NHS Grampian (Version 6)
- Post Inspection Assessment sheet (revision date 03/06/15)
- Environmental Health visit report

(2) Officer interviews

The following Officers were interviewed:

- Audit Liaison Officer
- Authorised Officers who carried out the most recent inspection at the two premises selected for a verification visit.

Opinions and views raised during Officer interviews remain confidential and are not referred to directly within the report.

(3) On-site verification visits

A verification visit was made with the Authority's Officers to two local food businesses. The purpose of the visit was to verify the outcome of the last inspection carried out by the Local Authority and to assess the extent to which enforcement activities and decisions met the requirements of relevant legislation, the Food Law Code of Practice (Scotland) and other official guidance, having particular specific regard to Local Authority checks on FBO compliance with Regulation (EC) No 852/2004 and the Food Hygiene Information Scheme.

ANNEXE C

Glossary

Audit	Audit means a systematic and independent examination to determine whether activities and related results comply with planned arrangements and whether these arrangements are implemented effectively and are suitable to achieve objectives.
Authorised Officer	A suitably qualified Officer who is authorised by the Local Authority to act on its behalf in, for example, the enforcement of legislation.
E. coli	<i>Escherichia coli</i> microorganism, the presence of which is used as an indicator of faecal contamination of food or water. <i>E. coli</i> 0157:H7 is a serious food borne pathogen.
Food Law Code of Practice (Scotland)	Government Codes of Practice issued under Section 40 of the Food Safety Act 1990, Regulation 24 of the Food Hygiene (Scotland) Regulations 2006 and Regulation 6 of the Official Feed and Food Controls (Scotland) Regulations 2009, as guidance to Local Authorities on the enforcement of food legislation.
Food hygiene	The legal requirements covering the safety and wholesomeness of food.
Food Standards Scotland	<p>FSS is the public sector food body for Scotland and was established by the Food (Scotland) Act 2015 as a non-ministerial office, part of the Scottish Administration, alongside, but separate from, the Scottish Government.</p> <p>FSS develops policies, provides policy advice to others, and protects consumers through delivery of a robust regulatory and enforcement strategy.</p> <p>- See more at: http://www.foodstandards.gov.scot/about-us</p>
Framework Agreement	<p>The Framework Agreement consists of:</p> <ul style="list-style-type: none">• Chapter One Service Planning Guidance• Chapter Two The Standard• Chapter Three Monitoring of Local Authorities• Chapter Four Audit Scheme for Local Authorities <p>The Standard sets out the Food Standards Scotland's expectations on the planning and delivery of food law enforcement.</p>

The **Monitoring Scheme** requires Local Authorities to submit an annual return to Food Standards Scotland on their food enforcement activities i.e. numbers of inspections, samples and prosecutions.

Under the **Audit Scheme** Food Standards Scotland will be conducting audits of the food law enforcement services of Local Authorities against the criteria set out in The Standard.

Full Time Equivalents (FTE)	A figure which represents that part of an individual Officer's time available to a particular role or set of duties. It reflects the fact that individuals may work part-time, or may have other responsibilities within the organisation not related to food enforcement.
HACCP / FSMS	Hazard Analysis and Critical Control Point – a food safety management system (FSMS) used within food businesses to identify points in the production process where it is critical for food safety that the control measure is carried out correctly, thereby eliminating or reducing the hazard to a safe level.
LAEMS	Local Authority Enforcement Monitoring System is an electronic System used by local authorities to report their food law enforcement activities to Food Standards Scotland.
Member forum	A local authority forum at which Council Members discuss and make decisions on food law enforcement services.
Risk rating	A system that rates food premises according to risk and determines how frequently those premises should be inspected. For example, high risk premises should be inspected at least every 6 months.
Service Plan	A document produced by a Local Authority setting out their plans on providing and delivering a food service to the local community.

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ABERDEEN CITY COUNCIL

COMMITTEE	Audit, Risk & Scrutiny
DATE	26 November 2015
DIRECTOR	N/A
TITLE OF REPORT	Outstanding Internal Audit Recommendations Pre 2015/16
REPORT NUMBER	N/A
CHECKLIST COMPLETED	Yes

1. PURPOSE OF REPORT

- 1.1 This report advises the Committee of progress Services have made with implementing recommendations agreed in Internal Audit reports issued by PWC.

2. RECOMMENDATION

- 2.1 The Committee is requested to review, discuss and comment on the issues raised within this report and the attached appendices.

3. FINANCIAL IMPLICATIONS

- 3.1 There are no financial implications arising as a result of this report.

4. FOLLOW UP OF RECOMMENDATIONS

- 4.1 The details relating to recommendations made previously by PWC, which were due to be implemented by the end of September 2015, are shown in the attached appendix.

5. REPORT AUTHOR DETAILS

David Hughes, Chief Internal Auditor
David.Hughes@aberdeenshire.gov.uk
(01224) 664184

Outstanding Internal Audit Recommendations

Appendix A

<u>Report Title</u>	<u>Date Issued</u>	<u>Recommendation and Risk Rating</u>	<u>Update</u>	<u>Responsible Officer</u>	<u>Original Due Date</u>	<u>Revised date</u>
Community Centres	Apr-14	<u>Risk Rating - Medium</u> The Council should take action to ensure that all leased community centres sign up to the new lease and management agreement. If necessary, payment of the Development Grant should be withheld until signed lease and management agreements are in place.	A report was taken to Communities, Housing and Infrastructure Committee in February 2015 recommending that the development grant was held for those Centres yet to sign up. The Committee did not accept this recommendation. A further report is expected to go to CHI on this issue at a future date. The further delay is in order to allow Committee Conveners to discuss the issue.	Service Manager, Sport and Communities	31-Dec-14	Previously advised 31-Oct-15 Now 31-Jan-16
Complaints Handling	Sep-14	<u>Risk Rating - Low</u> A complaints handling training package should be developed and included as mandatory training for any staff members involved in complaints handling. Management could consider utilising SPSO training materials as an alternative to developing a bespoke training package. These training materials should form a part of the induction process for new joiners. Refresher training should be mandatory for all staff members involved in the complaints handling process. This should include a	Procedural improvements are being implemented before rolling the training out across the organisation, so that all council employees are being trained using a consistent corporate approach. An online interactive learning (OIL) course has been developed and as recommended, the content is based on the SPSO training material. The OIL course will form part of the corporate training programme which will commence once a complaints web form is launched, providing a corporate method for all council officers to logging Frontline	Project Executive	31-Dec-14	31-Dec-15

		reminder of best practices in complaints handling, and details of new or updated procedures.	Complaints. Development of the online form is currently ongoing. Face to face training will then also be undertaken with frontline teams to reinforce the procedures and coaching provided to responding officers to improve the quality of responses. These actions are planned to commence before the end of 2015.			
Compliance with Laws and Regulations	Nov-14	<p><u>Risk Rating - Medium</u></p> <ul style="list-style-type: none"> · 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 	This is a substantial area of work. The task is currently being scoped and consideration of a revised timescale is dependent upon this. A way of progressing this has been agreed between the Service and Internal Audit.	Head of Legal and Democratic Services and HR Manager	31-Mar-15	The Service will report to the Audit, Risk and Scrutiny Committee in November 2015 regarding progress

		<p>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.</p> <p>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.</p>				
Carefirst	Feb-15	<p><u>Risk Rating - Medium</u></p> <p>1. Management should assign responsibility for reviewing and actioning the unmatched transactions report. Management may consider creating a dedicated role for this task as it would benefit from a technical understanding of CareFirst, knowledge of the Council's financial arrangements with suppliers and all client groups.</p> <p>2. Agreement will be reached on the criteria/ parameters to be used for deciding whether transactions should be investigated or not. The unmatched transaction report will be modified by the CareFirst Team to ensure it only includes the</p>	<p>1. The identification of a dedicated person with relevant experience remains outstanding, however, some data tidy up work has been undertaken by the CareFirst Team which will result in fewer unmatched transactions being created. Will be picked up as part of the Care Management Transformation Project.</p> <p>2. As for 1</p>	Head of Joint Operations	30-Jun-15	31-Mar-16 On completion of Care Management Transformation Project

		<p>transactions for assessment before it is issued to the individual responsible for reviewing and actioning.</p> <p>3.· Dummy invoices will be processed in CareFirst to remove illegitimate transactions. This will not impact actuals (which are reported through e-Financials) and will allow for accurate commitment reporting. The individual responsible for the unmatched transaction report should also be responsible for this task.</p> <p>4.· To ensure temporarily suspended care packages do not accrue costs, the person responsible for reviewing and actioning the unmatched transactions report should enter variances to offset the amount. A list of users who are not closing care packages as per the guidelines should be issued to Service Managers for appropriate action.</p> <p>5.· The completed unmatched transaction report should be reviewed and signed off by the responsible person's line manager on a monthly basis.</p> <p>6.· Consideration will be given to separating the roles of those who assess and manage frontline client needs and</p>	<p>3. As for 1</p> <p>4. As for 1</p> <p>5. As for 1</p> <p>6 This issue is part of the new Planning and Development Manager's workload and discussions are being held across the various sections to ensure that this is</p>			
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			actioned.			
Carefirst	Feb-15	<u>Risk Rating - Low</u> The Council should discuss with other Local Authorities the appetite for setting financial authorisation limits within the system. If popular this should be raised at the next OLM Systems meeting.	User Group meeting scheduled for August 2015 has been cancelled - awaiting rescheduled date.	Team Manager, Performance Management	31-Mar-15	30-Nov-15 following next User Group meeting
IT Disaster Recovery	Feb-15	<u>Risk Rating - Low</u> Telephony DR processes will be updated and tested, with the support of Getronics, as per their contractual arrangements	Contractual arrangements for DR ended March 2015 and tender for new arrangements is due to end July 2015. This will be done with winning supplier. Update as at 28 August: New contract due to commence on 1 September and action on target for completion within revised due date.	IT Manager	31-May-15	31-Dec-15
Service review	Feb-15	<u>Risk Rating - High</u> The definition, requirements and timeliness of a review under the Care Management Standards should be re-communicated to Care Workers via team meetings.	This issue has been discussed with service managers and team leaders at a service development day on 6 July with instructions to action the advice given by PWC immediately. Reviews form part of the Care management transformation project that is currently being undertaken by the planning and development manager in OP services.	Chief Officer, Health and Social Care	28-Feb-15	31-Dec-15
Services review	Feb-15	<u>Risk Rating - High</u> 1. Management should formally assess the staffing issues within SC&W and consider increasing the	1. Management has assessed the staffing issue with service managers and team leaders. Since the audit managers have carried out a	Team Manager, Performance Management	20-Jun-15	31-Dec-15

		<p>resource budget if appropriate.</p> <p>2. The following reports should be run on a monthly basis and distributed to the relevant teams who will action the closing or reassignment of the activities:</p> <p>a. A report detailing open activities which have no open service agreement. and;</p> <p>b. A report detailing open activities which are not assigned to the care worker who is currently assigned the care package.</p> <p>3. The 'request for funding' activity should be renamed to 'review of care package' to ensure clarity on the purpose of the activity. The 'required date' field of the 'request for funding' activity should be made mandatory to ensure the activity can be used appropriately. Please note, OLM will be required to make these system changes.</p> <p>4. Guidance on the purpose and operational use of the newly renamed activity should be created and distributed.</p>	<p>recruitment drive and made changes to the scheduling of reviews within work loads. Work is ongoing to define levels of reviews that are appropriate to the activities being carried out.</p> <p>2. On-going piece of development work. Some data tidy up has already been undertaken and it will be concluded in the processes that form part of the Care Management transformation project.</p> <p>3. Staff have been instructed to action this recommendation with immediate effect.</p> <p>4. Draft guidance has been developed and will be issued once the Care Management Transformation project has been concluded.</p>	and Systems Development Officer		
ICT Governance	May-15	<p><u>Risk Rating - Medium</u></p> <p>The strategy will include the commitment to implementing an Enterprise Architecture governance framework and have the support of the corporate management team.</p>	Following appointment of new Head of Service, IT and Transformation Service in May, a broader review of all relevant strategies has commenced with revision over the next 3-6 months. Revised date of	Head of IT and Transformation	31-Mar-15	31-Mar-16

		Including this commitment in the ICT strategy would reduce this risk to a low rating.	March 2016 to allow time for all relevant stage approvals.			
Stakeholder Engagement		<p><u>Risk Rating - Low</u></p> <ul style="list-style-type: none"> The importance of documenting analysis should be communicated to all relevant staff, ensuring that they understand the potential future value of work carried out. Staff should also be made aware of the importance of retaining any analysis, so that it can be used both for future projects, and also to evidence the work having been undertaken. 	Regular internal evaluation takes place with regard to the Aberdeen Pupil Voice group to evaluate effectiveness and in preparation for an external audit in February. Pupil Participation co-ordinators will be expected to ensure that appropriate methods of communication are in place to inform all staff/stakeholders and regarding the importance of retaining analysis/evidence. These expectations will be shared with all Head Teachers.	Development Officer, Pupil Voice	30-Jun-15	<p>Meetings scheduled with Head Teachers</p> <p>Primary: 28-Sep-15</p> <p>Secondary: 05-Oct-15</p> <p>See below:</p>
			Extra time was requested by Head Teachers for their agenda items at the above meetings and input regarding the above has been postponed for a subsequent meeting. Dates for these meetings have yet to be confirmed. The Service will advise Internal Audit when these will be and the subsequent outcome as soon as possible.			TBA
Section 75 Planning	Apr-15	<p><u>Risk Rating – Low</u></p> <p>Heads of Service will appoint an appropriate 'point of contact' for their service with responsibility for responding to requests regarding Section 75 agreements.</p>	The operation of S75 procedures is currently under review as part of a wider exercise concerning the Development Management function. It is intended that project management discipline will be applied to all aspects of case management, including S75 issues. The appropriate point of contact will be determined to reflect the circumstances of each project.	Head of Planning and Sustainable Development	30-Sep-15	TBC

Roads Construction Consent	May-15	<u>Risk Rating – Low</u> A checklist will be used formally to evidence that roads construction consent applications are in line with relevant standards and technical requirements. The checklist will also be used to record the review and comments of the relevant team member, and where necessary given the scale and complexity of the application, evidence of checking by a suitable qualified colleague.	An updated checklist has been developed and is being trialled before it is finally rolled out for all Road Construction Consents	Transportation Manager	30-Jun-15	31-Oct-15
Roads Construction Consent	May-15	<u>Risk Rating - Low</u> Management will implement monthly monitoring of KPIs to help identify periods of high demand in roads construction consent applications. Where periods of high demand become apparent, management will ensure that appropriate communication is maintained with external stakeholders as to the impact on timelines, and action will be taken internally to ensure that processes are maintained despite the increase workload.	Officers have made approaches through the Society of Chief Officers of Transportation in Scotland (SCOTS) as to KPIs in use across authorities to establish standardisation of measurement. Feedback is awaited. Officers are therefore adopting their own KPIs in the interim.	Transportation Manager	31-Jul-15	31-Oct-15
Roads Construction Consent	May-15	<u>Risk Rating - Low</u> On initial acknowledgement of the application, if a full and complete roads construction consent submission is received from the consultant or developer, management have indicated that	A new system to deal with Planning and Building Standard application is in the process of being purchased and introduced, with a current timescale for going live of end 2015. The incorporation of RCC into that system would follow and would be	Transportation Manager	31-Jul-15	31-Mar-16

		they will commit to providing a response to the application within four weeks. In delivering action 3.01, management will look to link the system for roads construction consent to the e-planning system currently used for planning applications by the Council.	projected for end of first quarter 2016.			
Roads Construction Consent	May-15	<u>Risk Rating – Advisory</u> We recommend that guidance on submission requirements for both stage 1 and 2 roads construction consent be made available on the Aberdeen City Council website for developers or consultants.	Steps to provide access to currently approved guidance have been taken with a link to the national web based information included. As this requires a link up with another authority its completion has been delayed. However, it will be complete by the end of November 2015.	Transportation Manager	30-Jun-15	Previously advised 30-Sep-15 Now 30-Nov-15
Compliance with the Public Records (Scotland) Act	Jun-15	<u>Risk Rating – Low</u> Management will develop a Register of Information Sharing Protocols as a resource for staff to consult for clarity on the circumstances and types of information that can and cannot be shared internally. Management will finalise updating the Council's Data Protection policy with consideration given to the possibility of streamlining the existing Data Protection procedures. Management will ensure the new policy is subject to regular, ongoing, review for compliance with current legislation and alignment with good	Revised Data Protection Corporate Policy & Procedures were approved by the Finance, Policy & Resources Committee on 15 September 2015. However, owing to staff absence / shortage, redevelopment of the Data Protection pages on the Zone (including development of an 'Information Sharing' section to include the publication, from existing Legal Services records, of a Register of Information Sharing Protocols) has been delayed.	Information Governance Officer	30-Sep-15	TBC

		practice				
Compliance with the Public Records (Scotland) Act	Jun-15	<p><u>Risk Rating – Advisory</u> Management are advised to review procurement policies and procedures and mode contract language to ensure that those engaging with the Council are contractually obligated to comply with the Council's information management standards.</p>	<p>Commercial & Procurement Services are, as part of the Procurement Achieving Commercial Excellence (PACE) Improvement programme, reviewing procurement policies and procedures and will mode the appropriate contract language to ensure that those engaging with the Council are contractually obligated to comply with the Council's information management standards. The revision of the Standing Orders/Financial Regulations is key to finalisation of this programme and it is expected that the revised Standing Order will be tabled at Council meetings in December and January respectively for Aberdeen City and Aberdeenshire Councils.</p>	Head of Procurement	30-Sep-15	31-Jan-16

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ABERDEEN CITY COUNCIL

COMMITTEE	Audit, Risk and Scrutiny Committee
DATE	26 November 2015
DIRECTOR	N/A
TITLE OF REPORT	Internal Audit Reports – Follow-up of Agreed Recommendations
REPORT NUMBER	N/A
CHECKLIST COMPLETED	Yes

1. PURPOSE OF REPORT

- 1.1 This report advises the Committee of progress with implementing agreed recommendations contained in reports issued in relation to the 2015/16 Internal Audit plan and any additional work undertaken.

2. RECOMMENDATION

- 2.1 The Committee is requested to review, discuss and comment on the issues raised within this report and the attached appendices.

3. FINANCIAL IMPLICATIONS

- 3.1 There are no financial implications arising as a result of this report.

4. PROGRESS WITH IMPLEMENTING AGREED RECOMMENDATIONS

- 4.1 Appendices A and B show progress made by Services with completing agreed Internal Audit recommendations, based on assurances received from officers tasked with their implementation and independent checks where appropriate.
- 4.2 Where these have not been completed by their original due date, reasons are provided along with the grading applied to the recommendation in the original Internal Audit report. An explanation of the gradings used is shown at appendix C.

5. REPORT AUTHOR DETAILS

David Hughes, Chief Internal Auditor
David.Hughes@aberdeenshire.gov.uk
(01224) 664184

APPENDIX A

POSITION WITH AGREED RECOMMENDATIONS AS AT 16 NOVEMBER 2015

SUMMARY

The following table provides a summary of progress being made by Services with completing agreed recommendations. The total not fully complete, which had an original due date of before 31 October 2015, is zero. Full details relating to progress, on a report by report basis, are shown in appendix B.

Recommendations							Grading of Overdue Recommendations		
SERVICE	Agreed in reports shown in Appendix B	Due for completion by 31.08.15	Confirmed complete by Service	New in September and October 2015	Confirmed complete by Service	Not fully complete by original due date of 31.10.15	Major	Significant	Important
Cross Service	0	0	0	0	0	0	0	0	0
Communities, Housing and Infrastructure	4	1	1	0	0	0	0	0	0
Corporate Governance	5	1	1	1	1	0	0	0	0
Education and Children's Services	0	0	0	0	0	0	0	0	0
Total	9	2	2	1	1	0	0	0	0

APPENDIX B

POSITION WITH AGREED RECOMMENDATIONS AS AT 16 NOVEMBER 2015

Report Number	Report Title	Date Issued	Number of Recommendations				Grading of overdue recommendations
			Agreed in Report	Due for implementation by 31.10.15	Confirmed Implemented by Service	Not implemented by original due date	

COMMUNITIES, HOUSING AND INFRASTRUCTURE

AC1603	Council House Rent Setting	July 2015	4	1	1	0	0
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CORPORATE GOVERNANCE

AC1601 AW	Council Tax Billing 2014/15	July 2015	2	2	2	0	0
AC1602	Payroll System	October 2015	3	0	0	0	0

APPENDIX C

Grading of Recommendations

GRADE	DEFINITION
Major at a Corporate Level	The absence of, or failure to comply with, an appropriate internal control which could result in, for example, a material financial loss, or loss of reputation, to the Council.
Major at a Service Level / within audited area	The absence of, or failure to comply with, an appropriate internal control which could result in, for example, a material financial loss to the Service/area audited. Financial Regulations have been consistently breached.
Significant within audited area	Addressing this issue will enhance internal controls. An element of control is missing or only partial in nature. The existence of the weakness identified has an impact on a system's adequacy and effectiveness. Financial Regulations have been breached.
Important within audited area	Although the element of internal control is satisfactory, a control weakness was identified, the existence of the weakness, taken independently or with other findings does not impair the overall system of internal control.



Aberdeen City Council

Outstanding External Audit Recommendations

November 2015

Introduction

This report brings together the issues and risks included in action plans agreed with management as part of the 2014/15 audit. At the request of the Audit, Risk and Scrutiny Committee this will become a standing report on the committee's agenda and actions will be reported upon until they are addressed.

On the whole, target dates in respect of the actions are still some way away. For the purpose of this report, our first such report, an update has only been provided on the actions which should be complete by February 2016, the date of the next committee meeting. As the majority of the actions are linked with significant pieces of work and relate to areas that external audit have an ongoing interest in, I would intend to have a regular update with officers in advance of providing an update on the recommendations. It has not been possible to have that level of contact for this report given other commitments but we will be able to provide an update across all actions from February.

In total, the report includes 19 actions of which 5 are due to be complete by February 2016. An update has been provided in respect of these 5 actions – numbers 1, 2, 4, 7 and 14. We will consider the action taken as part of our planning work for the 2015/16 audit and advise the committee, in February 2016, if we have concluded that these actions are complete.

Anne MacDonald

November 2015

Progress against outstanding recommendations

Action Point	Source Report	Recommendation	Management Action agreed/ Responsible officer	Agreed Target date	Action taken	Outcome
1	Interim	In order to benefit more from the NFI data matching exercise, the council should put plans in place to follow up high risk matches promptly.	The council recognises that the matches have not been reviewed as quickly as they should have been. The Corporate Fraud Team Manager became responsible for NFI in January. Work is underway with services to put new procedures in place to ensure the outstanding matches are reviewed as quickly as possible. Revenues and Benefits Manager	31 October 2015	The high risk cases have been prioritised, the initial investigation has been completed and follow up action where required is in progress. The low risk cases are now being progressed.	Action taken will be considered as part of our planning activities for the 2015/16 audit.
2	Interim	The Fraud and Corruption Strategy should be refreshed and promoted to staff on a regular basis.	Strategy to be approved and promoted. Head of Finance	30 September 2015	The Finance, Policy & Resources Committee on 15 September 2015 considered and approved the "Policy and Strategic Response to Fraud, Bribery & Corruption".	Rollout and promotion of the new policy will be monitored as part of our planning activities for the 2015/16 audit.

Action Point	Source Report	Recommendation	Management Action agreed/ Responsible officer	Agreed Target date	Action taken	Outcome
3	Interim	As part of the refresh, arrangements should be put in place to provide the ARSC with an annual activity report summarising fraud/suspected fraud cases, whistleblowing cases and breaches of the Bribery Act. This report should also include any lessons learnt and action taken.	Report to be prepared for the ARSC Head of Legal & Democratic Services	31 March 2016	Planning for the rollout and promotion of this across the organisation is underway.	
4	Interim	Risk assessments undertaken in response to the requirements of the Bribery Act should be evaluated and addressed as appropriate.	Risk assessments to be evaluated and any issues highlighted to be addressed as appropriate. Head of Legal & Democratic Services	31 December 2015	Review is in progress and any further action required will be advised.	Action taken will be considered as part of our planning activities for the 2015/16 audit

Action Point	Source Report	Recommendation	Management Action agreed/ Responsible officer	Agreed Target date	Action taken	Outcome
5	Interim	Plans should be formalised for the development of a consistent approach for reporting performance information to elected members.	Proposals for implementing a consistent approach will be developed and presented to elected members for approval. Head of IT and Transformation	31 March 2016		
6	Interim	Arrangements for the refresh of 'Aberdeen Performs' should be put in place.	'Aberdeen Performs' is updated when performance data becomes available. A refresh is scheduled for 2015/16 to reappraise the method in which performance information is communicated to the public in light of developing corporate priorities. Head of Communications and Promotion	31 March 2016		

Action Point	Source Report	Recommendation	Management Action agreed/ Responsible officer	Agreed Target date	Action taken	Outcome
7	Interim	Property reconciliations between council tax records and Assessors records should be evidenced that they have been reviewed by a second officer.	Property reconciliations to be timetabled (6 months) for August and February. Sign off on exceptions by senior management. Revenues & Benefits Manager	30 September 2015	The second reconciliation for the year has been completed and signed off by a senior manager.	This report will be considered as part of our planning activities for the 2015/16 audit.
8	ICT	A new ICT service strategy needs to be developed and implemented. In due course, delivery should be monitored within the council's PMO arrangements. Risk: until a new strategy is published, a perception could develop that the council is not taking a long-term approach to ICT services.	Following appointment of new Head of Service, IT and Transformation Service in May, a broader review of all relevant strategies has commenced with revision over the next 3-6 months. Thereafter, actions arising from the strategy will be monitored through appropriate governance arrangements. Head of Service (IT and Transformation)	March 2016		

Action Point	Source Report	Recommendation	Management Action agreed/ Responsible officer	Agreed Target date	Action taken	Outcome
9	ICT	The council has opted to enter a joint procurement exercise with Aberdeenshire Council for the provision of data centre services by a third party. Risk: delivery of this solution is likely to be complex, with dependency on third parties. This may give rise to delay, the need for an interim data centre and increased costs.	Transition of Data Centre Services from existing contractual arrangements to new operating model underway to meet end of contractual arrangements in January 2016, with transitional activities running until the new service has been operating for a full 3 month period. IT and Technology Services Manager	July 2016		
10	ICT	There is a large portfolio of priority projects which places significant demands on the ICT projects team. Risk: projects could be delayed due to ICT staffing constraints and competing priorities.	The portfolio of projects will be expanded to incorporate resource demands for wider IT and Transformation resources and we will continue to develop our systems, processes and procedures to capture and report on resource demands and capacity. Head of Service (IT and Transformation)	March 2016		

Action Point	Source Report	Recommendation	Management Action agreed/ Responsible officer	Agreed Target date	Action taken	Outcome
11	ICT	Two areas of the council's Records Management Plan are under improvement; business classification and the retention schedule. Both of these depend on local adoption by the council's service areas. Risk: as with any change process, it may take time to become embedded.	This theme will be addressed through the "Information and Records Lifecycle" domain of our Information Management Strategy. A pilot is underway with Education and Children's Services, from which lessons learned will be used to develop a plan for other areas across the council. Records Manager	For initial pilot work: March 2016. Resources and timescales for full roll-out will be calculated on completion of pilot.		
12	ICT	Email and internet borne security incidents highlight the importance of effective refresher training to maintain levels of electronic security awareness in all staff. Risk: as people grow increasingly trustful of the performance and convenience of new technology, they may become less cautious in	This theme will be addressed through the "Culture, Training & Communications" domain of our Information Management Strategy, which will develop and roll out appropriate information security refresher training as part of a wider information management culture, training and communications programme Records Manager	March 2016		

Action Point	Source Report	Recommendation	Management Action agreed/ Responsible officer	Agreed Target date	Action taken	Outcome
13	ICT	<p><i>using their electronic equipment.</i></p> <p>When the current data centre arrangements end, and during any transitional period, there will be a need to consider carefully the disaster recovery implications and ensure that a regular testing regime is maintained.</p> <p><i>Risk: during the transitional period between data-centres, there may be a loss of knowledge about configuration and recovery.</i></p>	<p>Disaster Recovery is being considered within transition activities, both to minimise disruption during transition activities and to ensure that end solution is robust and tested at regular intervals after transition</p> <p>IT Technology Services Manager.</p>	July 2016		

Action Point	Source Report	Recommendation	Management Action agreed/ Responsible officer	Agreed Target date	Action taken	Outcome
14	Annual Report	<p>Shared Section 95 Officer arrangement</p> <p>The shared arrangement will have operated for 12 months by December 2015. A review of the pilot period is expected at that point.</p> <p>Risk: the review may not cover all the critical factors</p> <p>Recommendation: All aspects of the shared arrangement should be considered across both councils e.g. development opportunities, all costs, geography.</p>	<p>The review will consider the perspectives of both councils and the officers involved, taking account of all relevant aspects, including the extent to which both consider they are deriving value from the arrangement. Initial discussions have taken place with the relevant Director in SIC and this will be followed up as part of the review to be reported to committee in December 2015.</p> <p>Head of Human Resources & Customer Services</p>	31 December 2015	A report is scheduled to go to the Finance, Policy and Resources Committee on 3 December 2015.	This report will be considered as part of our planning activities for the 2015/16 audit.
15	Annual Report	<p>Financial position</p> <p>The council has a significant task ahead in meeting the funding shortfall set out in its 5 year business plan.</p> <p>Risk: the ongoing need</p>	<p>Work is well underway to progress the 2016/17 and indicative 5 year budgets. The council's approach to financial planning, incorporating the Extended Corporate Management Team into the</p>	Update position in February 2016		

Action Point	Source Report	Recommendation	Management Action agreed/ Responsible officer	Agreed Target date	Action taken	Outcome
		<p>to deliver savings may have an adverse impact on services and the delivery of strategic priorities.</p> <p>Recommendation: the council needs to develop its strategy for delivering the savings required over the next 5 year period. This should bring together the different strands of work which are in progress e.g. shared service opportunities, outcome budgeting and service targets.</p>	<p>process, ensures that all options are considered in developing a strategy to deal with future financial pressures. Progress is also being made in the development of an outcome based budgeting approach for future years.</p> <p>Head of Finance, in conjunction with the Corporate Management Team & Extended Management Team</p>			

Action Point	Source Report	Recommendation	Management Action agreed/ Responsible officer	Agreed Target date	Action taken	Outcome
16	Annual Report	<p>Long term financial planning Longer term horizon scanning through the development of long term planning will support the strategic infrastructure plan but also give a more rounded view of the financial landscape. In addition, links should be made with workforce plans.</p> <p>Risk: financial difficulties arise through unexpected events</p> <p>Recommendation: Long term planning continues to be developed.</p>	<p>The importance of long term financial planning is acknowledged and will continue to be developed. Head of Finance, in conjunction with the Corporate Management Team</p>	Update position in February 2016		

Action Point	Source Report	Recommendation	Management Action agreed/ Responsible officer	Agreed Target date	Action taken	Outcome
17	Annual Report	<p>ALEOs The first round of hub meetings have now taken place with a plan to meet on a six monthly basis.</p> <p>Risk: the bedding in period may be too long and momentum lost so that it is some time before an effective scrutiny routine is in place.</p> <p>Recommendation: consider more meetings in the initial period until everybody is up to speed and the initial teething problems have been sorted out.</p>	<p>The first meeting of officers to consider requirements for the next round of hubs will take place by 30 September 2015 so whilst the formal hub meetings may be every 6 months, officers are working in the intervening period on the actions from the previous meetings and developing plans for the next one. Officers are aiming to improve the quality and robustness of the process and the meetings.</p> <p>Head of Democratic Services</p>	Ongoing		

Action Point	Source Report	Recommendation	Management Action agreed/ Responsible officer	Agreed Target date	Action taken	Outcome
18	Annual Report	<p>Health and social care integration</p> <p>Preparations are moving apace for the implementation of the integration board with effect from 1 April 2016, including the identification of necessary resources, and discussions are taking place around the scrutiny requirements.</p> <p>Risk: the required actions are not completed and the Board is unable to take responsibility from April 2016.</p> <p>Recommendation: regular engagement continues between the Shadow Integration Joint Board (SIJB) and officers to ensure that priorities are delivered.</p>	<p>Arrangements have been in place for some time to progress integration which includes regular engagement between the SIJB and officers. This will continue throughout the year to ensure that what is a statutory timescale will be met. A work plan is in place with regular updates on progress being reported to the SIJB. The team are also working closely with the Scottish Government to get approval of the Scheme of Delegation.</p> <p>Chief Officer, Aberdeen Health & Social Care Partnership</p>	1 April 2016		

Action Point	Source Report	Recommendation	Management Action agreed/ Responsible officer	Agreed Target date	Action taken	Outcome
19	Annual Report	<p>Marischal Square Development</p> <p>In responding to economic conditions, the council may mitigate risks by providing financial support, for example, rental assistance to encourage city centre investment.</p> <p>Risk: the council's rationale for offering support lacks transparency</p> <p>Recommendation: The council's should set out a framework which explains the type and level of regeneration investment it wishes to financially support.</p>	<p>Each regeneration investment decision will have a full business case prepared which will examine the case for proceeding with the investment decision and will clearly state the financial implications and risks associated with it.</p> <p>Corporate Management Team</p>	Update by 31 March 2016		

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ABERDEEN CITY COUNCIL

COMMITTEE	Audit, Risk and Scrutiny
DATE	26 November 2015
INTERIM DIRECTOR	Richard Ellis
TITLE OF REPORT	Policy and Strategic Response to Fraud, Bribery & Corruption
REPORT NUMBER	CG/15/113
CHECKLIST COMPLETED	Yes

1. PURPOSE OF REPORT

To request the committee note the new approach to managing Fraud, Bribery and Corruption within the Council.

2. RECOMMENDATION(S)

It is recommended that the Committee:

- (a) note the content of the report and attached Policy and Strategic Response to Fraud, Bribery & Corruption document
- (b) note that the Finance, Policy and Strategy Committee of 15 September approved the Policy and Strategic Response to Fraud, Bribery & Corruption

3. FINANCIAL IMPLICATIONS

- 3.1 There are no direct financial implications arising from this report.
- 3.2 The adoption of this policy will enhance that currently in place and provide further protection against financial losses arising from fraud, bribery and corruption.

4. OTHER IMPLICATIONS

Services may need to revise the approach being taken to fraud, bribery and corruption and update their processes to ensure compliance with the revised policy.

5. BACKGROUND/MAIN ISSUES

- 5.1 Fraud has a serious impact on all parts of the economy and costs the UK around £52 billion per year. By its nature fraud is difficult to accurately quantify, therefore we have to rely on national indicators. The cost of fraud to the public sector equates to £20.6 billion of which £2.1 billion relates to local government. (*Source National Fraud Authority - Annual Fraud Indicator June 2013*).
- 5.2 The Council is self regulating in respect of its counter fraud activities. Where fraud has occurred against a service we need to stop the fraud as soon as possible and look at whether weak controls have been exploited. As a public body the Council can be seen as an easy target therefore we need to ensure we take robust action against offenders.
- 5.3 The Council's Strategy for the Prevention and Detection of Fraud and Corruption was introduced in 2005 and is no longer fit for purpose. Changes in legislation and new anti fraud strategies have made this policy outdated. In 2013 a review of the Council's fraud governance was undertaken which highlighted several areas which needed to be addressed. This policy addresses these issues.

5.4 Welfare Reform

- 5.4.1 In 2011 the Government proposed, as part of its welfare reform changes, the creation of a single integrated fraud investigation service (SFIS) under the Department of Work and Pensions with statutory powers to investigate all welfare benefits. The roll out of SFIS is ongoing across the UK and as of April 2015, Aberdeen City Council handed over all responsibility for the investigation of housing benefit fraud to SFIS.
- 5.4.2 Following discussions with Senior Finance Managers, Legal Services and HR, and taking into account the fraud governance audit, it was decided that the Council's dedicated benefit fraud investigation team would be retained beyond the roll out of SFIS and would take on a new remit as a corporate fraud investigation team. In doing so, an opportunity was presented for the Council to instigate a new programme of anti-fraud measures across all directorates.
- 5.5 The threat of fraud, corruption and bribery is real and we must be prepared to protect our services and assets. This policy will ensure that we have a consistent approach throughout the Council by setting out the following standards:

The Council:

Prohibits	the offering, the giving, the solicitation or the acceptance of any bribe, whether cash or other inducement.
To or from	any person or company, wherever they are situated and whether they are a public official or body or private person or company.
By	any individual employee, agent or other associated person or body acting on the Council's behalf.
In order to	gain any commercial, contractual or regulatory advantage in a way which is unethical or secures any personal advantage, pecuniary or otherwise, for the individual or anyone connected with the individual.

5.6 The policy applies to all Elected Members, employees, including temporary staff, contractors, suppliers, or secondees from other organisations, arms length external organisations and any organisation which receives funding or grants from the Council.

5.7 In summary, the Policy and Strategic Response to Fraud, Bribery and Corruption:

- Ensures that the Council has a zero tolerance approach to fraud bribery and corruption in any form
- Provides a clear reporting structure to allow suspicions or concerns to be raised through the appropriate line management channels
- Provides a facility whereby members of public can report concerns of actual or attempted fraud, bribery and corruption
- Puts in place a system whereby allegations of fraud, bribery and corruption result in a prompt and thorough investigation either by internal investigation or referral to Police Scotland and/or the Public Standards Commissioner.
- Details the role that the Council's Corporate Fraud Investigation Team now plays in supporting all areas of the Council in the prevention, detection and investigation of fraud, bribery and corruption.
- Makes provision for staff training at all levels of service including all new staff members
- Outlines methods by which services can proactively assist in the detection of fraud, bribery and corruption within their own service
- Outlines the role that Heads of Service in ensuring that appropriate risk management arrangements are in place to prevent and detect fraud, bribery and corruption
- Underlines the importance of the Council's participation in the National Fraud Initiative led by Audit Scotland.

- Allows the Council to share data with other agencies, in accordance with the Corporate Data Protection Act Policy, in order to assist partner agencies and/or organisations in the prevention, detection and investigation or fraud, bribery and corruption
- Outlines the vital role that prevention plays in ensuring that opportunities for fraud, bribery and corruption are minimised

5.8 A Joined Up Approach

- 5.8.1 In June 2015 the Scottish Government produced a paper “Protecting Public Resources in Scotland – The strategic approach to fighting fraud and error”. This paper endorses the need for a multi agency approach across public sector agencies and set out five key objectives; Awareness, Prevention, Teamwork, Investigation and Enforcement.
- 5.8.2 Educating employees about the seriousness of fraud issues is key in creating an anti-fraud culture and it is against this background that the committee is requested to support the following initiatives:
1. The creation of a fraud awareness OIL module and making it a mandatory course for new employees.
 2. The creation of a dedicated area on the Zone highlighting the different types of fraud, latest scams, what measures the Council has in place to address fraud etc.
 3. To endorse the need for anti-fraud proactive work.
 4. For corporate fraud investigation staff to meet with Heads of Services/Senior Managers to identify high risk areas of fraud and to work with the service to reduce the risk.
 5. To recognise the importance of working with other Local Authorities and public sector agencies to demonstrate the Council’s commitment to working towards the five anti-fraud strategic objectives of the Scottish Government’s.

5.9 Governance Checklist

One of the tools to measure local authorities present counter-fraud arrangements is the completion of a self-assessment checklist. This checklist highlights the standards expected of organisations to ensure they have robust controls in place to deal with the threat of fraud. It is proposed that we continue work towards full implementation of the working practices. The checklist and current self assessment can be seen in Appendix A.

6. IMPACT

Having this policy in place demonstrates the Council's commitment to ensuring proper stewardship of the public funds with which it is entrusted and is likely to be of interest to the public.

7. MANAGEMENT OF RISK

The implementation of this policy and adoption of the self assessment checklist will further enhance the council's ability to mitigate against the risk of financial or other losses arising from fraud, bribery or corruption.

8. BACKGROUND PAPERS

Fraud Governance Audit Report (September 2013)

9. REPORT AUTHOR DETAILS

Brian Muldoon,
Corporate Fraud Investigation Manager,
bmuldoon@aberdeencity.gov.uk
01224 522585

Appendix A

National Fraud Authority Self-Assessment Checklist

	Description	Yes	No	N/A	Comments
1	The Council has made a proper assessment of its fraud and corruption risks and has an action plan to deal with them and regularly reports this to its senior board and its members.	X			The Council has a proposed policy to manage this
2	The Council has undertaken an assessment against the risks in <i>Protecting the Public Purse</i> and has also undertaken horizon scanning of future potential fraud risks		X		Risk Assessment Team produce an annual report. This does not, at present, assess fraud risk.
3	There is an annual report to the Audit Committee or equivalent providing a detailed assessment against the Local Government Strategy <i>Fighting Fraud Locally</i> .		X		This will change if agreement is reached on proposed policy.
4	There is a counter fraud and corruption strategy applying to all aspects of the council's business which has been communicated throughout the council and this has been acknowledged by those charged with governance	X			The proposed Policy and Strategic Response to Fraud, Bribery & Corruption Policy addresses this need.
5	The council has arrangements in place that are designed to promote and ensure probity and propriety in the conduct of its business	X			Proposed Policy and Strategic Response to Fraud, Bribery & Corruption Policy; Financial regulations; Internal & External Audit

6	The risk of fraud and corruption is specifically considered in the council's overall risk management process		X		Will be included in the strategic risk register currently in development
7	Counter Fraud staff are consulted to "fraud proof" new policies, strategies and initiatives across Departments and this is reported upon to Committee		X		
8	The Council has put in place arrangements to prevent and detect fraud and corruption and a mechanism for ensuring this is effective and this is reported to Committee	X			A risk register is kept by Head of Legal
9	The council has put in place arrangements for monitoring compliance with standards of conduct across the council covering: <ul style="list-style-type: none"> •codes of conduct including behaviour for counter fraud, anti-bribery and corruption • register of interests •register of gifts and hospitality 	X			Proposed Policy and Strategic Response to Fraud, Bribery & Corruption Policy Register of gifts and hospitality is held by services
10	The Council undertakes recruitment vetting of staff prior to employment by risk assessing posts and undertaking checks to prevent potentially dishonest employees from being appointed.		X		
11	Members and staff are aware of the need to make appropriate disclosures of gifts, hospitality and business. This is checked by auditors and reported to Committee.	X			Council has various polices on this

12	There is a programme of work to ensure a strong counter fraud culture across all departments and delivery agents led by counter fraud experts		X		
13	Successful cases of proven fraud/corruption are routinely publicised to raise awareness.	X			This will be done on a case by case basis
14	There is an independent Whistleblowing Policy which is monitored for take up and it can be show that suspicions have been acted upon without internal pressure.	X			
15	Contractors and third parties sign up to the Whistleblowing Policy and there is evidence of this. There is no evidence of discrimination for those who whistle blow.				Not known at this time
16	Fraud resources are assessed and adequately resourced	X			
17	There is an annual fraud plan which is agreed by committee and reflects resources mapped to risks and arrangements for reporting outcomes. This plan covers all areas of the Council's business and includes activities undertaken by Contractors and third parties or voluntary sector activities.		X		Proposed Policy and Strategic Response to Fraud, Bribery & Corruption Policy
18	Statistics are kept and reported by the Fraud team which cover all areas of activity and outcomes.		X		The fraud team keep statistics relating to all incoming referrals, case work and case outcomes
19	Fraud Officers have unfettered access to premises and documents for the purposes of counter fraud investigation		X		Work is in progress to address this

20	There is a programme to publicise fraud cases internally and externally which is positive and endorsed by the Council's Communication Team.	X			This will be done on a case by case basis
21	All allegations of fraud and corruption are risk assessed	X			
22	The fraud response plan covers all areas of counter fraud work: prevention, detection, investigation, sanctions and redress.	X			Proposed Policy and Strategic Response to Fraud, Bribery & Corruption Policy
23	The fraud response plan is linked to the Audit Plan and is communicated to senior management and members.		X		
24	Asset recovery and civil recovery is considered in all cases	X			This will be done on a case by case basis
25	There is a zero tolerance approach to fraud and corruption that this is reported to Committee.	X			
26	There is a programme of proactive counter fraud work which covers risks identified in assessment	X			
27	The Fraud team works jointly with other enforcement agencies and encourages a corporate approach and co-location of enforcement activity	X			
28	The Council shares data across its own departments and between other enforcement agencies	X			
29	Prevention measures and projects are undertaken using data analytics where possible		X		Additional IT equipment is required
30	The Council takes actively takes part in the NFI and promptly takes action.	X	X		We do take part in the NFI, however, matches are not always actioned timeously.

31	There are professionally trained staff for counter fraud work by professionally accredited trainers. If Auditors undertake counter fraud work they must be trained in this area.	X			Counter fraud staff are all PinS qualified
32	The counter fraud team has adequate knowledge in all areas of the Council or is trained in these areas	X			
33	The Counter Fraud Team has <i>access(via partnership /other Las/or funds to buy in)</i> to specialist staff for: <ul style="list-style-type: none"> ▪ Surveillance ▪ Computer forensics ▪ Asset recovery ▪ Financial Investigations 	X X		X X	
34	Weaknesses revealed by instances of proven fraud and corruption are looked at and fed back to Departments to “fraud proof” systems.	X			



Policy and Strategic Response to Fraud, Bribery & Corruption

Policy and Strategic Response to Fraud, Bribery & Corruption

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A STRATEGIC APPROACH

“Every pound lost through fraud cannot be spent on providing services”

(Audit Commission – Protecting the Public Purse 2013)

As with all public authorities we are facing an unprecedented challenge to the way in which we deliver our services. We have already demonstrated that we are ready to face these challenges by introducing new corporate practices and changing the way we operate. We will continue with our innovative development in all service areas to ensure we deliver value for money and to protect the public purse from criminality. Being innovative also means we have to work with our partner agencies and engage with the citizens of Aberdeen.

Rules and procedures are designed to prevent unethical behaviour and to protect individuals against accusations of wrongdoing. It is when these rules and procedures are broken that a determination has to be made whether it was done deliberately or by misinterpreting procedures.

To allow us to focus on our service delivery and invest in our infrastructure we must ensure that our internal governance is strong and above reproach. The Council already has policies in place to manage, for example, employee conduct and how our ICT systems are administered but until now we have not produced an ‘umbrella’ policy covering fraud, corruption and bribery. Rather than being about whether something is right or wrong, it becomes a calculation about the likelihood of getting caught against the value of what can be gained by undertaking the act in the first place. This policy brings all these issues together allowing staff, management, elected members and the public to be better informed of our intentions.

In an ideal world we should be able to trust everyone we deal with, however, the threat of fraud, corruption and bribery is real and we must be prepared to protect our services and assets. This policy will ensure that we have a consistent approach throughout the Council.

The Council

- | | |
|--------------------|---|
| Prohibits | the offering, the giving, the solicitation or the acceptance of any bribe, whether cash or other inducement. |
| To or from | any person or company, wherever they are situated and whether they are a public official or body or private person or company. |
| By | any individual employee, agent or other associated person or body acting on the Council’s behalf. |
| In order to | gain any commercial, contractual or regulatory advantage in a way which is unethical or secures any personal advantage, pecuniary or otherwise, for the individual or anyone connected with the individual. |

1 DEFINITIONS

Fraud

The Accounts Commission for Scotland describes fraud as the use of deception with the intention of obtaining private gain, avoiding an obligation or causing loss to another party. Fraud can be used to describe a wide variety of dishonest behaviour such as forgery, false representation and the concealment of material facts. The fraudulent use of Information & Communication technology (ICT) resources is included in this definition, where its use is a material factor in carrying out a fraud

Examples of fraud include, but are not exclusive to:

- **Distorting or concealing both financial and non- financial information;**
- **Knowingly and intentionally obtaining or attempting to obtain benefits to which there is no entitlement through;**
- **Falsification or alteration of accounting records or other documents;**
- **Misappropriation of assets or theft;**
- **Suppression or omission of the effects of transactions from records or documents;**
- **Recording transactions which have no substance eg, time recording records that do not reflect actual hours worked.**
- **Wilful misrepresentations of transactions or of the Council's state of affairs which may involve the misuse of funds or other resources, or the supply of false information.**

Bribery

A bribe, as defined in the Bribery 2010 Act, is a financial or other type of advantage that is offered or requested with the intention of inducing or rewarding improper performance of a function or activity. Acts of bribery are designed to influence an individual in the performance of their duty and incline them to act dishonestly.

Examples of bribery include, but are not exclusive to:

- **A direct or indirect promise;**
- **Offering or authorisation of anything of value;**
- **The offering or receipt of a payment including a loan or fee or reward or any other advantage;**
- **The offer of aid or a donation.**

In accordance with the Bribery Act 2010, the Council will conduct its activities honestly and will apply high ethical standards without the use of acts of bribery. The Bribery Act makes it illegal to offer or receive bribes and to fail to prevent bribery. The Act makes provision for both individual and organisational responsibility for bribery and creates offences that carry prison terms of up to 10 years and unlimited fines.

Corruption

Corruption is the unlawful offering, giving, soliciting or acceptance of an inducement or reward which could influence the actions taken by the Council, its Elected Members or its employees. This also applies to business partners where a relationship is in place for them to undertake duties on behalf of the Council. Corruption can also include bribery and is not entirely removed from fraud either as offences may overlap between them.

Examples of Corruption include, but are not exclusive to:

- **Disclosure of information;**
- **Using a position of authority inappropriately;**
- **Altering contracts or official forms;**
- **Misuse of IT systems;**
- **Falsifying records;**
- **Making purchases of goods or services which are unnecessary or excessive.**

The law associated with Bribery & Corruption is complex and as such this policy cannot provide a full and authoritative account of the relevant legislation. Any enforcement action being undertaken must take recognition of current legislation and associated case law.

Monitoring Officer

The Council's Monitoring Officer is the Head of Legal & Democratic Services who will have responsibility for overseeing the organisation's compliance with the provisions of this policy.

2 COUNCIL VALUES

- 2.1 Council employees are expected to be above reproach in all areas of work. The council has a series of policies which are linked to employee's conditions of employment which can be found in the HR pages within the zone. Staff who do not have access to the Zone should ask their line manager for a copy. It is the responsibility of employees to ensure that they are aware of the content of these policies. The employee code of conduct can be accessed by using the following URL: <http://thezone/nmsruntime/saveasdialog.asp?IID=21814&sID=8142>
- 2.2 The Council has a zero tolerance stance on fraud, bribery and corruption in any form.
- 2.3 The following would be regarded as unacceptable behaviour by employees, elected members, workers, agents and any associated persons performing services on behalf of the Council and must not occur:-
- Accepting or requesting a bribe, whether financial or other reward, from any person or organisation in return for providing some favour.
 - Offering a bribe, whether financial or other reward, to any person or organisation in return for providing some favour.
 - The making or accepting of any facilitation payments, which are unofficial payments made to government officials (including Council officials) for carrying out or speeding up routine procedures.
 - Dishonesty, theft, fraud or the deliberate falsification of records and / or benefit / or other claims administered by the Council.
- 2.4 The Council requires all individuals and organisations with whom it deals in any capacity to behave toward the Council with integrity and without intent or actions involving fraud, bribery and corruption.
- 2.5 In aiming to deliver a modern, effective, efficient and accessible range of services to the people of Aberdeen it is important that we provide a facility for members of the public to report any concerns they have relating to actual or attempted fraud, bribery and corruption.
- 2.6 As part of the Council's responsibilities to protect public funds, the Council is required to investigate allegations of activities of fraud, bribery and corruption.
- 2.7 The Council will share data, in accordance with the Corporate Data Protection Act Policy, with other agencies in matters relating to fraud, bribery and corruption. Further information is available on the zone <http://thezone/nmsruntime/saveasdialog.asp?IID=23668&sID=7315>

- 2.8 The Council participates in the National Fraud Initiative (NFI) which is a counter-fraud exercise led by Audit Scotland. The NFI is an exercise that matches electronic data within and between public and private sector bodies to prevent and detect fraud. The Corporate Fraud Team Manager is responsible for the administration and ensuring that reports are made to Audit & Risk committee.
- 2.9 Section 95 of the Local Government (Scotland) Act 1973 requires all Local Authorities to have adequate systems and controls in place to ensure the proper administration of their financial affairs.
- 2.10 For the avoidance of doubt this policy applies to all Elected Members, employees, including temporary staff, contractors, suppliers, or secondees from other organisations, arms length external organisations and any organisation which receives funding or grants from the Council.
- 2.11 The Council has a local code of practice in relation to its governance arrangements for funding external organisations. This code can be accessed at <http://councilcommittees/documents/s16240/FPP%20Procedures.pdf>

3 REPORTING AND CONTROL ENVIRONMENT

- 3.1 The Council has a zero tolerance approach to any attempts at bribery, fraud and corruption by, or of, its employees, elected members, or anyone performing services on behalf of the Council. All employees have a duty to report fraud, bribery and corruption in any form.
- 3.2 Council employees, elected members, workers, agents and associated persons performing services on behalf of the Council are required to assist and to remain vigilant in preventing, detecting and reporting acts of fraud, bribery and corruption.
- 3.3 In the case of employees and workers, they are expected to report any concerns of actual or suspected incidents to their line manager as soon as possible. Associated persons would report any concerns to an appropriate Council senior manager (in the case of elected members, this should be the monitoring officer).
- 3.4 Any person making a report of actual or suspected bribery in good faith will be given appropriate support and a prompt and thorough investigation would be carried out into the matter. An alternative route for employees and workers to report an act of bribery, fraud or corruption is through the use of the Whistleblowing policy to the Monitoring Officer. This policy can be accessed at <http://thezone/nmsruntime/saveasdialog.asp?IID=21790&sID=8142> or via your line manager.
- 3.5 Heads of Service are responsible for ensuring that risk management arrangements are in place in their service area to prevent, detect and prohibit fraud, bribery and corruption. Risk assessments will be undertaken for each of the Council's key business activities with individuals identified who may be at most risk of being exposed to bribery. This includes those involved in high value projects, purchasing products and services, making recommendations to committees and in overseas activities etc
- 3.6 Heads of Service are responsible for communicating this policy to employees and across the workforce and also to associated persons undertaking work on behalf of the Council. Training will be provided to appropriate employees who have been identified through risk assessment as being at potential risk of exposure to bribery, through an On-line Interactive Learning (OIL) course. The Corporate Governance service will arrange for the appropriate communication of the policy to elected members.

4 FRAUD, BRIBERY & CORRUPTION RESPONSE PLAN

- 4.1 In creating a fraud, bribery and corruption policy the Council must also create a response plan. This will ensure that actions are taken quickly in order to prevent further losses and help to maximise recovery of any losses sustained.
- 4.2 In the event of any act of fraud, bribery or corruption activity being suspected, an investigation would be carried out to establish the facts. In respect of employees, the investigation will be undertaken in accordance with the Managing Discipline/Employee Investigation procedure. If allegations of fraud, bribery or corruption are brought against an employee and are upheld this would most likely result in a finding of gross misconduct and immediate dismissal. Where an allegation is made about an elected member, the matter should be referred to Police Scotland and/or the Public Standards Commissioner.
- 4.3 The Council may terminate the contract of any associated person or organisation, including consultants, who act on behalf of or perform services for the Council, who are found to have breached this policy.
- 4.4 The Council will
- Instigate legal action against individuals or companies or organisations where evidence of fraud, bribery or corruption is established.
 - Review any working arrangements / contracts that are in place with any external organisations or persons, who act on the council's behalf.
 - Report matters to Police Scotland or other agencies as appropriate and co-operate fully in any investigation.
 - Identify lessons that can be used for future prevention programmes
 - Actively pursue the perpetrator(s) for recovery of any losses, including taking legal action. In criminal cases the Council will make full use of the Proceeds of Crime legislation.
 - Continually assess our exposure to fraud risks to effectively target resources where they will produce most benefit.
 - Provide an annual summary to the Audit and Risk committee of all allegations of fraud, bribery and corruption at the appropriate time, relative to the investigatory and reporting processes.

5 PREVENTION

- 5.1 In writing new policy's and procedures council staff must take into account and build suitable safeguards to minimise the risk of fraud, bribery and corruption. It is important that report authors provide assurances that perceived weaknesses have been analysed and appropriate measures put in place to minimise the risk.
- 5.2 There must be an effective process to monitor the efficiency of new policies. Ineffective monitoring can lead to complacency which in turn leads to opportunities for abuse. It is the responsibility of line managers to play their part in ensuring that policies are adhered to and maintain systems of internal control.
- 5.3 It is important that when designing policies that they are clear and that they can be understood by end users.
- 5.4 Where a Council employee is offered a gift or hospitality they must ensure that the correct procedure is followed. Advice on this can be obtained from your line manager or in the Council's Financial Regulations (<http://councilcommittees/documents/s41205/Finanical%20Regulations.pdf>). All employees, elected members and workers should familiarise themselves with the rules on gifts and hospitality and strictly adhere to these rules and procedure. Elected members are responsible for registering gifts and hospitality which they receive under the Code of Conduct for Councillors.
- 5.5 Council employees must declare any possible conflict of interest which they have, whether in contracts entered into by the Council or otherwise and these must be noted in a register maintained for that purpose. Employees shall at all times be required to comply with the provisions of Section 68 of the Local Government (Scotland) Act 1973 e.g. running a private sector business in competition with the Council.
- 5.6 Organisations where public funding has been provided in any form will be subject to review. This is to confirm that the recipient body is achieving lawful policy objectives and not circumventing statutory controls; that there is reasonable certainty that the assistance provided is used to carry out the objectives intended; that public money is not at undue risk and that the internal controls are operating to an acceptable standard. The council has published a local code of practice relating to providing funding to external bodies. The policy can be accessed at <http://councilcommittees/documents/s16240/FPP%20Procedures.pdf>
- 5.7 Internal and External Auditors have an important role to play in the prevention of fraud, bribery and corruption and staff must ensure that they provide auditors with all relevant assistance.
- 5.8 All new employees with a permanent or fixed term contract of 6 months or more are required to attend a corporate induction session which explains the expected behaviour of staff.

- 5.9 Upon commencement of employment line managers are issued with an induction checklist which includes ensuring new staff are aware of corporate policies including Anti-Bribery. The Council also has various e-learning courses and line managers are responsible for ensuring the mandatory courses are completed. This should form a clear requirement in relation to the employee's Performance, Review and Development (PR&D) objectives with suitable deadlines set for completion.
- 5.10 Council employees are not permitted to accept employment outwith the Council without an application being made, in the first instance, to their line manager for assessment. The HR section of the Zone gives procedural guidance and can be accessed with the following link:
<http://thezone/nmsruntime/saveasdialog.asp?IID=23784&SID=8142>

6 DETECTION

- 6.1 One of the most effective tools to deter people from committing acts of fraud, bribery and corruption is to ensure that the Council has effective prevention and detection procedures.
- 6.2 Acts of abuse may be detected in a number of different ways such as staff who have carried out checks or who have become suspicious.
- 6.3 Other potential indicators of internal fraud may include, but are not limited to
- Lifestyle does not match with income;
 - Refusal or reluctance to apply for promotion;
 - Resists new procedures which involve internal controls;
 - Service users are told that they can only ever speak to one named member of staff;
 - Reluctant to take leave.
- 6.4 Data matching, such as the National Fraud Initiative, is an effective method to detect irregularities. The Council participates in this Initiative and regularly provides information for data matching purposes with the data of other public bodies. Services are also encouraged to undertake proactive data matching exercises. Periodically testing for anomalies can highlight irregular transactions before other methods such as a routine audit. As well as acting as a deterrent, it also allows frauds to be stopped sooner.
- 6.5 Once an irregularity has been identified the matter should be brought, in the first instance, to the attention of the member of staff's line manager.
- 6.6 Line managers should report the matter, if appropriate to their manager, and seek guidance from the service's HR business partner. If this is not known a request can be made to the HR service centre.
- 6.7 If an allegation relates to a member of staff's line manager, then the matter should be escalated to the next most senior person who is not involved. If the matter is considered particularly serious then consideration should be given to using the whistleblowing procedure. Further details can be found on the Zone at <http://thezone/nmsruntime/saveasdialog.asp?IID=21790&SID=8142>
- 6.8 Regardless of the reporting method the Council will ensure that the information received will be treated confidentially.
- 6.9 All employees are required to report any circumstances which may suggest an irregularity affecting the finances, property, services or policy of the Council.
- 6.10 Internal and External audit can assist services in detecting irregularities.

7 INVESTIGATION

- 7.1 Aberdeen City Council will take immediate and robust action in accordance with the Managing Discipline/Employee Investigation policy against any staff who are suspected of breaching any part of this policy.
- 7.2 Investigations fall into two categories; Civil and Criminal with each having its own definition of guilt. Each allegation will be assessed on its own merits and the most appropriate person will be allocated to investigate. Investigations can be time consuming and complex therefore it is important that investigators are given support and that consideration be given to re-allocating their own work where appropriate.
- 7.3 The nature of the allegation will often dictate who is responsible for the investigation. Where a member of staff has been implicated it will be up to the individual service to determine, in line with the Managing Discipline/Employee Investigation Policy, what initial action will be taken. The policy can be accessed at <http://thezone/nmsruntime/saveasdialog.asp?IID=21772&SID=8502>
- 7.4 Investigation officer's must ensure that the Head of Finance and the Monitoring Officer has been notified upon commencement and completion of an investigation which involves fraud, bribery or corruption.
- 7.5 It should be borne in mind that whilst making enquiries investigators may uncover additional evidence which may in turn implicate other staff.
- 7.6 In the event that an investigation uncovers evidence which suggests that there has been a breach of criminal law, the investigation officer will discuss the findings with a representative from HR and a senior manager from the service involved. The final decision on whether the case is pursued criminally will rest with the service.
- 7.7 Where it has been established that employees who have been in receipt of state benefit, have failed to adhere to the terms of receiving the benefit i.e where an overpayment has occurred, shall be subject to Council disciplinary action.
- 7.8 Any allegations relating to the conduct of Elected Members will be referred to the Public Standards Commissioner or Police Scotland.
- 7.9 The Council's Corporate Fraud Investigation Team are responsible for managing and investigating a wide range of abuses against Council Services Eg, Blue Badge Fraud, Housing Tenancy Fraud, Non Domestic Rate Fraud etc. Details of how to make a referral or contact the team are available on the Zone.
- 7.10 The Corporate Fraud Investigation Team will also undertake employee investigation as per the Managing Discipline/Employee Investigation Guide. The team will also undertake intelligence led proactive investigations relating to staff matters. These could include but are not limited to, for example, data matching single person discount council tax records with staff addresses.
- 7.11 All allegations relating to benefit fraud should be made to www.gov.uk/benefit-fraud

7.11 Where information has been received via the whistleblowing procedure it will be up to the Monitoring Officer to decide who will be responsible for the investigation.

POLICY ADMINISTRATION

Person responsible for policy:	Steve Whyte (Head of Finance)
Enquiries regarding policy:	Brian Muldoon (Corporate Investigation Manager)
Policy implementation date:	15 September 2015
Latest version:	1
Updates:	This policy will be reviewed every two years or where there has been a change in legislation relating to fraud, bribery or corruption.

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Exempt information as described in paragraph(s) 1 of Schedule 7A of the Local Government (Scotland) Act 1973.

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