

# Public Document Pack



To: Councillor Flynn, Convener; Councillor Yuill, Vice Convener; and Councillors Allard, Duncan, Graham, Lumsden, Avril MacKenzie, Reynolds and Townson.

Town House,  
ABERDEEN 27 November 2018

## **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 **TUESDAY, 4 DECEMBER 2018 at 2.00 pm.**

FRASER BELL  
CHIEF OFFICER - GOVERNANCE

### **B U S I N E S S**

#### **DETERMINATION OF URGENT BUSINESS**

1.1 There are no items of urgent business at this time

#### **DETERMINATION OF EXEMPT BUSINESS**

2.1 Members are requested to determine that any exempt business be considered with the Press and Public excluded

#### **DECLARATIONS OF INTEREST**

3.1 Members are requested to intimate any declarations of interest (Pages 5 - 6)

#### **REQUESTS FOR DEPUTATION**

4.1 There are no requests at this time

## **MINUTE OF PREVIOUS MEETING**

- 5.1 Minute of Previous Meeting of 25 September 2018 (Pages 7 - 18)

## **COMMITTEE BUSINESS PLANNER**

- 6.1 Committee Business Planner (Pages 19 - 24)

## **NOTICE OF MOTION**

- 7.1 There are none at this time

## **FINANCE, PERFORMANCE RISK AND SERVICE WIDE ISSUES**

### **Performance and Improvement**

- 8.1 SPSO Decisions, Inspector of Crematoria Complaint Decisions - CUS/18/297 (Pages 25 - 36)
- 8.2 RIPSA Activity - GOV/18/073 (Pages 37 - 42)
- 8.3 ALEO Assurance Hub Annual Review - GOV/18/235 (Pages 43 - 70)
- 8.4 MOT Issues - OPE/18/236 (Pages 71 - 78)

### **Control Environment and Assurance - Internal**

- 8.5 Internal Audit Progress Report - IA/18/017 (Pages 79 - 90)
- 8.6 Transformation - IA/AC/1910 (Pages 91 - 102)
- 8.7 Devolved Education Management - IA/AC/1903 (Pages 103 - 114)
- 8.8 Internal Transport Tendering Procedures - IA/AC/1830 (Pages 115 - 126)
- 8.9 Business Rates - IA/AC/1911 (Pages 127 - 142)

### **Control Environment and Assurance – Audit Follow Up**

- 8.10 Internal Audit Follow Up on Recommendations IA/18/018 (Pages 143 - 178)

EHRIA's related to reports on this agenda can be viewed at  
[Equality and Human Rights Impact Assessments](#)

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Should you require any further information about this agenda, please contact Karen Finch, tel 01224 522723 or email [kfinch@aberdeency.gov.uk](mailto:kfinch@aberdeency.gov.uk)

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# Agenda Item 3.1

You must consider at the earliest stage possible whether you have an interest to declare in relation to any matter which is to be considered. You should consider whether reports for meetings raise any issue of declaration of interest. Your declaration of interest must be made under the standing item on the agenda, however if you do identify the need for a declaration of interest only when a particular matter is being discussed then you must declare the interest as soon as you realise it is necessary. The following wording may be helpful for you in making your declaration.

I declare an interest in item (x) for the following reasons .....

*For example, I know the applicant / I am a member of the Board of X / I am employed by...*  
and I will therefore withdraw from the meeting room during any discussion and voting on that item.

**OR**

I have considered whether I require to declare an interest in item (x) for the following reasons ..... however, having applied the objective test, I consider that my interest is so remote / insignificant that it does not require me to remove myself from consideration of the item.

**OR**

I declare an interest in item (x) for the following reasons ..... however I consider that a specific exclusion applies as my interest is as a member of xxxx, which is

- (a) a devolved public body as defined in Schedule 3 to the Act;
- (b) a public body established by enactment or in pursuance of statutory powers or by the authority of statute or a statutory scheme;
- (c) a body with whom there is in force an agreement which has been made in pursuance of Section 19 of the Enterprise and New Towns (Scotland) Act 1990 by Scottish Enterprise or Highlands and Islands Enterprise for the discharge by that body of any of the functions of Scottish Enterprise or, as the case may be, Highlands and Islands Enterprise; or
- (d) a body being a company:-
  - i. established wholly or mainly for the purpose of providing services to the Councillor's local authority; and
  - ii. which has entered into a contractual arrangement with that local authority for the supply of goods and/or services to that local authority.

**OR**

I declare an interest in item (x) for the following reasons.....and although the body is covered by a specific exclusion, the matter before the Committee is one that is quasi-judicial / regulatory in nature where the body I am a member of:

- is applying for a licence, a consent or an approval
- is making an objection or representation
- has a material interest concerning a licence consent or approval
- is the subject of a statutory order of a regulatory nature made or proposed to be made by the local authority.... and I will therefore withdraw from the meeting room during any discussion and voting on that item.

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## AUDIT, RISK AND SCRUTINY COMMITTEE

ABERDEEN, 25 September 2018. Minute of Meeting of the AUDIT, RISK AND SCRUTINY COMMITTEE. Present:- Councillor Flynn, Convener; Councillor Yuill, Vice-Convener; Councillor Donnelly, the Depute Provost (as substitute for Councillor Lumsden); and Councillors Allard, Duncan, Graham, Houghton (as substitute for Councillor Reynolds until item 8.1), Avril MacKenzie and Townson and Wheeler (as substitute for Councillor Reynolds from item 8.1).

**The agenda and reports associated with this minute can be found at:-**

**<https://committees.aberdeencity.gov.uk/ieListDocuments.aspx?CId=507&MIId=6258&Ver=4>**

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

### DETERMINATION OF EXEMPT BUSINESS

1. The Convener proposed that the Committee consider item 9.1 (Corporate Investigation Team Annual Report) (article 25 of this minute) on the agenda with the press and public excluded.

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

in terms of Section 50(A)(4) of the Local Government (Scotland) Act 1973, to exclude the press and public from the meeting during consideration of item 9.1 on the agenda so as to avoid disclosure of exempt information of the class described in paragraph 14.

### DECLARATIONS OF INTEREST

2. Members were requested to intimate any declarations of interest in respect of the items on the agenda, thereafter, the following declaration of interest was intimated:-

(1) Councillor Duncan declared an interest in item 8.4 (ALEO Assurance Hub) (article 8) by virtue of her position as a Board Member of Aberdeen Performing Arts and considered that the nature of her interest did not require her to leave the meeting at that item on the agenda.

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

to note the declaration of interest.

### MINUTE OF PREVIOUS MEETING OF 26 JUNE 2018

3. The Committee had before it the minute of its previous meeting of 26 June 2018.

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**The Committee resolved:-**

to approve the minute as an accurate record.

**COMMITTEE BUSINESS PLANNER**

4. The Committee had before it the Business Planner as prepared by the clerk.

**The Committee resolved:-**

- (i) to note that items 6 (Transformation), 9 (Devolved Education Management), 11 (Internal Transport Tendering Procedures) and 14 (Digital Strategy) would be transferred to the 4 December 2018 meeting;
- (ii) to note that items 18 (Health and Social Care Partnership Charging Policy) and 22 (Money Laundering) would be transferred to the 14 February 2019 meeting; and
- (iii) to otherwise note the content of the business planner.

**INFORMATION GOVERNANCE ANNUAL STATEMENT 2017-2018 - GOV/18/072**

5. The Committee had before it a report by the Chief Officer Business Intelligence and Performance Management which presented the annual report on the Council's Information Governance Performance, including information relating to the changes implemented through the Council's readiness approach to ensure compliance with the General Data Protection Regulation (GDPR) and the Data Protection Act 2018.

**The report recommended:**

That the Committee -

- (a) notes the information provided about the Council's information governance performance at sections 3.1 – 3.5 and in the Information Governance Report at Appendix 1; and
- (b) notes the implementation of changes made through the Council's GDPR readiness approach, as part of the Council's wider information assurance improvement plan at sections 3.6 – 3.9.

Members asked questions around the level of GDPR training in place, to ensure that all employees were able to complete the mandatory training, wherein the Information Manager advised that there were various methods available, including group sessions and online training.

**The Committee resolved:-**

to approve the recommendations contained in the report.



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**CORPORATE RISK REGISTER - GOV/018/076**

6. The Committee had before it a report by the Chief Officer Governance which presented the Corporate Risk Register in accordance with the Risk Management Framework.

**The report recommended:**

That the Committee -

- (a) note the Corporate Risk Register as set out in Appendix A;
- (b) note that the Corporate Risk Register would be further developed to correlate risks with organisational outcomes and that this would be completed as the Local Outcome Improvement Plan is refreshed; and
- (c) note the progress being made with finalising Cluster Risk Registers for all Chief Officer areas and the proposed timetable for reporting those to relevant committees as set out in Appendix B.

Members asked various questions in relation to the content of the Corporate Risk Register.

**The Committee resolved:-**

- (i) in response to questions from Councillors Allard and Donnelly regarding the Workforce of the Future risk specifically around the potential impact of Brexit for current and future employees from the EU, to note that the Interim Chief Officer People and Organisation would provide a response to the Committee outwith the meeting; and
- (ii) to otherwise approve the recommendations contained in the report.

**RIPSA ANNUAL REPORT - GOV/18/073**

7. The Committee had before it a report by the Chief Officer Governance which presented the annual statement on the Council's Regulation of Investigatory Powers (Scotland) Act 2000 (RIPSA) policy and the statistical information on relevant activity.

**The report recommended:**

that the Committee note the update within the report and protocol.

**The Committee resolved:-**

- (i) in response to a question from Councillor Townson relating to section 6.2 within the protocol and the terminology for employees, to note that Officers would clarify the terminology and circulate a response to the Committee; and
- (ii) to otherwise approve the recommendation contained in the report.

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**DECLARATIONS OF INTEREST**

**Councillor Wheeler declared an interest in the following article due him to being a Council appointed Director of the Aberdeen Sports Village and considered that the nature of his interest did not require him to leave the meeting during consideration of the item.**

**ALEO ASSURANCE HUB - GOV/18/075**

8. The Committee had before it a report by the Chief Officer Governance which provided assurance on the risk management, financial management and governance arrangements of Arm's Length External Organisations (ALEOs) within the ALEO Assurance Hub's terms of reference.

**The report recommended:**

That the Committee -

- (a) note the level of assurance provided by each ALEO on risk management, financial management and governance; and
- (b) note that the Assurance Hub officers and ALEO Service Leads would discuss any outstanding issues identified in the appendices and identified at the Audit, Risk and Scrutiny Committee with ALEO representatives, with a view to improving the assessment ratings at the next Hub meeting.

**The Committee resolved:-**

to approve the recommendations contained in the report.

**FLEET AND MOT ISSUES - OPE/18/127**

9. With reference to article 13 of the minute of its meeting of 8 May 2018, the Committee had before it a report by the Chief Operating Officer which provided an update in relation to the results of the Freight Transport Association (FTA) Audit.

**The report recommended:**

that the Committee acknowledge the steps taken to address the matters raised in the FTA Audit report and be advised of the continuing Corporate Investigation enquiry.

**The Committee resolved:-**

- (i) in response to a question from Councillor Allard relating to the FTA Audit report stating that there was currently no detailed trend analysis for incidents and whether this was accurate, to note that the Chief Officer Operations and Protective Services would liaise with Officers and provide a response to the Committee; and
- (ii) to otherwise approve the recommendation contained in the report.

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**SCOTTISH PUBLIC SERVICES OMBUDSMAN DECISIONS AND INSPECTOR OF CREMATORIA COMPLAINT DECISIONS - CUS/18/081**

10. The Committee had before it a report by the Director for Customer which provided information on all Scottish Public Services Ombudsman (SPSO) and Inspector of Crematoria decisions made in relation to Aberdeen City Council since the last reporting cycle to provide assurance that complaints and Scottish Welfare Fund applications were being handled appropriately.

**The report recommended:**

that the Committee note the content of the report.

**The Committee resolved:-**

to approve the recommendation contained in the report.

**INTERNAL AUDIT PROGRESS REPORT - IA/18/016**

11. The Committee had before it a report by the Chief Internal Auditor which advised on progress against the 2017/18 and 2018/19 internal audit plans.

**The Committee resolved:-**

to note the content of the report.

**TIMESHEETS AND ALLOWANCES - IA/AC1909**

12. The Committee had before it a report by the Chief Internal Auditor which presented an audit in relation to Timesheets and Allowances which reviewed a sample of timesheets to ensure that they had been completed, authorised and paid correctly.

**The Committee resolved:-**

- (i) in response to questions regarding when the new payroll system would be in place, to note that testing of the system was underway and that the system would be available early in 2019 and if the timescales were to change due to the results of testing that the Committee would be informed; and
- (ii) to otherwise note the content of the report and endorse the recommendations for improvement as agreed by the Service.

**GENERAL DATA PROTECTION REGULATIONS - IA/AC/1904**

13. The Committee had before it a report by the Chief Internal Auditor which presented an audit in relation to General Data Protection Regulations (GDPR) which was undertaken

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to provide assurance that the Council had adequate arrangements in place that were understood across the organisation to protect the Council's information.

**The Committee resolved:-**

to note the content of the report and endorse the recommendations for improvement as agreed by the Service.

**UNIVERSAL CREDIT AND HOUSING RENT - IA/AC1905**

14. The Committee had before it a report by the Chief Internal Auditor which presented an audit in relation to Universal Credit and the impact on Housing Rent which was undertaken to provide assurance that appropriate arrangements had been put in place to manage the impact of Universal Credit on rent collection including intervention relating to identified vulnerable cases.

**The Committee resolved:-**

to note the content of the report and endorse the recommendations for improvement as agreed by the Service.

**DEBTORS SYSTEM - IA/AC1902**

15. The Committee had before it a report by the Chief Internal Auditor which presented an audit in relation to the Debtors System which was undertaken to provide assurance over system controls, documentation supporting invoices raised and the debt recovery process.

**The Committee resolved:-**

to note the content of the report and endorse the recommendations for improvement as agreed by the Service.

**VAT - IA/AC1906**

16. The Committee had before it a report by the Chief Internal Auditor which presented an audit report in relation to VAT which was undertaken to provide assurance over arrangements in place to maximise the recovery of VAT and to ensure that VAT recovered was adequately supported.

**The Committee resolved:-**

to note the content of the report and endorse the recommendations for improvement as agreed by the Service.

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**CREDITORS PAYMENTS - IA/AC1901**

17. The Committee had before it a report by the Chief Internal Auditor which presented an audit in relation Creditors Payments which was undertaken to provide assurance that there were adequate controls around the interface of payment data from named systems to the Creditors System and that any associated balance sheet or suspense codes were reconciled on a regular basis.

**The Committee resolved:-**

to note the content of the report and endorse the recommendations for improvement as agreed by the Service.

**FIXED ASSET REGISTER - IA/AC1823**

18. The Committee had before it a report by the Chief Internal Auditor which presented a report in relation to the Fixed Asset Register which considered whether procedures for ensuring timely recording of the acquisition or disposal of assets were adequate, revaluations were undertaken in accordance with recognised best practice and that a sample of recorded assets existed and those assets required to be recorded were.

**The Committee resolved:-**

- (i) in response to a question from Councillor Allard regarding whether there had been any breaches relating to publishing the Common Good register, to note that if there had been, information would be circulated to the Committee; and
- (ii) to otherwise note the content of the report and endorse the recommendations for improvement as agreed by the Service.

**STORES PURCHASING - IA/AC1829**

19. The Committee had before it a report by the Chief Internal Auditor which presented an audit in relation to Stores Purchasing which considered whether adequate controls were in place regarding procurement and receipt of materials.

**The Committee resolved:-**

- (i) in response to a question from Councillor Duncan regarding why contracts had not been signed by suppliers that were still being used, to note that the Chief Officer Commercial and Procurement would liaise with officers and provide a response to the Committee;
- (ii) to otherwise note the content of the report and endorse the recommendations for improvement as agreed by the Service.

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**EXTERNAL AUDIT ANNUAL REPORT**

**20.** The Committee had before it a report by the External Auditor which presented their annual report on their conclusions in respect of the wider scope matters of Audit Scotland's Code of Audit Practice including financial management, financial sustainability, governance and transparency and value for money.

**The Committee resolved:-**

to note the content of the report.

**AUDIT SCOTLAND'S REPORT ON COUNCILS' USE OF ARM'S LENGTH ORGANISATIONS - GOV/18/078**

**21.** The Committee had before it a report by the Chief Officer Governance which presented Audit Scotland's recently published report on 'Councils' use of arms-length organisations' and outlined the Council's proposed response to Audit Scotland's report recommendations.

**The report recommended:**

That the Committee –

- (a) review, discuss and comment on Audit Scotland's report as attached at Appendix A;
- (b) note that there were no direct recommendations for Aberdeen City Council within Audit Scotland's report; and
- (c) to endorse the Council's proposed response to the report's recommendations.

**The Committee resolved:-**

- (i) to congratulate staff involved with the ALEO Hub for the work undertaken to date and the positive audit report; and
- (ii) to otherwise approve the recommendations contained in the report.

**ACCOUNTS COMMISSION - LOCAL GOVERNMENT IN SCOTLAND CHALLENGES AND PERFORMANCE 2018 - GOV/018/077**

**22.** The Committee had before it a report by the Chief Officer Governance which provided assurance on actions being taken or proposed to be taken to respond to the recommendations from the Accounts Commission within their report 'Local Government in Scotland: Challenges and Performance 2018'.

**The report recommended:**

That the Committee -

- (a) note the report from the Accounts Commission; and

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- (b) note the responses from officers against the recommendations contained in the Accounts Commission report.

**The Committee resolved:-**

to approve the recommendations contained in the report.

**FOLLOW UP ON AGREED INTERNAL AUDIT RECOMMENDATIONS - GOV/18/171**

**23.** The Committee had before it a report by the Chief Officer Governance which provided further information on internal audit recommendations which had not been progressed in accordance with agreed timescales.

**The report recommended:**

That the Committee –

- (a) note the responses from Chief Officers and Internal Audit as detailed;
- (b) agrees to remove the following items from the internal audit report on overdue recommendations:
- (1) AC1714 – Land and Buildings;
  - (2) AC1806 – Corporate Landlord Responsibilities (2.2.4, 2.2.6 and 2.2.8);
  - (3) AC1709 – Care First System;
  - (4) AC1814 – Travel Costs;
  - (5) AC1805 – Attendance Management;
  - (6) AC1621 – ALEOs;
  - (7) AC1722 – ALEOS – Management by Services (Integrated Children’s and Family Services);
  - (8) AC1623 – Compliance with Procurement Legislation
  - (9) AC1602 – Craft Workers Terms and Conditions;
  - (10) AC1705 – Roads Payroll;
  - (11) AC1808 – Vehicle Maintenance;
  - (12) AC1709 – Care First System;
  - (13) AC1803 – Health and Safety – SSERC;
  - (14) AC1809 – Care of Children; and
  - (15) AC1826 – Out of Authority Placements;
- (c) agree that the following items remain listed in the internal audit report on overdue recommendations at the present time:
- (1) AC1806 – Corporate Landlord Responsibilities (2.2.3, 2.3.8 and 2.3.13);
  - (2) AC1812 – Financial Ledger System;
  - (3) AC1722 – ALEOS – Management by Services (Integrated Children’s and Family Services);
  - (4) AC1608 – Trade Waste
  - (5) AC1604 – Payment Controls in Children’s Social Work
  - (6) AC1811 – Placing Requests
  - (7) AC1722 – ALEOs – Management by Services (Health and Social Care Partnership)

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(8) AC1617 – Self-Directed Support (Health and Social Care Partnership)

The Chief Internal Auditor advised that in order to comply with the Internal Audit Standards, he would still be required to monitor all outstanding recommendations until such time as they had been fully completed.

**The Committee resolved:-**

to instruct the Chief Internal Auditor to continue to monitor and report to this Committee on all outstanding audit recommendations.

**INTERNAL AUDIT FOLLOW UP ON AGREED RECOMMENDATIONS - IA/18/015**

24. The Committee had before it a report by the Chief Internal Auditor which advised on progress made by Services with implementing recommendations that had been agreed in Internal Audit reports.

**The Committee resolved:-**

to note the content of the report and request all Services to undertake the work required to complete the outstanding audit recommendations.

**In accordance with the decision recorded under article 2 of this minute, the following item of business was considered with the press and public excluded.**

**CORPORATE INVESTIGATION TEAM ANNUAL REPORT 2017/18**

25. The Committee had before it a report by the Chief Officer Governance which presented the Corporate Investigation Team's Annual Report for 2017/18.

**The report recommended:**

that the Committee note the level of activity and statistics undertaken during the year.

Members asked various questions in relation to the report.

**The Committee resolved:-**

- (i) to note the thanks to the Corporate Investigation Team for their work in this area over the past year;
- (ii) to otherwise approve the recommendation contained in the report.

- **COUNCILLOR STEPHEN FLYNN, Convener**



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|    | A                                                                                                                                                                          | B                                                                                                                                                                                     | C                       | D             | E             | F           | G                  | H                                                                       | I                                                                                                         |
|----|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|---------------|---------------|-------------|--------------------|-------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------|
| 1  | <b>AUDIT, RISK &amp; SCRUTINY COMMITTEE BUSINESS PLANNER</b>                                                                                                               |                                                                                                                                                                                       |                         |               |               |             |                    |                                                                         |                                                                                                           |
|    | The Business Planner details the reports which have been instructed by the Committee as well as reports which the Functions expect to be submitting for the calendar year. |                                                                                                                                                                                       |                         |               |               |             |                    |                                                                         |                                                                                                           |
| 2  | Report Title                                                                                                                                                               | Minute Reference/Committee Decision or Purpose of Report                                                                                                                              | Update                  | Report Author | Chief Officer | Directorate | Terms of Reference | Delayed or Recommended for removal or transfer, enter either D, R, or T | Explanation if delayed, removed or transferred                                                            |
| 3  |                                                                                                                                                                            |                                                                                                                                                                                       | <b>04 December 2018</b> |               |               |             |                    |                                                                         |                                                                                                           |
| 4  | Transformation                                                                                                                                                             | To provide assurance that the Council has appropriate arrangements in place to ensure the success of its transformational aspirations.                                                | on the agenda           | David Hughes  | Governance    | Governance  | 2.2                |                                                                         |                                                                                                           |
| 5  | Devolved Education Management                                                                                                                                              | To provide assurance that the scheme in place is adequate and that the decision making process is appropriate based on delegations in place.                                          | on the agenda           | David Hughes  | Governance    | Governance  | 2.2                |                                                                         |                                                                                                           |
| 6  | Internal Transport Tendering Procedures                                                                                                                                    | to consider whether robust tendering procedures are in place and are operating satisfactorily.                                                                                        | on the agenda           | David Hughes  | Governance    | Governance  | 2.2                |                                                                         |                                                                                                           |
| 7  | Digital Strategy                                                                                                                                                           | To provide assurance that there are appropriate plans in place to manage the Council's digital strategy including reporting of progress against established milestones.               |                         | David Hughes  | Governance    | Governance  | 2.2                | D                                                                       | Commencement delayed at request of Service pending Chief Officer – Digital and Technology taking up post. |
| 8  | Internal Audit Progress and Performance                                                                                                                                    | To provide an update on progress for the 2017/18 and 2018/19 audit                                                                                                                    | on the agenda           | David Hughes  | Governance    | Governance  | 2.4                |                                                                         |                                                                                                           |
| 9  | Voluntary Severance / Early Retirement (VSER) Scheme                                                                                                                       | To provide assurance that the terms of the VSER Scheme are complied with and that payments made / enhancements to pensions are accurate.                                              |                         | David Hughes  | Governance    | Governance  | 2.2                | D                                                                       | Further testing is required to be undertaken in this area.                                                |
| 10 | Compliance with Procurement Legislation and Council Regulations                                                                                                            | To provide assurance that the Council has appropriate arrangements in place that are being complied with, to ensure compliance with procurement legislation and internal regulations. |                         | David Hughes  | Governance    | Governance  | 2.2                | D                                                                       | Delayed due to delays with other audits and additional follow up work on recommendations.                 |
| 11 | Business Rates                                                                                                                                                             | To provide assurance over the accuracy of Business Rates billing and robustness of collection arrangements.                                                                           | on the agenda           | David Hughes  | Governance    | Governance  | 2.2                |                                                                         |                                                                                                           |

|    | A                                                                                                                                                                          | B                                                                                                                                                                                                                                                                                                                                    | C             | D              | E                                  | F           | G                  | H                                                                       | I                                                                                                                                                                            |
|----|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|----------------|------------------------------------|-------------|--------------------|-------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1  | <b>AUDIT, RISK &amp; SCRUTINY COMMITTEE BUSINESS PLANNER</b>                                                                                                               |                                                                                                                                                                                                                                                                                                                                      |               |                |                                    |             |                    |                                                                         |                                                                                                                                                                              |
|    | The Business Planner details the reports which have been instructed by the Committee as well as reports which the Functions expect to be submitting for the calendar year. |                                                                                                                                                                                                                                                                                                                                      |               |                |                                    |             |                    |                                                                         |                                                                                                                                                                              |
| 2  | Report Title                                                                                                                                                               | Minute Reference/Committee Decision or Purpose of Report                                                                                                                                                                                                                                                                             | Update        | Report Author  | Chief Officer                      | Directorate | Terms of Reference | Delayed or Recommended for removal or transfer, enter either D, R, or T | Explanation if delayed, removed or transferred                                                                                                                               |
| 12 | Data security in a cloud based environment                                                                                                                                 | To provide assurance over the Council's arrangements to ensure data security where business is transacted through the Cloud.                                                                                                                                                                                                         |               | David Hughes   | Governance                         | Governance  | 2.2                | D                                                                       | There have been delays in information requested by Internal Audit being received from the Service. Subsequently, the Auditor undertaking this audit has left Internal Audit. |
| 13 | National Care Home Contract                                                                                                                                                | To provide assurance that risk to supply is controlled through adequate monitoring of supply and suppliers and related business continuity plans. (Ref Kingsmead Nursing Home.)                                                                                                                                                      |               | David Hughes   | Governance                         | Governance  | 2.2                | D                                                                       | Delayed due to delays with other audits and additional follow up work on recommendations.                                                                                    |
| 14 | MOT Issues                                                                                                                                                                 | AR&S 8 May instruct the Chief Operating Officer to report back to this Committee within two committee cycles, following the completion of the investigation and following consideration of the matter being concluded at Operational Delivery Committee                                                                              | on the agenda | Mark Reilly    | Operations and Protective Services | Operations  | 6.2                |                                                                         |                                                                                                                                                                              |
| 15 | SPSO Decisions, Inspector of Crematoria Complaint Decisions                                                                                                                | In order to provide assurance to Committee that complaints and Scottish Welfare Fund applications are being handled appropriately, this report provides information on all Scottish Public Services Ombudsman (SPSO) and Inspector of Crematoria decisions made in relation to Aberdeen City Council since the last reporting cycle. | on the agenda | Lucy Mackenzie | Customer Experience                | Customer    | 6.9                |                                                                         |                                                                                                                                                                              |
| 16 | ALEO Assurance Hub Annual Review                                                                                                                                           | To review the ALEO Assurance Hub terms of reference and oversight of ALEOs over the previous 12 months                                                                                                                                                                                                                               | on the agenda | Iain Robertson | Governance                         | Governance  | 1.2                |                                                                         |                                                                                                                                                                              |
| 17 | RIPSA Activity                                                                                                                                                             | Audit, Risk and Scrutiny Committee's decision 26/9/17 the Committee requested quarterly updates on policy/compliance. The update includes an update on training delivered, the number of applications "live" and extant, and any new procedural requirements.                                                                        | on the agenda | Jess Anderson  | Governance                         | Governance  | 5.2                |                                                                         |                                                                                                                                                                              |
| 18 | Internal Audit Follow Up on Recommendations                                                                                                                                | To provide an update on where Services are with implementing agreed recommendations                                                                                                                                                                                                                                                  | on the agenda | David Hughes   | Governance                         | Governance  | 2.3                |                                                                         |                                                                                                                                                                              |
| 19 | <b>14 February 2019</b>                                                                                                                                                    |                                                                                                                                                                                                                                                                                                                                      |               |                |                                    |             |                    |                                                                         |                                                                                                                                                                              |

|    | A                                                                                                                                                                                                                                          | B                                                                                                                                                                                                                                                                                                                                    | C      | D              | E                      | F           | G                      | H                                                                       | I                                              |
|----|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|----------------|------------------------|-------------|------------------------|-------------------------------------------------------------------------|------------------------------------------------|
| 1  | <b>AUDIT, RISK &amp; SCRUTINY COMMITTEE BUSINESS PLANNER</b><br>The Business Planner details the reports which have been instructed by the Committee as well as reports which the Functions expect to be submitting for the calendar year. |                                                                                                                                                                                                                                                                                                                                      |        |                |                        |             |                        |                                                                         |                                                |
| 2  | Report Title                                                                                                                                                                                                                               | Minute Reference/Committee Decision or Purpose of Report                                                                                                                                                                                                                                                                             | Update | Report Author  | Chief Officer          | Directorate | Terms of Reference     | Delayed or Recommended for removal or transfer, enter either D, R, or T | Explanation if delayed, removed or transferred |
| 20 | Health and Social Care Partnership Charging Policy                                                                                                                                                                                         | To provide assurance that there is a clear charging policy in place and that it is being complied with.                                                                                                                                                                                                                              |        | David Hughes   | Governance             | Governance  | 2.2                    |                                                                         |                                                |
| 21 | Money Laundering                                                                                                                                                                                                                           | To present the reviewed Money Laundering policy for approval.                                                                                                                                                                                                                                                                        |        | Brian Muldoon  | Governance             | Governance  | GD7.1                  |                                                                         |                                                |
| 22 | Internal Audit Progress and Performance                                                                                                                                                                                                    | To provide an update on progress for the 2018/19 audit                                                                                                                                                                                                                                                                               |        | David Hughes   | Governance             | Governance  | 2.4                    |                                                                         |                                                |
| 23 | Internal Audit Follow Up on Recommendations                                                                                                                                                                                                | To provide an update on where Services are with implementing agreed recommendations                                                                                                                                                                                                                                                  |        | David Hughes   | Governance             | Governance  | 2.3                    |                                                                         |                                                |
| 24 | Health and Safety                                                                                                                                                                                                                          | To provide assurance that appropriate arrangements to manage Health and Safety have been implemented across the Council.                                                                                                                                                                                                             |        | David Hughes   | Governance             | Governance  | 2.2                    |                                                                         |                                                |
| 25 | Prevention of Fraud, Bribery and Corruption                                                                                                                                                                                                | To provide assurance that the Council's arrangements for the prevention of fraud, bribery and corruption are adequate and proportionate.                                                                                                                                                                                             |        | David Hughes   | Governance             | Governance  | 2.2                    |                                                                         |                                                |
| 26 | Pupil Equity Fund                                                                                                                                                                                                                          | To provide assurance that schools are spending in accordance with their plans, and that these were developed as required, to close the poverty related attainment gap.                                                                                                                                                               |        | David Hughes   | Governance             | Governance  | 2.2                    |                                                                         |                                                |
| 27 | i-World                                                                                                                                                                                                                                    | To provide assurance that appropriate control is being exercised over the i-World system and that interfaces to and from other systems are accurate and properly controlled.                                                                                                                                                         |        | David Hughes   | Governance             | Governance  | 2.2                    |                                                                         |                                                |
| 28 | Craft Workers' Terms and Conditions                                                                                                                                                                                                        | To provide assurance that new Terms and Conditions have been implemented and are being complied with.                                                                                                                                                                                                                                |        | David Hughes   | Governance             | Governance  | 2.2                    |                                                                         |                                                |
| 29 | Bond Governance                                                                                                                                                                                                                            | To provide assurance that the requirements of the Bond Trust Deed are complied with.                                                                                                                                                                                                                                                 |        | David Hughes   | Governance             | Governance  | 2.2                    |                                                                         |                                                |
| 30 | SPSO Decisions, Inspector of Crematoria Complaint Decisions                                                                                                                                                                                | In order to provide assurance to Committee that complaints and Scottish Welfare Fund applications are being handled appropriately, this report provides information on all Scottish Public Services Ombudsman (SPSO) and Inspector of Crematoria decisions made in relation to Aberdeen City Council since the last reporting cycle. |        | Lucy Mackenzie | Customer Experience    | Customer    | 6.9                    |                                                                         |                                                |
| 31 | Equal Pay Audit                                                                                                                                                                                                                            | To present the outcome of the Equal Pay Audit.                                                                                                                                                                                                                                                                                       |        | Neil Yacamini  | People                 | Resources   | 5.2 & 6.7              |                                                                         |                                                |
| 32 | ICT Access Control Policy                                                                                                                                                                                                                  | To seek the Audit, Risk & Scrutiny Committee's approval of a draft ICT Access Control Policy                                                                                                                                                                                                                                         |        | Lita Greenwell | Digital and Technology | Customer    | Purpose 1.1, Remit 1.4 |                                                                         |                                                |

|    | A                                                                                                                                                                                                                                          | B                                                                                                                                                                                                                                                             | C                    | D                    | E                                            | F                  | G                         | H                                                                              | I                                                                                                                                                            |
|----|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|----------------------|----------------------------------------------|--------------------|---------------------------|--------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1  | <b>AUDIT, RISK &amp; SCRUTINY COMMITTEE BUSINESS PLANNER</b><br>The Business Planner details the reports which have been instructed by the Committee as well as reports which the Functions expect to be submitting for the calendar year. |                                                                                                                                                                                                                                                               |                      |                      |                                              |                    |                           |                                                                                |                                                                                                                                                              |
| 2  | <b>Report Title</b>                                                                                                                                                                                                                        | <b>Minute Reference/Committee Decision or Purpose of Report</b>                                                                                                                                                                                               | <b>Update</b>        | <b>Report Author</b> | <b>Chief Officer</b>                         | <b>Directorate</b> | <b>Terms of Reference</b> | <b>Delayed or Recommended for removal or transfer, enter either D, R, or T</b> | <b>Explanation if delayed, removed or transferred</b>                                                                                                        |
| 33 | ALEO Assurance Hub                                                                                                                                                                                                                         | To provide assurance to the Committee on the risk management, financial management and governance arrangements of the ALEOs within the remit of the                                                                                                           |                      | Vikki Cuthbert       | Governance                                   | Governance         | Remit 1.3                 |                                                                                |                                                                                                                                                              |
| 34 |                                                                                                                                                                                                                                            |                                                                                                                                                                                                                                                               | <b>30 April 2019</b> |                      |                                              |                    |                           |                                                                                |                                                                                                                                                              |
| 35 | Internal Audit Progress and Performance                                                                                                                                                                                                    | To provide an update on progress for the 2018/19 audit                                                                                                                                                                                                        |                      | David Hughes         | Governance                                   | Governance         | 2.4                       |                                                                                |                                                                                                                                                              |
| 36 | Internal Audit Follow Up on Recommendations                                                                                                                                                                                                | To provide an update on where Services are with implementing agreed recommendations                                                                                                                                                                           |                      | David Hughes         | Governance                                   | Governance         | 2.3                       |                                                                                |                                                                                                                                                              |
| 37 | Digital Booking, Fees and Charges                                                                                                                                                                                                          | To provide assurance over the controls around on-line booking and collection of fees and charges                                                                                                                                                              |                      | David Hughes         | Governance                                   | Governance         | 2.2                       |                                                                                |                                                                                                                                                              |
| 38 | Music Centre                                                                                                                                                                                                                               | To provide assurance that procedures have been improved following completion of work undertaken by Corporate Investigation Team.                                                                                                                              |                      | David Hughes         | Governance                                   | Governance         | 2.2                       |                                                                                |                                                                                                                                                              |
| 39 | Contract Management                                                                                                                                                                                                                        | To focus on recent identified issues<br>- 3rd Don Crossing<br>- Photovoltaic Panels<br><br>To include data/intelligence used for monitoring escalation of risk                                                                                                |                      | David Hughes         | Governance                                   | Governance         | 2.2                       |                                                                                |                                                                                                                                                              |
| 40 | Criminal Justice                                                                                                                                                                                                                           | To provide assurance that adequate control is exercised over income and expenditure, that system data is accurate and adequately supported, and that reporting arrangements between the Council and IJB are appropriate.                                      |                      | David Hughes         | Governance                                   | Governance         | 2.2                       |                                                                                |                                                                                                                                                              |
| 41 | Marchburn Park                                                                                                                                                                                                                             | Operational Delivery Committee 19 April 2018 that in regards to Marchburn Park, "to instruct the Chief Officer (Early Intervention and Community Empowerment) to bring a report to Audit following conclusion of all matters detailed within this report."    |                      | Neil Carnegie        | Early Intervention and Community Empowerment | Customer           | 6.2                       | D                                                                              | Work is still ongoing in this area therefore a report will be submitted to this Committee on completion of the work.<br><br>A Service Update to be provided. |
| 42 | RIPSA Activity                                                                                                                                                                                                                             | Audit, Risk and Scrutiny Committee's decision 26/9/17 the Committee requested quarterly updates on policy/compliance. The update includes an update on training delivered, the number of applications "live" and extant, and any new procedural requirements. |                      | Jess Anderson        | Governance                                   | Governance         | 5.2                       |                                                                                |                                                                                                                                                              |
| 43 |                                                                                                                                                                                                                                            |                                                                                                                                                                                                                                                               | <b>Other Items</b>   |                      |                                              |                    |                           |                                                                                |                                                                                                                                                              |

|    | A                                                                                                                                                                                                                                          | B                                                               | C             | D                    | E                    | F                  | G                         | H                                                                              | I                                                     |
|----|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------|---------------|----------------------|----------------------|--------------------|---------------------------|--------------------------------------------------------------------------------|-------------------------------------------------------|
| 1  | <b>AUDIT, RISK &amp; SCRUTINY COMMITTEE BUSINESS PLANNER</b><br>The Business Planner details the reports which have been instructed by the Committee as well as reports which the Functions expect to be submitting for the calendar year. |                                                                 |               |                      |                      |                    |                           |                                                                                |                                                       |
| 2  | <b>Report Title</b>                                                                                                                                                                                                                        | <b>Minute Reference/Committee Decision or Purpose of Report</b> | <b>Update</b> | <b>Report Author</b> | <b>Chief Officer</b> | <b>Directorate</b> | <b>Terms of Reference</b> | <b>Delayed or Recommended for removal or transfer, enter either D, R, or T</b> | <b>Explanation if delayed, removed or transferred</b> |
| 44 | Annual Committee Effectiveness Report                                                                                                                                                                                                      | To present the annual effectiveness report for the Committee.   | May-19        |                      | Governance           | Governance         | GD 7.4                    |                                                                                |                                                       |
| 45 | Risk Management Framework                                                                                                                                                                                                                  | To present the Risk Management Framework                        | Sep-19        | Ronnie McKean        | Governance           | Governance         | Purpose 1.2<br>Remit 1.1  |                                                                                |                                                       |
| 46 | Corporate Risk Register                                                                                                                                                                                                                    | To present the Corporate Risk Register                          | Sep-19        | Ronnie McKean        | Governance           | Governance         | Purpose 1.2<br>Remit 1.1  |                                                                                |                                                       |

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## ABERDEEN CITY COUNCIL

|                           |                                                                                              |
|---------------------------|----------------------------------------------------------------------------------------------|
| <b>COMMITTEE</b>          | Audit Risk and Scrutiny                                                                      |
| <b>DATE</b>               | 4 December 2018                                                                              |
| <b>REPORT TITLE</b>       | Scottish Public Services Ombudsman Decisions and Inspector of Crematoria Complaint Decisions |
| <b>REPORT NUMBER</b>      | CUS/18/297                                                                                   |
| <b>DIRECTOR</b>           | Andy MacDonald                                                                               |
| <b>REPORT AUTHOR</b>      | Lucy McKenzie                                                                                |
| <b>TERMS OF REFERENCE</b> | 6.9                                                                                          |

### 1. PURPOSE OF REPORT

- 1.1 This report provides information on all Scottish Public Services Ombudsman (SPSO) and Inspector of Crematoria decisions made in relation to Aberdeen City Council since the last reporting cycle, together with details of the SPSO Local Authority 2016-17 annual statistics tables, to provide assurance to Committee that complaints and Scottish Welfare Fund applications are being handled appropriately.

### 2. RECOMMENDATION(S)

- 2.1 It is recommended that Committee notes the details of the report.

### 3. BACKGROUND

- 3.1 A report detailing all Scottish Public Services Ombudsman (SPSO) and/or Inspector of Crematoria decisions relating to Aberdeen City Council is submitted to Audit Risk and Scrutiny Committee each reporting cycle. This is to provide assurance that complaints and Scottish Welfare Fund decisions are being handled appropriately. The last report on this matter was submitted to the 25 September 2018 Committee.

#### **Scottish Public Services Ombudsman (SPSO) Complaint Decisions**

- 3.2 The Scottish Complaints Handling Procedure (CHP) followed by Aberdeen City Council is outlined by the SPSO. Details of the CHP can be accessed at [www.aberdeencity.gov.uk/complaints](http://www.aberdeencity.gov.uk/complaints)
- 3.3 There are three SPSO decision relating to Aberdeen City Council complaints to notify the Committee of. One complaint was upheld, and two complaints were not upheld. The SPSO did not make any recommendations. Please refer to Appendix A for further information.

- 3.4 The SPSO have recently presented their 2017-18 annual complaint statistic tables, which are detailed in Appendix B to this report. The information demonstrates how many complaints the SPSO received about Aberdeen City Council. It should be noted that the statistical information contained in the tables do not necessarily match the information held by the council as complainants may contact the SPSO without the council's knowledge or before having gone through the council's complaint process.
- 3.5 Table 1 shows complaints received by main subject area, both about Aberdeen City Council and overall in the sector for the past two financial years. Table 2 shows the outcomes of 'determined' complaints for the same period. Determined complaints are those that the SPSO have looked at and for which they have closed their file. The SPSO will have given the complainant a decision by letter or public report or will have explained why they didn't investigate their complaint. The SPSO does not normally investigate 'premature' complaints where the complainant has not completed the Aberdeen City Council complaints process in the first instance.
- 3.6 As demonstrated in Table 1, there has been an overall rise in the number of complainants approaching the SPSO regarding Aberdeen City Council. This may be explained by the change to the Social Work Complaints Handling Procedure which took effect from 1 April 2017, as the SPSO were not previously responsible for handling all social work complaint reviews. There has also been a higher volume of Aberdeen City Council complaints recorded as 'subject unknown or out of jurisdiction' which means that the SPSO did not progress the matter past their initial enquiry stage. The number of Aberdeen City Council complaints received by the SPSO as a percentage of the Sector totals were 5.9% in 2017-18 compared to 4% in 2016-17. For context, the population of Aberdeen City is 4.2% of the Scottish total.
- 3.7 The issues were similar to previous years with Housing and Social Work at the top of the list. The data in Table 2 demonstrates an increase in the number of occasions the SPSO have felt it appropriate to investigate Aberdeen City Council complaints (8 complaints in 2017-18 compared to 4 complaints in 2016-17). However, of those that were investigated by the SPSO, the percentage of complaints upheld/partially upheld reduced in 2017-18 (37.5% compared to 50%) which is less than the sector total. Action to further improve complaint handling across the council will continue throughout 2018-19.

## **Scottish Public Services Ombudsman (SPSO) Scottish Welfare Fund Review Decisions**

- 3.8 The Scottish Welfare Fund is delivered by Local Councils across Scotland and offers two types of grants – Crisis Grants and Community Care Grants. Further information is available at <https://www.aberdeencity.gov.uk/services/benefits-and-advice/apply-scottish-welfare-fund>
- 3.9 Since the last reporting period, the SPSO has carried out one Second Tier Reviews in relation to Aberdeen City Council Scottish Welfare Fund application decisions. On this occasion, the SPSO changed the Council's original decision and provided some feedback on the handling of the crisis grant application.
- 3.10 The 2017-18 annual SPSO Second Tier Review statistic tables are detailed in Appendix C to this report. As background, there were 13,185 claims in total handled by Aberdeen City Council in 2017/18. The SPSO received 4 review requests from Aberdeen City Council applicants (2 Crisis Grants and 2 Community Care Grant). The overall upheld rate (cases where the SPSO change the council's decision are recorded as upheld) was 0% for Crisis Grant reviews and 0% for Community Care Grants reviews. The national average was 35% for Crisis Grants reviews and 52% for Community Care Grant reviews.

### **Inspector of Crematoria Decisions**

- 3.11 The Inspector of Crematoria responds to complaints or queries from the public about cremations. There have been no decisions by the Inspector of Crematoria in relation to Aberdeen City Council cremations to date.

## **4. FINANCIAL IMPLICATIONS**

- 4.1 There are no direct financial implications arising from the recommendations of this report.

## **5. LEGAL IMPLICATIONS**

- 5.1 There are no direct legal implications arising from the recommendations of this report.

## 6. MANAGEMENT OF RISK

|                  | Risk                                                                                                                                                                                                                                                                                                                                                                                 | Low (L), Medium (M), High (H) | Mitigation                                                                                                                                                                                                                                                                                                                                                             |
|------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Financial</b> | Each time a complaint escalates it is more costly to the council than the previous stage due to the effort involved, therefore financially it is in the council's best interest to resolve complaints early in the process. There is also a risk that the council may be required to undertake additional actions as a result of an SPSO decision, including financial compensation. | L                             | The complaint handling procedure encourages resolution at first point of contact whenever possible. The financial benefits of early resolution is highlighted to responding officers in training.                                                                                                                                                                      |
| <b>Legal</b>     | There are no legal risks associated with this report.                                                                                                                                                                                                                                                                                                                                | N/A                           | Not applicable                                                                                                                                                                                                                                                                                                                                                         |
| <b>Employee</b>  | Staff morale may be lowered as a result of a negative outcome of a SPSO decision.                                                                                                                                                                                                                                                                                                    | L                             | Whilst it is not pleasant to receive a complaint, officers are encouraged to view complaints in a positive light, as a learning point going forwards.                                                                                                                                                                                                                  |
| <b>Customer</b>  | There is a risk to the council's relationship with customers if a complaint or a Scottish Welfare Fund application is not handled correctly.                                                                                                                                                                                                                                         | L                             | Support in complaint handling is available to responding officers through a variety of methods. In addition, all Stage 2 responses are also quality assured to ensure that responses are appropriate. Officers responsible for Scottish Welfare Fund applications receive comprehensive training to ensure they have the necessary knowledge to undertake assessments. |

|                     |                                                                                                                                                                                                                                                                                |     |                                                                                                                                                             |
|---------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|-------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Environment</b>  | There are no environmental risks associated with this report                                                                                                                                                                                                                   | N/A | Not applicable                                                                                                                                              |
| <b>Technology</b>   | There are no technological risks associated with this report.                                                                                                                                                                                                                  | N/A | Not applicable                                                                                                                                              |
| <b>Reputational</b> | Compliance with the Complaints Handling Procedure is audited by Audit Scotland. Non-compliance carries reputational risk. Customer perception of the council could also be negatively impacted if complaints and Scottish Welfare Fund applications are not handled correctly. | L   | There is a centralised Customer Feedback Team responsible for ensuring that complaints are being handled consistently and appropriately across the council. |

## 7. OUTCOMES

| <b>Local Outcome Improvement Plan Themes</b> |                                                                                               |
|----------------------------------------------|-----------------------------------------------------------------------------------------------|
|                                              | <b>Impact of Report</b>                                                                       |
| <b>Prosperous People</b>                     | The report provides assurances that people are supported appropriately when and if necessary. |

| <b>Design Principles of Target Operating Model</b> |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|----------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                    | <b>Impact of Report</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>Customer Service Design</b>                     | The report supports a focus on the delivery of customer centric services through the scrutiny of service delivery to customers. The organisation should look to solve the core issue which led to the complaint and learn from the outcome so to reduce the potential for more / similar complaints. This leads to an improvement in customer service delivery and a reduction in time spent on handling and investigating repeat complaints, which can be a lengthy process for those involved. |
| <b>Organisational Design</b>                       | The report focuses on complaints outcomes which provide rich customer insight for the organisation to act upon to help transform service delivery.                                                                                                                                                                                                                                                                                                                                               |
| <b>Governance</b>                                  | The report ensures transparency around complaint                                                                                                                                                                                                                                                                                                                                                                                                                                                 |

|                       |                                                                                                                                                                                                                                                                                                                                                         |
|-----------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                       | and Scottish Welfare Fund application handling and provides assurances that informed decisions are being made.                                                                                                                                                                                                                                          |
| <b>Workforce</b>      | The outcomes of SPSO decisions are fed back to the relevant staff. This includes both upheld and not upheld decisions to engage staff and ensure they are fully informed of outcomes. The information is also used to inform changes in working practices and training provision for staff to improve their experience as well as that of the customer. |
| <b>Process Design</b> | Processes may be redesigned as a result of lessons learnt from a complaint or an SPSO decision to better meet the needs of customers.                                                                                                                                                                                                                   |
| <b>Technology</b>     | Complaints data can help to inform decisions around the use of technology as it provides insight into the customer experience of accessing services digitally.                                                                                                                                                                                          |

## 8. IMPACT ASSESSMENTS

| <b>Assessment</b>                                    | <b>Outcome</b>  |
|------------------------------------------------------|-----------------|
| <b>Equality &amp; Human Rights Impact Assessment</b> | Not required    |
| <b>Privacy Impact Assessment</b>                     | Not required    |
| <b>Duty of Due Regard / Fairer Scotland Duty</b>     | Not applicable. |

## 9. BACKGROUND PAPERS

N/A

## 10. APPENDICES (if applicable)

Appendix A - Complaint Details and Subsequent SPSO Recommendations

Appendix B - SPSO Annual Complaints Statistics 2017-18 compared to 2016-17

Appendix C - Scottish Welfare Fund SPSO Review Decisions

Appendix D – SPSO Scottish Welfare Fund Annual Statistics 2017-18 compared to 2016-17

## 11. REPORT AUTHOR CONTACT DETAILS

Lucy McKenzie

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01224 346976

## Appendix A - Complaint Details and Subsequent Recommendations

| Complaint Received Date | SPSO Decision Date | Complaints Investigated by the SPSO                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Directorate                            | SPSO Decision        | SPSO Recommendations | Date Recommendations Implemented |
|-------------------------|--------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------|----------------------|----------------------|----------------------------------|
| 4 May 2017              | 29 August 2018     | <ol style="list-style-type: none"> <li>1) The council unreasonably failed to ensure that an accurate description of the site in respect of landscaping was submitted for assessment (not upheld)</li> <li>2) The council unreasonably failed to consider the Landscape policy when assessing the application (not upheld)</li> <li>3) The council unreasonably failed to require additional public consultation once the council established that the Leylandii had been felled (not upheld)</li> <li>4) The council unreasonably failed to ensure that the applicant adhered to the planning conditions imposed on the consent (not upheld)</li> </ol> | Communities Housing and Infrastructure | Complaint Not Upheld | Not applicable       | Not applicable                   |
| 31 October 2017         | 11 September 2018  | <ol style="list-style-type: none"> <li>1) The head teacher unreasonably failed to follow relevant procedures after an incident at the school (upheld)</li> <li>2) The council's handling of complaints about his matter was unreasonable (upheld)</li> </ol>                                                                                                                                                                                                                                                                                                                                                                                            | Education and Children's Services      | Complaint Upheld     | Not applicable       | Not applicable                   |
| 15 September 2017       | 17 October 2018    | <ol style="list-style-type: none"> <li>1) The council unreasonably failed to investigate, and act on, the complainant's reports of antisocial behaviour since 2014 (not upheld)</li> <li>2) The council's handling of the complaint was unreasonable (not upheld)</li> </ol>                                                                                                                                                                                                                                                                                                                                                                            | Communities Housing and Infrastructure | Complaint Not Upheld | Not applicable       | Not applicable                   |

## Appendix B – SPSO Annual Complaints Statistics 2017-18 compared to 2016-17

**TABLE 1**  
Local Authority Complaints Received by the SPSO 2017-18 compared to 2016-17

### Local Authority Complaints Received 2017-18

| Subject Group                          | Aberdeen City Council |      |                          | Sector Total | Rank | Complaints as % of total |
|----------------------------------------|-----------------------|------|--------------------------|--------------|------|--------------------------|
|                                        | Aberdeen City Council | Rank | Complaints as % of total |              |      |                          |
| Housing                                | 30                    | 1    | 34.48%                   | 316          | 1    | 21.44%                   |
| Social Work                            | 18                    | 2    | 20.69%                   | 254          | 2    | 17.23%                   |
| Environmental Health & Cleansing       | 6                     | 3-   | 6.90%                    | 116          | 5    | 7.87%                    |
| Legal & Admin                          | 6                     | 3-   | 6.90%                    | 71           | 8    | 4.82%                    |
| Education                              | 5                     | 5-   | 5.75%                    | 151          | 3    | 10.24%                   |
| Finance                                | 5                     | 5-   | 5.75%                    | 112          | 6    | 7.60%                    |
| Planning                               | 3                     | 7-   | 3.45%                    | 134          | 4    | 9.09%                    |
| Roads & Transport                      | 3                     | 7-   | 3.45%                    | 104          | 7    | 7.06%                    |
| Land & Property                        | 2                     | 9    | 2.30%                    | 17           | 10   | 1.15%                    |
| Personnel                              | 1                     | 10   | 1.15%                    | 12           | 12   | 0.81%                    |
| Recreation & Leisure                   | 0                     | -    | 0.00%                    | 24           | 9    | 1.63%                    |
| Building Control                       | 0                     | -    | 0.00%                    | 16           | 11   | 1.09%                    |
| Welfare Fund - Community Care Grants   | 0                     | -    | 0.00%                    | 7            | 13   | 0.47%                    |
| Other                                  | 0                     | -    | 0.00%                    | 6            | 14   | 0.41%                    |
| Consumer Protection                    | 0                     | -    | 0.00%                    | 4            | 15-  | 0.27%                    |
| National Park Authorities              | 0                     | -    | 0.00%                    | 4            | 15-  | 0.27%                    |
| Fire & Police Boards                   | 0                     | -    | 0.00%                    | 3            | 17   | 0.20%                    |
| Economic Development                   | 0                     | -    | 0.00%                    | 2            | 18-  | 0.14%                    |
| Welfare Fund - Crisis Grants           | 0                     | -    | 0.00%                    | 2            | 18-  | 0.14%                    |
| Subject Unknown or Out Of Jurisdiction | 8                     | -    | 9.20%                    | 119          | -    | 8.07%                    |
| <b>Total</b>                           | <b>87</b>             |      | <b>100.00%</b>           | <b>1,474</b> |      | <b>100.00%</b>           |

Complaints as % of Sector 5.9% 100.0%

**TABLE 1**  
Complaints Received by Subject 2016-17

| Subject Group                          | Aberdeen City Council | Rank | Complaints as % of total | Sector Total | Rank | Complaints as % of total |
|----------------------------------------|-----------------------|------|--------------------------|--------------|------|--------------------------|
| Housing                                | 33                    | 1    | 54.1%                    | 388          | 1    | 25.4%                    |
| Social Work                            | 7                     | 2    | 11.5%                    | 219          | 2    | 14.3%                    |
| Roads & Transport                      | 6                     | 3    | 9.8%                     | 112          | 7    | 7.3%                     |
| Finance                                | 5                     | 4-   | 8.2%                     | 120          | 6    | 7.9%                     |
| Legal & Admin                          | 5                     | 4-   | 8.2%                     | 73           | 8    | 4.8%                     |
| Education                              | 2                     | 6    | 3.3%                     | 144          | 4    | 9.4%                     |
| Planning                               | 1                     | 7-   | 1.6%                     | 160          | 3    | 10.5%                    |
| Environmental Health & Cleansing       | 1                     | 7-   | 1.6%                     | 124          | 5    | 8.1%                     |
| Recreation & Leisure                   | 1                     | 7-   | 1.6%                     | 29           | 10   | 1.0%                     |
| Building Control                       | 0                     | -    | 0.0%                     | 34           | 9    | 2.2%                     |
| Land & Property                        | 0                     | -    | 0.0%                     | 19           | 11   | 1.2%                     |
| Welfare Fund - Community Care Grants   | 0                     | -    | 0.0%                     | 14           | 12   | 0.9%                     |
| Other                                  | 0                     | -    | 0.0%                     | 8            | 13-  | 0.5%                     |
| Valuation Joint Boards                 | 0                     | -    | 0.0%                     | 7            | 13-  | 0.5%                     |
| National Park Authorities              | 0                     | -    | 0.0%                     | 6            | 15   | 0.4%                     |
| Economic Development                   | 0                     | -    | 0.0%                     | 5            | 16-  | 0.3%                     |
| Personnel                              | 0                     | -    | 0.0%                     | 5            | 16-  | 0.3%                     |
| Welfare Fund - Crisis Grants           | 0                     | -    | 0.0%                     | 5            | 16-  | 0.3%                     |
| Consumer Protection                    | 0                     | -    | 0.0%                     | 4            | 16-  | 0.3%                     |
| Fire & Police Boards                   | 0                     | -    | 0.0%                     | 4            | 16-  | 0.3%                     |
| Subject Unknown or Out Of Jurisdiction | 0                     | -    | 0.0%                     | 48           | -    | 3.1%                     |
| <b>Total</b>                           | <b>61</b>             |      | <b>100.0%</b>            | <b>1528</b>  |      | <b>100.0%</b>            |

Complaints as % of Sector 4.0% 100.0%



**TABLE 2**  
**Local Authority Complaints Determined by SPSO 2017-18 compared to 2016-17**

Local Authority Complaints Determined 2017-18

| Stage                      | Outcome Group                           | 2017-18               |              |
|----------------------------|-----------------------------------------|-----------------------|--------------|
|                            |                                         | Aberdeen City Council | Sector Total |
| Advice                     | Not duly made or withdrawn              | 15                    | 253          |
|                            | Out of jurisdiction (discretionary)     | 0                     | 3            |
|                            | Out of jurisdiction (non-discretionary) | 0                     | 5            |
|                            | Premature                               | 11                    | 381          |
|                            | <b>Total</b>                            | <b>26</b>             | <b>642</b>   |
| Early Resolution           | Not duly made or withdrawn              | 1                     | 38           |
|                            | Out of jurisdiction (discretionary)     | 8                     | 99           |
|                            | Out of jurisdiction (non-discretionary) | 8                     | 113          |
|                            | Outcome not achievable                  | 7                     | 85           |
|                            | Premature                               | 3                     | 53           |
|                            | Proportionality                         | 22                    | 314          |
|                            | Resolved                                | 2                     | 29           |
|                            | <b>Total</b>                            | <b>51</b>             | <b>731</b>   |
|                            | Investigation                           | Fully upheld          | 2            |
| Some upheld                |                                         | 1                     | 49           |
| Not upheld                 |                                         | 5                     | 69           |
| Not duly made or withdrawn |                                         | 0                     | 1            |
| Resolved                   |                                         | 0                     | 3            |
| <b>Total</b>               |                                         | <b>8</b>              | <b>169</b>   |
| <b>Total Complaints</b>    |                                         | <b>85</b>             | <b>1,542</b> |

Local Authority Complaints Determined 2016-17

| Stage                   | Outcome Group                           | 2016-17               |              |
|-------------------------|-----------------------------------------|-----------------------|--------------|
|                         |                                         | Aberdeen City Council | Sector Total |
| Advice                  | Not duly made or withdrawn              | 8                     | 279          |
|                         | Out of jurisdiction (non-discretionary) | 0                     | 3            |
|                         | Outcome not achievable                  | 0                     | 1            |
|                         | Premature                               | 15                    | 467          |
|                         | <b>Total</b>                            | <b>23</b>             | <b>750</b>   |
| Early Resolution        | Not duly made or withdrawn              | 1                     | 43           |
|                         | Out of jurisdiction (discretionary)     | 5                     | 82           |
|                         | Out of jurisdiction (non-discretionary) | 1                     | 111          |
|                         | Outcome not achievable                  | 5                     | 115          |
|                         | Premature                               | 3                     | 57           |
|                         | Proportionality                         | 5                     | 132          |
|                         | Resolved                                | 3                     | 20           |
| <b>Total</b>            | <b>23</b>                               | <b>560</b>            |              |
| Investigation           | Fully upheld                            | 0                     | 52           |
|                         | Some upheld                             | 2                     | 42           |
|                         | Not upheld                              | 2                     | 60           |
|                         | Not duly made or withdrawn              | 0                     | 1            |
|                         | Resolved                                | 0                     | 1            |
| <b>Total</b>            | <b>4</b>                                | <b>156</b>            |              |
| <b>Total Complaints</b> |                                         | <b>50</b>             | <b>1,466</b> |

|                               | 2017-18               |              |
|-------------------------------|-----------------------|--------------|
|                               | Aberdeen City Council | Sector Total |
| Total Premature Complaints    | 14                    | 434          |
| Premature Rate                | 16.5%                 | 28.1%        |
| Total Investigation Decisions | 8                     | 165          |
| Total Upholds                 | 3                     | 96           |
| Uphold Rate                   | 37.5%                 | 58.2%        |

**Previous uphold rate calculation for comparison purposes (included incomplete investigations)**

|                                                 | 2017-18 | Sector Total |
|-------------------------------------------------|---------|--------------|
| Total Cases 'Fit for SPSO'                      | 8       | 169          |
| Total Cases Upheld / Some Upheld                | 3       | 96           |
| Uphold Rate (total upheld / total fit for SPSO) | 37.5%   | 56.8%        |

|                            | 2016-17               |              |
|----------------------------|-----------------------|--------------|
|                            | Aberdeen City Council | Sector Total |
| Total Premature Complaints | 18                    | 524          |
| Premature Rate             | 35.7%                 | 37.6%        |

|                                                 | 2016-17 | Sector Total |
|-------------------------------------------------|---------|--------------|
| Total Cases Fit for SPSO (Investigations)       | 4       | 156          |
| Total Cases Upheld / Some Upheld                | 2       | 94           |
| Uphold Rate (total upheld / total fit for SPSO) | 50.0%   | 60.3%        |

**Appendix C – Scottish Welfare Fund SPSO Review Decisions**

| <b>Crisis Grant Application Received Date</b> | <b>Application Type</b> | <b>Aberdeen City Council 1<sup>st</sup> Tier Review Decision Date</b> | <b>SPSO 2<sup>nd</sup> Tier Review Decision Date</b> | <b>SPSO Decision</b>                      | <b>Additional SPSO Feedback</b>                                                                      | <b>Date Implemented</b> |
|-----------------------------------------------|-------------------------|-----------------------------------------------------------------------|------------------------------------------------------|-------------------------------------------|------------------------------------------------------------------------------------------------------|-------------------------|
| 14 August 2018                                | Crisis Grant            | 14 August 2018                                                        | 29 August 2018                                       | Aberdeen City Council decision not upheld | It was noted that there had been a misinterpretation of guidance during the decision-making process. | Not applicable          |

## Appendix D – SPSO Scottish Welfare Fund Annual Statistics 2017-18 compared to 2016-17

### Cases closed pre-decision

| Outcome                    | 2017-18 Aberdeen City Council |          |          |
|----------------------------|-------------------------------|----------|----------|
|                            | Community Care                | Crisis   | Total    |
| Advice only                | 0                             | 0        | 0        |
| Out of jurisdiction        | 0                             | 0        | 0        |
| Premature                  | 2                             | 1        | 3        |
| Not duly made or withdrawn | 0                             | 1        | 1        |
| <b>Total</b>               | <b>2</b>                      | <b>2</b> | <b>4</b> |

### Cases closed pre-decision

| Outcome                    | 2016-17 Aberdeen City Council |           |           |
|----------------------------|-------------------------------|-----------|-----------|
|                            | Community Care                | Crisis    | Total     |
| Advice only                | 4                             | 9         | 13        |
| Out of jurisdiction        | 2                             | 0         | 2         |
| Premature                  | 2                             | 6         | 8         |
| Not duly made or withdrawn | 0                             | 1         | 1         |
| <b>Total</b>               | <b>8</b>                      | <b>16</b> | <b>24</b> |

### Total decisions 2017-18

| Application type | Total Decisions | Not Upheld | Upheld | Uphold Rate | National Average Uphold Rate |
|------------------|-----------------|------------|--------|-------------|------------------------------|
| Crisis           | 3               | 3          | 0      | 0%          | 35%                          |
| Community Care   | 0               | 0          | 0      | 0%          | 52%                          |
| <b>Total</b>     | <b>3</b>        |            |        |             |                              |

### Total decisions 2016-17

| Application type | Total Decisions | Not Upheld | Upheld | Uphold Rate | National Average Uphold Rate |
|------------------|-----------------|------------|--------|-------------|------------------------------|
| Crisis           | 2               | 1          | 1      | 50%         | 32%                          |
| Community Care   | 1               | 1          | 0      | 0%          | 43%                          |
| <b>Total</b>     | <b>3</b>        |            |        |             |                              |

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## ABERDEEN CITY COUNCIL

|                           |                             |
|---------------------------|-----------------------------|
| <b>COMMITTEE</b>          | Audit, Risk & Scrutiny      |
| <b>DATE</b>               | 4 December 2018             |
| <b>REPORT TITLE</b>       | RIPSA - Quarterly Report    |
| <b>REPORT NUMBER</b>      | GOV-18-073                  |
| <b>DIRECTOR</b>           | Chief Executive             |
| <b>CHIEF OFFICER</b>      | Fraser Bell - Chief Officer |
| <b>REPORT AUTHOR</b>      | Jess Anderson /Alan Thomson |
| <b>TERMS OF REFERENCE</b> | 5.2                         |

### 1. PURPOSE OF REPORT

- 1.1 It is a requirement, under paragraph 3.29 of the Scottish Government's Code of Practice for Covert Surveillance and Property interference, that elected members review the authority's use of covert surveillance on a quarterly basis to ensure that it is being used consistently with the local authority's policy and that that policy remains fit for purpose.

### 2. RECOMMENDATION(S)

That the Committee: -

- 2.1 Note the update within the report.

### BACKGROUND

- 3.1 The Regulation of Investigatory Powers (Scotland) Act 2000 (RIPSA), gives the Council powers to conduct two types of covert surveillance:
1. Directed Surveillance; and
  2. the use of a Covert Human Intelligence Source (the use of an undercover officer).
- 3.2 The Council has a policy in place which governs the use and management of covert surveillance. Further, all members of staff wishing to use RIPSA, are required to undertake training prior to being able to make an application under RIPSA.

- 3.3 Various Council services use RIPSA as an investigatory tool. It is considered the “tool of last resort” in light of its intrusiveness into the privacy of the person(s) being surveyed. Council services such as Trading Standards, Environmental Health and Benefit Fraud are most likely to use RIPSA.

### **QUARTER 3- 2018**

- 3.4 In the period from September until 12<sup>th</sup> November 2018, there has been one authorisation for Directed Surveillance, from Trading Standards. It was cancelled within the statutory three-month period. The surveillance was for Tobacco and Nicotine Vapour Products Test Purchasing. The authorisation was executed in accordance with the Council’s policy on covert surveillance and RIPSA and has also been audited by the Governance team- Legal Services as is normal practice.
- 3.5 Test purchases for underage sale of tobacco and nicotine products are part of an enforcement initiative promoted by the Scottish Government. One part of that enforcement activity is undertaking test purchases. This can either be a random check or as part of a planned operation after complaints have been made about the shop(s) targeted. A test purchase is the only way in which Trading Standards can ascertain whether the shop is selling age restricted goods or not, and thus proves necessary to continued education and enforcement with sellers of age restricted goods such as tobacco and nicotine.
- 3.6 The use of covert surveillance is restricted to certain legal purposes; crime prevention and detection, public health and public safety. The continued ability to use surveillance, in appropriate circumstances, for the investigation of offences such as the selling of age restricted goods is connected to the themes; Prosperous Place, Prosperous People and Prosperous Economy in the Local Outcome Improvement Plan (LOIP). The investigation and enforcement of regulatory laws (such as the sale of age restricted goods) by the Council, ensure that young people are protected, and communities can be assured that the Council is proactively enforcing its powers and making communities safe.
- 3.7 After an application for a covert surveillance operation is authorised by a senior officer, known as an Authorising Officer, it is sent through to the Chief Officer- Governance for logging and auditing. Members of the Governance Team within Legal Services then carry out an audit of the authorisation and raise any matters of good practice, policy or procedure with the Authorising Officer and the applicant. Officers within Legal services do not interfere with the authorisation as that responsibility lies with the Authorising Officer. This approach has been agreed and was supported by the Surveillance Commissioner.
- 3.7 There have been no further applications for covert surveillance made or approved within this quarter.
- 3.8 There have been no changes to the Protocol and it remains fit for purpose.

### **TRAINING**

- 3.10 Training forms a large part of RIPSAs compliance and is something which all officers must have before they are permitted to carry out covert surveillance under RIPSAs. The Council's training regime is something which has been commended on by the Surveillance Commissioner on the last three inspections.
- 3.11 The mandatory course is run by solicitors in Governance, Legal Services and a senior Trading Standards officer. It consists of theory, practice and practical application of the rules and procedures around RIPSAs, with the aim that all attendees are equipped with the skills to apply for, and have granted, a covert surveillance application and that all attendees are trained to the same standard.
- 3.12 Training was given on the 14<sup>th</sup> September, 4<sup>th</sup> October and 16<sup>th</sup> November 2018. The Chief Officer – Governance formally appointed two new Authorising Officers who were trained on 4<sup>th</sup> October 2018. Another officer has been trained as an Authorising Officer on 16<sup>th</sup> November and is awaiting formal appointment.
- 3.13 At the end of November, there will be a quarterly meeting with Authorising Officers. In December, a Quarterly Bulletin will be sent to all Authorising Officers, which will provide updates on case law, examples of best practice and lessons learnt from audits, updates on internal management processes and any communications from the Investigatory Powers Commissioner.

#### **4. FINANCIAL IMPLICATIONS**

- 4.1 There are no financial implications arising from this report.

#### **5. LEGAL IMPLICATIONS**

- 5.1 The Scottish Government Code of Practice on Covert Surveillance sets an expectation that elected members review and monitor the use of RIPSAs on a quarterly basis. This is also a matter which is taken into account by the Investigatory Powers Commissioner when they carry out their inspections.
- 5.2 A review of the Council's RIPSAs activity by elected members provides assurance that the Council's use of RIPSAs is being used consistently and that the standards set by its policy remain fit for purpose.
- 5.3 The management, knowledge and awareness of those involved with RIPSAs activity was something which was commended by the Commissioner in his inspection in 2017. The reporting of RIPSAs activity to Committee provides another level of scrutiny and assurance on the use of RIPSAs.

#### **6. MANAGEMENT OF RISK**

|                     | <b>Risk</b>                                                                                                                                                                                  | <b>Low (L),<br/>Medium<br/>(M), High<br/>(H)</b> | <b>Mitigation</b>                                                                                                                                                                                                  |
|---------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Financial</b>    | there are no financial risks arising from this report.                                                                                                                                       | L                                                |                                                                                                                                                                                                                    |
| <b>Legal</b>        | Reporting on the use of RIPSAs ensures that the Council continues to comply with the Code of Practice and that elected members continue to provide a level of scrutiny on matters of policy. | L                                                | Quarterly reporting on RIPSAs activity and the related policy to members, mitigates the risks highlighted in this section.                                                                                         |
| <b>Employee</b>     | There are no employee risks related to this report.                                                                                                                                          | L                                                | Appropriate and mandatory training arms staff with the correct skills to carry out surveillance and thus, there is little to no risk to staff . All requests for training are met.                                 |
| <b>Customer</b>     | Failure to report to and update Committee on RIPSAs activity means that it would undermine public confidence in the Council and how it operates.                                             | L                                                |                                                                                                                                                                                                                    |
| <b>Environment</b>  | There are no environmental risks arising from this report.                                                                                                                                   | L                                                |                                                                                                                                                                                                                    |
| <b>Technology</b>   | There are no technological risks arising from this report                                                                                                                                    | L                                                |                                                                                                                                                                                                                    |
| <b>Reputational</b> | Failure to not update Committee on RIPSAs activity would mean that the Council would be at risk of negative reputational damage when this is raised by the Surveillance                      | L                                                | External inspections on RIPSAs activity operate every 3-4 years. This provides external assurance to the Committee of the Council's compliance with RIPSAs. The Inspection Report is shared with Committee and any |



|  |                                   |  |                                                          |
|--|-----------------------------------|--|----------------------------------------------------------|
|  | Commissioner in their inspection. |  | Action Plan created, endorsed and approved by Committee. |
|--|-----------------------------------|--|----------------------------------------------------------|

## 7. OUTCOMES

| Local Outcome Improvement Plan Themes |                                                                                                                                                                                                                                                                                                        |
|---------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                       | Impact of Report                                                                                                                                                                                                                                                                                       |
| <b>Prosperous Economy</b>             | <i>This report does not link to this theme directly. The use of RIPSA activity by the Council as an investigatory tool may have an impact on the economy as a result of enforcement action taken by services such as Trading Standard, e.g. such as in enforcing the law around counterfeit goods.</i> |
| <b>Prosperous Place</b>               | <i>Enforcement activity undertaken by the Council by using, where appropriate, its powers under RIPSA, may have an impact on this theme by tackling the selling of counterfeit goods.</i>                                                                                                              |

| Design Principles of Target Operating Model |                                                                                                                                                                                                             |
|---------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                             | Impact of Report                                                                                                                                                                                            |
| <b>Governance</b>                           | Reporting to this Committee on the Councils use of RIPSA ensures compliance with the Code of Practice and gives Committee assurances that the Council's use of RIPSA is being done according to its policy. |

## 8. IMPACT ASSESSMENTS

| Assessment                                           | Outcome                                                                                                                                                                                                                       |
|------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Equality &amp; Human Rights Impact Assessment</b> | The purpose of this report is to update Committee on the Council's use of RIPSA. This report does not propose or endorse any changes to the Councils policy on RIPSA not its procedure and as such, an EHIRA is not required. |

|                                                  |                                                                                                                                                                                                  |
|--------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                  |                                                                                                                                                                                                  |
| <b>Privacy Impact Assessment</b>                 | The purpose of this report is to update Committee on the Council's use of RIPSAs. As such, a Privacy Impact Assessment is not required.                                                          |
| <b>Duty of Due Regard / Fairer Scotland Duty</b> | There is no requirement to consider the Fairer Scotland Duty as this report does not seek approval for any Strategic decisions and is merely providing Committee with an update RIPSAs activity. |

**9. BACKGROUND PAPERS**

None

**10. APPENDICES (if applicable)**

None

**11. REPORT AUTHOR CONTACT DETAILS**

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## ABERDEEN CITY COUNCIL

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|                           |                                  |
|---------------------------|----------------------------------|
| <b>COMMITTEE</b>          | Audit, Risk and Scrutiny         |
| <b>DATE</b>               | 4 December 2018                  |
| <b>REPORT TITLE</b>       | ALEO Assurance Hub Annual Review |
| <b>REPORT NUMBER</b>      | GOV-18-235                       |
| <b>CHIEF OFFICER</b>      | Fraser Bell                      |
| <b>REPORT AUTHOR</b>      | Iain Robertson                   |
| <b>TERMS OF REFERENCE</b> | Remit - 1.2                      |

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### 1. PURPOSE OF REPORT

- 1.1 To present an updated terms of reference for the ALEO Assurance Hub for discussion, consideration and approval and to present the associated annual work plan for information.

### 2. RECOMMENDATIONS

That the Committee:-

- 2.1 Approve the revised ALEO Assurance Hub Terms of Reference attached as **Appendix A**; and
- 2.2 Note the ALEO Assurance Hub Work Plan for 2019 attached as **Appendix B**.

### 3. BACKGROUND

- 3.1 The ALEO Assurance Hub is one component of the wider ALEO Assurance Framework which also includes:-

- (a) ALEOs reporting their annual business plans to the Strategic Commissioning Committee which has a remit to approve all external commissioning activity by the Council, including the approval of service specifications, performance frameworks and outcomes. This includes commissioning activities relating to Arm's Length External Organisations (ALEOs);
- (b) Financial reporting on Tier 1 ALEOs on a quarterly basis to the City Growth and Resources Committee to provide additional assurance on

their financial sustainability in line with the Council's bond governance arrangements;

- (c) An ALEO Strategic Partnership which is a forum consisting of senior Council officers and ALEO Managing Directors that meets on a six weekly basis to discuss strategic and business planning, with a view to strengthening the corporate relationship between the Council and its ALEOs; and
  - (d) Representatives of the Head of Commercial and Procurement Services, known as Service Leads being assigned to each ALEO to provide them with a single point of contact at the Council. Service Leads will be the Council's primary liaison officer with ALEOs and will be in regular contact with ALEOs to discuss strategic, operational and performance matters.
- 3.2 The ALEO Assurance Hub's terms of reference were approved by Committee on 26 September 2017. The Hub aims to balance the Council's need for assurance with an ALEO's right to govern themselves as independent entities, with their own Boards; management structures; auditors; and regulators.
- 3.3 The Hub has adopted a proportionate and risk based approach and receives assurance from ALEOs through exception reporting which allows it to assess the level of ALEO risk to the Council. The reporting is based on the degree of assurance provided on each ALEO's financial management; risk management and governance arrangements.
- 3.4 Audit Scotland's report on *How councils use arms-length organisations* reported that all sample councils had appropriate governance processes for overseeing ALEOs but more effective practice included scrutiny proportionate to the risks involved, and clear roles and responsibilities for councillor and officer oversight. Audit Scotland particularly highlighted Aberdeen City Council's ALEO Assurance Hub model as an example of effective practice in the oversight of ALEOs.
- 3.5 Following a review of the Assurance Hub's terms of reference undertaken by Hub officers which took account feedback provided by key stakeholders such as Elected Members; ALEO representatives; and relevant Council officers, in addition to findings from Audit Scotland's report on ALEOs: it is proposed that the scope of the Hub's remit be widened within the existing parameters of risk management; financial management; and governance.
- 3.6 It is proposed that the Hub continues to seek assurance on ALEOs information governance arrangements due to changes in Data Protection legislation, and for it to begin to request assurance from ALEOs on how they help the Council meet its PREVENT Strategy obligations. The Hub also intends to seek assurance from ALEOs on how they intend to meet Audit Scotland recommendations, with particular focus on strengthening

accountability and transparency; and increasing service user involvement in the design and delivery of public services.

- 3.7 The Hub will continue to monitor standing items such as management trading accounts and risk registers at each meeting; in addition to following up on areas where further assurance was required or where an aspect of ALEO governance posed a material risk to the Council.
- 3.8 The revised terms of reference, attached as **Appendix A**, sets out the purpose and remit of the Hub. The Work Plan attached as **Appendix B**, outlines specific areas the Hub will request assurance on during 2019, including rationales for seeking this information, with particular reference to decisions taken at Council meetings; audit reports; and the Council's corporate risk register.
- 3.9 The Assurance Hub is next scheduled to meet on 13 December 2018 and will report to the next Audit, Risk and Scrutiny Committee on 14 February 2019.

#### **4. FINANCIAL IMPLICATIONS**

- 4.1 There are no direct financial implications arising from this report.
- 4.2 The role of the Hub is to ensure that ALEOs provide assurance that risks, including financial ones are identified and managed. One of the Hub's primary functions is to ensure that the Council is able to follow the public pound as outlined in Accounts Commission guidance.

#### **5. LEGAL IMPLICATIONS**

- 5.1 A review of ALEO service level agreements is currently being undertaken by Commercial and Procurement Services. The implementation of the Assurance Hub has been taken into consideration during this review.
- 5.2 The Hub will help identify any projects and/or initiatives that could influence investment decisions of bond holders or the Council's credit rating and ensure that the appropriate governance is put in place. This adds to the Council's existing bond governance arrangements.

#### **6. MANAGEMENT OF RISK**

|                  | <b>Risk</b>                                                        | <b>Low (L),<br/>Medium<br/>(M), High<br/>(H)</b> | <b>Mitigation</b>                                                             |
|------------------|--------------------------------------------------------------------|--------------------------------------------------|-------------------------------------------------------------------------------|
| <b>Financial</b> | Financial Failure of ALEOs impacting on the Council and its credit | (L)                                              | ALEOs report financial performance and governance to their boards and present |

|                 |                                                                                                                                      |     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|-----------------|--------------------------------------------------------------------------------------------------------------------------------------|-----|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                 | rating.                                                                                                                              |     | their annual accounts for scrutiny by an external auditor. One of the Hub's key functions is to provide assurance to Committee on the financial management of Council ALEOs.                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>Legal</b>    | ALEO service level agreements are not up to date and ALEOs are not delivering on Council outcomes.<br><br>Data Protection Compliance | (L) | Commercial and Procurement Services are currently reviewing ALEO service level agreements to ensure they remain robust and fit for purpose.<br><br>The Strategic Commissioning Committee will have oversight of how ALEOs are achieving Council outcomes and complying with the terms of their service level agreements.<br><br>The Information Management team and Legal Services provide support and advice to the Hub on the steps ALEOs are taking on data protection compliance in order for the Hub to provide assurance to Committee on ALEOs' management of this risk. |
| <b>Employee</b> | The Hub is not sufficiently resourced and therefore unable to fulfil its functions and duties.                                       | (L) | The Assurance Manager has been identified as the Chairperson of the Hub.<br><br>The Hub requires only three other officers to provide assurance on Risk Management, Financial Management and Governance. The Hub's membership has been stable throughout its first year of operation.<br><br>ALEO Service Leads also provide ongoing support to ensure that the Hub can fulfil                                                                                                                                                                                                 |

|                     |                                                                                                          |     |                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|---------------------|----------------------------------------------------------------------------------------------------------|-----|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                     |                                                                                                          |     | <p>its functions and duties.</p> <p>The Corporate Risk Lead will provide operational support to the Hub.</p>                                                                                                                                                                                                                                                                                                                                 |
| <b>Customer</b>     | The Council's customers are not aware of how the Council uses ALEOs to deliver public services.          | (M) | The Hub's terms of reference have been updated to address recommendations made by Audit Scotland in its report on <i>How councils use arms-length organisations</i> to provide assurance on the accountability and transparency of ALEO governance and decision making.                                                                                                                                                                      |
| <b>Environment</b>  | No direct risks arising from the report's recommendations.                                               |     |                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>Technology</b>   | Data Protection Compliance.                                                                              | (M) | The Hub will continue to seek assurance on ALEOs information governance arrangements put in place to comply with Data Protection legislation due to its complexity and ongoing nature.                                                                                                                                                                                                                                                       |
| <b>Reputational</b> | ALEO corporate governance or service delivery failure has a negative impact on the Council's reputation. | (L) | <p>The ALEO Assurance Hub provides assurance to the Audit, Risk and Scrutiny Committee on each ALEO's governance and approach towards financial management and risk management.</p> <p>Tier 1 ALEOs financial performance is incorporated into the Council's quarterly financial performance report to the City, Growth and Resources Committee providing further assurance on financial performance.</p> <p>The Strategic Commissioning</p> |

|  |  |                                                                                                                                                                                                                                                                                                                                        |
|--|--|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|  |  | <p>Committee will have oversight of ALEO contractual compliance and delivery of outcomes.</p> <p>The Council has established an ALEO Strategic Partnership which is a six-weekly forum attended by senior Council officers and ALEO Managing Directors to discuss strategic and business planning; and manage reputational issues.</p> |
|--|--|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

## 7. OUTCOMES

| <b>Design Principles of Target Operating Model</b> |                                                                                                                                                                                                                                                                                                                                                                 |
|----------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                    | <b>Impact of Report</b>                                                                                                                                                                                                                                                                                                                                         |
| <b>Governance</b>                                  | The Hub supports the principles outlined in the Accounts Commission’s “Following the Public Pound” guidance by providing oversight of ALEOs to receive assurance on the robustness of their governance arrangements.                                                                                                                                            |
| <b>Partnerships and Alliances</b>                  | The Hub is one component of the wider ALEO Assurance Framework and complements the work of the ALEO Strategic Partnership. The Partnership offers ALEO access to senior Council officers and provides a forum to discuss strategic planning, business planning and horizon scanning; with a view to strengthen links between the Council and its partner ALEOs. |

## 8. IMPACT ASSESSMENTS

| <b>Assessment</b>                                    | <b>Outcome</b>                                                                       |
|------------------------------------------------------|--------------------------------------------------------------------------------------|
| <b>Equality &amp; Human Rights Impact Assessment</b> | Sections 1,6 and 8 of the EHRIA have been completed and sent to the Equalities Team. |
| <b>Privacy Impact Assessment</b>                     | Not required                                                                         |
| <b>Duty of Due Regard / Fairer Scotland Duty</b>     | Not applicable                                                                       |



## **9. BACKGROUND PAPERS**

CG/17/073 - ALEO Operating Model - reported to Audit, Risk and Scrutiny Committee, 27 June 2017

CG/17/108 - ALEO Assurance Hub Terms of Reference - reported to Audit, Risk and Scrutiny Committee, 26 September 2017; and

GOV/18/075 - ALEO Assurance Hub – reported to Audit, Risk and Scrutiny Committee, 25 September 2018.

## **10. APPENDICES**

**Appendix A** – ALEO Assurance Hub revised terms of reference; and  
**Appendix B** – ALEO Assurance Hub Work Plan for 2019.

## **11. REPORT AUTHOR CONTACT DETAILS**

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[iairobertson@aberdeencity.gov.uk](mailto:iairobertson@aberdeencity.gov.uk)  
01224 522869

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## **Terms of Reference**

### **ALEO Assurance Hub**

Arms-Length External Organisations (ALEOs) are companies, charities and other bodies that are separate from the Council but subject to its control or influence.

The purpose of the Assurance Hub is to receive assurance from ALEOs that appropriate systems and policies are in place to mitigate and manage risks to the organisation and to the Council. For the avoidance of doubt, the ALEO Assurance Hub shall provide high level, strategic oversight of ALEOs but will not undertake quality checks on the operation of ALEOs.

The Assurance Hub shall promote the principles of accountability and transparency as set out in the Following the Public Pound Guidance.

- 1) The Assurance Hub is one component of the ALEO Assurance Framework which will be the basis for how the Council oversees and supports its arms-length bodies. The Framework will consist of:-
  - a. Regular performance review of ALEOs by the Strategic Commissioning Committee. The Aberdeen City Integration Joint Board (IJB) shall have an oversight role in relation to Bon Accord Care
  - b. Quarterly financial reporting for ALEOs within the Council's Financial Performance Report to the City Growth and Resources Committee to provide assurance on the Council's bond issue;
  - c. Six weekly meetings of the ALEO Strategic Partnership as a forum for senior Council and ALEO representatives to discuss high level strategic issues such as business planning and horizon scanning; and
  - d. Representatives of the Head of Commercial and Procurement Services, known as Service Leads are assigned to each ALEO to provide them with a single point of contact at the Council. Service Leads will be the Council's primary liaison officer with ALEOs and will be in regular contact with ALEOs to discuss strategic, operational and performance matters.
- 2) The membership of the Hub shall consist of:
  - a. The Assurance Manager;
  - b. The Corporate Risk Lead
  - c. A representative of the Chief Officer - Finance; and
  - d. A representative from Democracy.
- 3) The Assurance Manager shall be the Chairperson of the Assurance Hub.
- 4) The Director of Commissioning or his or her nominee shall be invited to attend meetings as advisers to the Hub as required.
- 5) The Hub may co-opt additional advisors as required.
- 6) The Hub shall scrutinise each ALEO within its remit at least once a year.
- 7) The Hub shall have the authority to increase or reduce its oversight of ALEOs based on the level of assurance it has received.

- 8) The Hub may invite ALEO representatives to attend Hub meetings to provide information and assurance on relevant matters as requested.
- 9) The Hub shall report its level of assurance on ALEOs to the Audit, Risk and Scrutiny Committee.
- 10) The Hub shall be responsible for setting its own programme of scrutiny.
- 11) The Conveners and Vice Conveners of the following committees and Board shall be consulted on the Hub's areas of intended scrutiny prior to any Assurance Hub meeting:
  - a. Audit, Risk and Scrutiny;
  - b. Strategic Commissioning Committee;
  - c. City Growth and Resources; and
  - d. Integration Joint Board;
- 12) An open invitation shall be extended to the Council's internal and external auditors to attend Hub meetings as appropriate in order for them to meet their audit objectives.
- 13) To ensure that risk posed to the Council by ALEO operations is monitored, the Hub shall oversee ALEO risk management arrangements including:
  - a. Risk management policy;
  - b. Management of risk registers;
  - c. Risk identification structures, including horizon-scanning;
  - d. Business continuity planning; and
  - e. ALEO internal and external audit reports.
- 14) To ensure compliance with Following the Public Pound guidance, the Hub shall oversee ALEOs:
  - a. Financial governance;
  - b. Financial management;
  - c. Accounting practices; and
  - d. Financial performance.
- 15) The Hub shall review ALEO decision making structures including:
  - a. Reporting arrangements, including powers reserved to the Board and powers delegated to executive officers;
  - b. Compliance with key governance standards, such as codes of conduct;
  - c. The composition and capacity of the board;
  - d. Transparency and accountability;
  - e. Induction and ongoing training programmes for Board members;
  - f. Ongoing assurance around information governance arrangements and data protection compliance; and
  - g. Progress against recommendations made within Audit Scotland's report on *How councils use arms-length organisations*.
- 16) The Hub shall receive assurance on ALEOs risk management, financial management and governance arrangements through exception reporting and officers will assess ALEO governance and management of risk through a scoring matrix.

- 17) The Hub may monitor high level employment practices.
- 18) The Hub shall monitor reports relating to ALEOs from the Council's internal and external auditors and address any recommendations which are within the remit of the Hub's terms of reference. The Hub shall monitor best practice guidance from organisations such as Audit Scotland and the Standards Commission for Scotland on the development of guidance relating to ALEOs.
- 19) The Hub shall monitor co-ordination arrangements between ALEO partners where the Council is not the sole shareholder.
- 20) The Hub shall receive assurance that ALEOs are supporting the Council to meet its obligations under the PREVENT Strategy.
- 21) The following organisations have been deemed to be ALEOs and will be subject to the Hub's oversight arrangements:
  - a. Aberdeen Heat and Power;
  - b. Aberdeen Performing Arts;
  - c. Aberdeen Sports Village;
  - d. Bon Accord Care; and
  - e. Sport Aberdeen.
- 22) The Chief Officer Governance will review these Terms of Reference annually to ensure their ongoing appropriateness in monitoring ALEO governance.

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|   | A                                                                                                                   | B                                                                                | C                                                                                                                                                                                                                | D                                       | E                                                                                 | F                                             |
|---|---------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------|-----------------------------------------------------------------------------------|-----------------------------------------------|
| 1 | <b>SPORT ABERDEEN</b><br>The Work Plan outlines the assurance the Hub will request from Sport Aberdeen during 2019. |                                                                                  |                                                                                                                                                                                                                  |                                         |                                                                                   |                                               |
| 2 | <b>Area of Assurance</b>                                                                                            | <b>Scope</b>                                                                     | <b>Objective</b>                                                                                                                                                                                                 | <b>Assurance Hub Terms of Reference</b> | <b>Reference to Risk Register/Audit Report/Council Decision</b>                   | <b>Target Date for Reporting to Committee</b> |
| 3 | Financial Management                                                                                                | Quarterly Trading Accounts                                                       | Assurance that accounts are being managed within budget and the level of financial risk to the Council is low.                                                                                                   | 15                                      | Corporate Risk Register: Financial Sustainability Corp-001                        | Standing Item                                 |
| 4 | Risk Management                                                                                                     | Risk Register                                                                    | Assurance that risks had been adequately identified and scored; and appropriate controls were in place to limit risk to the Council.                                                                             | 14                                      | Audit Scotland report: ALEOs: are you getting it right? (2011)                    | Standing Item                                 |
| 5 | Risk Management                                                                                                     | ALEO Internal and External Audit Reports                                         | Assurance that ALEOs have appropriate internal and external audit arrangements in place. The Hub will monitor reporting to the Board and plans put in place by ALEOs to address and close audit recommendations. | 14                                      | Audit Scotland report: ALEOs: are you getting it right? (2011)                    | Standing Item                                 |
| 6 | Governance                                                                                                          | Integration of Adventure Aberdeen and Garthdee Alpine Sports into Sport Aberdeen | Assurance that the integration process was being undertaken in line with statutory requirements and risk to the Council was low.                                                                                 | 14,15,16,18, 20                         | Finance, Policy and Resources Committee Review of Sports Organisations ECS/17/067 | 14-Feb-19                                     |
| 7 | Governance                                                                                                          | Accountability and Transparency of ALEOs                                         | Assurance that ALEOs had taken into account Audit Scotland recommendations and aim to increase the accountability and transparency of decision making.                                                           | 16                                      | Audit Scotland report: How councils use arms-length organisations (2018)          | 14-Feb-19                                     |

|    | A                    | B                                            | C                                                                                                                                                                               | D                                | E                                                                        | F                                      |
|----|----------------------|----------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|--------------------------------------------------------------------------|----------------------------------------|
|    | Area of Assurance    | Scope                                        | Objective                                                                                                                                                                       | Assurance Hub Terms of Reference | Reference to Risk Register/Audit Report/Council Decision                 | Target Date for Reporting to Committee |
| 2  |                      |                                              |                                                                                                                                                                                 |                                  |                                                                          |                                        |
| 8  | Governance           | Public Participation in ALEO decision making | Assurance that ALEOs had taken into account Audit Scotland recommendations and aim to increase the level of public participation in the design and delivery of public services. | 16                               | Audit Scotland report: How councils use arms-length organisations (2018) | 14-Feb-19                              |
| 9  | Financial Management | SA Audited Annual Accounts 2017-18           | Assurance that accounts were being managed within budget, were in line with statutory requirements and the level of financial risk to the Council is low.                       | 15                               | Corporate Risk Register: Financial Sustainability Corp-001               | 14-Feb-19                              |
| 10 | Financial Management | GAS Audited Annual Accounts 2017-18          | Assurance that accounts were being managed within budget, were in line with statutory requirements and the level of financial risk to the Council is low.                       | 15                               | Corporate Risk Register: Financial Sustainability Corp-001               | 14-Feb-19                              |
| 11 | Risk Management      | Business Continuity Planning                 | Assurance that appropriate arrangements are in place to test the Business Continuity Plan.                                                                                      | 14                               | Corporate Risk Register: Civil Contingencies Corp-004                    | Jun-19                                 |
| 12 | Governance           | Information Governance and Data Protection   | Assurance on compliance with GDPR.                                                                                                                                              | 16                               | Corporate Risk Register: Information Governance Corp-005                 | Jun-19                                 |
| 13 | Risk Management      | PREVENT Strategy                             | Assurance that ALEOs have appropriate procedures in place to work effectively with the Council to ensure it can meet its PREVENT obligations.                                   | 21                               | Corporate Risk Register: Civil Contingencies Corp-004                    | Jun-19                                 |



|    | A                    | B                                                       | C                                                                                                                                                                                                                                                                                                                                               | D                                | E                                                                 | F                                      |
|----|----------------------|---------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|-------------------------------------------------------------------|----------------------------------------|
|    | Area of Assurance    | Scope                                                   | Objective                                                                                                                                                                                                                                                                                                                                       | Assurance Hub Terms of Reference | Reference to Risk Register/Audit Report/Council Decision          | Target Date for Reporting to Committee |
| 2  |                      |                                                         |                                                                                                                                                                                                                                                                                                                                                 |                                  |                                                                   |                                        |
| 14 | Governance           | High Level Employment Practices                         | To advise Committee on each ALEO's use/non use of zero hour contracts and adoption of the Scottish Living Wage.                                                                                                                                                                                                                                 | 18                               | Council:<br>Living Wage Accreditation<br>CG/16/044                | Jun-19                                 |
| 15 | Governance           | Induction and Training Programme for ALEO Board Members | Assurance that ALEOs have developed a robust induction and training programme which aim to increase the Board's capacity and ensure that well informed decisions could be taken. The training programme should outline how each ALEO would inform Board members of their obligations in terms of conflicts of interest and the code of conduct. | 16                               | Audit Scotland report:<br>ALEOs: are you getting it right? (2011) | Oct-19                                 |
| 16 | Governance           | Compositon and Capacity of the ALEO Board               | Assurance that ALEO Boards have the capacity and expertise within their memberships to take well informed decisions and minimise risk to the Council. Assurance will also be sought on the profile of the Board and representation of equalities groups.                                                                                        | 16                               | Audit Scotland report:<br>ALEOs: are you getting it right? (2011) | Oct-19                                 |
| 17 | Financial Management | Financial Regulations                                   | Assurance on robustness and compliance with financial regulations and procedures.                                                                                                                                                                                                                                                               | 15                               | Corporate Risk Register: Financial Sustainability Corp-001        | Oct-19                                 |

|    | A                    | B                                  | C                                                                                                                                                                                                              | D                                | E                                                          | F                                      |
|----|----------------------|------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|------------------------------------------------------------|----------------------------------------|
|    | Area of Assurance    | Scope                              | Objective                                                                                                                                                                                                      | Assurance Hub Terms of Reference | Reference to Risk Register/Audit Report/Council Decision   | Target Date for Reporting to Committee |
| 2  |                      |                                    |                                                                                                                                                                                                                |                                  |                                                            |                                        |
| 18 | Financial Management | Medium-Term Financial Planning     | Assurance that ALEOs had prepared a medium-term financial plan or had incorporated medium term planning into a Business Plan. This would provide assurance that ALEOs had prepared for core funding pressures. | 15                               | Corporate Risk Register: Financial Sustainability Corp-001 | Oct-19                                 |
| 19 | Financial Management | SA Audited Annual Accounts 2018-19 | Assurance that accounts were being managed within budget, were in line with statutory requirements and the level of financial risk to the Council is low.                                                      | 15                               | Corporate Risk Register: Financial Sustainability Corp-001 | Oct-19                                 |

| <b>ABERDEEN SPORTS VILLAGE</b><br>The Work Plan outlines the assurance the Hub will request from Aberdeen Sports Village during 2019. |                                              |                                                                                                                                                                                                                  |                                  |                                                                          |                                        |
|---------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|--------------------------------------------------------------------------|----------------------------------------|
| Area of Assurance                                                                                                                     | Scope                                        | Objective                                                                                                                                                                                                        | Assurance Hub Terms of Reference | Reference to Risk Register/Audit Report/Council Decision                 | Target Date for Reporting to Committee |
| Financial Management                                                                                                                  | Quarterly Trading Accounts                   | Assurance that accounts are being managed within budget and the level of financial risk to the Council is low.                                                                                                   | 15                               | Corporate Risk Register: Financial Sustainability Corp-001               | Standing Item                          |
| Risk Management                                                                                                                       | Risk Register                                | Assurance that risks had been adequately identified and scored; and appropriate controls were in place to limit risk to the Council.                                                                             | 14                               | Audit Scotland report: ALEOs: are you getting it right? (2011)           | Standing Item                          |
| Risk Management                                                                                                                       | ALEO Internal and External Audit Reports     | Assurance that ALEOs have appropriate internal and external audit arrangements in place. The Hub will monitor reporting to the Board and plans put in place by ALEOs to address and close audit recommendations. | 14                               | Audit Scotland report: ALEOs: are you getting it right? (2011)           | Standing Item                          |
| Financial Management                                                                                                                  | Medium-Term Financial Planning               | Assurance that ALEOs had prepared a medium-term financial plan or had incorporated medium term planning into a Business Plan. This would provide assurance that ALEOs had prepared for core funding pressures.   | 15                               | Corporate Risk Register: Financial Sustainability Corp-001               | 14-Feb-19                              |
| Financial Management                                                                                                                  | Audited Annual Accounts 2017-18              | Assurance that accounts were being managed within budget, were in line with statutory requirements and the level of financial risk to the Council is low.                                                        | 15                               | Corporate Risk Register: Financial Sustainability Corp-001               | 14-Feb-19                              |
| Risk Management                                                                                                                       | Business Continuity Plan                     | Assurance that a robust and consolidated Business Continuity Plan had been developed and approved by the Board.                                                                                                  | 14                               | Corporate Risk Register: Civil Contingencies Corp-004                    | 14-Feb-19                              |
| Governance                                                                                                                            | Accountability and transparency of ALEOs     | Assurance that ALEOs had taken into account Audit Scotland recommendations and aim to increase the accountability and transparency of decision making.                                                           | 16                               | Audit Scotland report: How councils use arms-length organisations (2018) | 14-Feb-19                              |
| Governance                                                                                                                            | Public Participation in ALEO decision making | Assurance that ALEOs had taken into account Audit Scotland recommendations and aim to increase the level of public participation in the design and delivery of public services.                                  | 16                               | Audit Scotland report: How councils use arms-length organisations (2018) | 14-Feb-19                              |

|                      |                                                         |                                                                                                                                                                                                                                                                                                                                                 |    |                                                                |        |
|----------------------|---------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----|----------------------------------------------------------------|--------|
| Risk Management      | Business Continuity Planning                            | Assurance that appropriate arrangements are in place to test the Business Continuity Plan.                                                                                                                                                                                                                                                      | 14 | Corporate Risk Register: Civil Contingencies Corp-004          | Jun-19 |
| Risk Management      | PREVENT Strategy                                        | Assurance that ALEOs have appropriate procedures in place to work effectively with the Council to ensure it can meet its PREVENT obligations.                                                                                                                                                                                                   | 21 | Corporate Risk Register: Civil Contingencies Corp-004          | Jun-19 |
| Governance           | Scheme of Delegation                                    | Assurance that a scheme had been developed to support decision making and outlined which powers were reserved to the Board and which powers had been delegated to executive officers.                                                                                                                                                           | 16 | Audit Scotland report: ALEOs: are you getting it right? (2011) | Jun-19 |
| Governance           | Information Governance and Data Protection              | Assurance on compliance with GDPR.                                                                                                                                                                                                                                                                                                              | 16 | Corporate Risk Register: Information Governance Corp-005       | Jun-19 |
| Financial Management | Financial Regulations                                   | Assurance on robustness and compliance with financial regulations and procedures.                                                                                                                                                                                                                                                               | 15 | Corporate Risk Register: Financial Sustainability Corp-001     | Jun-19 |
| Governance           | High Level Employment Practices                         | To advise Committee on each ALEO's use/non use of zero hour contracts and adoption of the Scottish Living Wage.                                                                                                                                                                                                                                 | 18 | Council: Living Wage Accreditation CG/16/044                   | Jun-19 |
| Governance           | Induction and Training Programme for ALEO Board Members | Assurance that ALEOs have developed a robust induction and training programme which aim to increase the Board's capacity and ensure that well informed decisions could be taken. The training programme should outline how each ALEO would inform Board members of their obligations in terms of conflicts of interest and the code of conduct. | 16 | Audit Scotland report: ALEOs: are you getting it right? (2011) | Oct-19 |
| Governance           | Composition and Capacity of the ALEO Board              | Assurance that ALEO Boards have the capacity and expertise within their memberships to take well informed decisions and minimise risk to the Council. Assurance will also be sought on the profile of the Board and representation of equalities groups.                                                                                        | 16 | Audit Scotland report: ALEOs: are you getting it right? (2011) | Oct-19 |

| <b>BON ACCORD CARE</b>                                                                      |                                                              |                                                                                                                                                                                                                  |                                  |                                                                          |                                        |
|---------------------------------------------------------------------------------------------|--------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|--------------------------------------------------------------------------|----------------------------------------|
| The Work Plan outlines the assurance the Hub will request from Bon Accord Care during 2019. |                                                              |                                                                                                                                                                                                                  |                                  |                                                                          |                                        |
| Area of Assurance                                                                           | Scope                                                        | Objective                                                                                                                                                                                                        | Assurance Hub Terms of Reference | Reference to Risk Register/Audit Report/Council Decision                 | Target Date for Reporting to Committee |
| Risk Management                                                                             | Risk Register                                                | Assurance that risks had been adequately identified and scored; and appropriate controls were in place to limit risk to the Council.                                                                             | 14                               | Audit Scotland report: ALEOs: are you getting it right? (2011)           | Standing Item                          |
| Financial Management                                                                        | Quarterly Trading Accounts                                   | Assurance that accounts are being managed within budget and the level of financial risk to the Council is low.                                                                                                   | 15                               | Corporate Risk Register: Financial Sustainability Corp-001               | Standing Item                          |
| Risk Management                                                                             | ALEO Internal and External Audit Reports                     | Assurance that ALEOs have appropriate internal and external audit arrangements in place. The Hub will monitor reporting to the Board and plans put in place by ALEOs to address and close audit recommendations. | 14                               | Audit Scotland report: ALEOs: are you getting it right? (2011)           | Standing Item                          |
| Governance                                                                                  | Public Participation in ALEO decision making                 | Assurance that ALEOs had taken into account Audit Scotland recommendations and aim to increase the level of public participation in the design and delivery of public services.                                  | 16                               | Audit Scotland report: How councils use arms-length organisations (2018) | 14-Feb-19                              |
| Governance                                                                                  | Accountability and transparency of ALEOs                     | Assurance that ALEOs had taken into account Audit Scotland recommendations and aim to increase the accountability and transparency of decision making.                                                           | 16                               | Audit Scotland report: How councils use arms-length organisations (2018) | 14-Feb-19                              |
| Governance                                                                                  | Recruitment process and appointment of new Managing Director | Assurance that the recruitment process had complied with employment and equalities legislation; and to report if an appointment had been made.                                                                   | 16                               | Urgent Business Committee: Prospective Appointments 6 July 2018          | 14-Feb-19                              |

|                      |                                                         |                                                                                                                                                                                                                                                                                                                                                 |    |                                                                |           |
|----------------------|---------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----|----------------------------------------------------------------|-----------|
| Governance           | Scheme of Delegation                                    | Assurance that a scheme had been developed to support decision making and outlined which powers were reserved to the Board and which powers had been delegated to executive officers.                                                                                                                                                           | 16 | Audit Scotland report: ALEOs: are you getting it right? (2011) | 14-Feb-19 |
| Risk Management      | Business Continuity Planning                            | Assurance that appropriate arrangements are in place to test the Business Continuity Plan.                                                                                                                                                                                                                                                      | 14 | Corporate Risk Register: Civil Contingencies Corp-004          | 14-Feb-19 |
| Risk Management      | Oversight provided by Risk Management Committee         | Assurance on how the Risk Management Committee monitors and reviews BAC's risk register and risk management framework.                                                                                                                                                                                                                          | 14 | Audit Scotland report: ALEOs: are you getting it right? (2011) | 14-Feb-19 |
| Risk Management      | PREVENT Strategy                                        | Assurance that ALEOs have appropriate procedures in place to work effectively with the Council to ensure it can meet its PREVENT obligations.                                                                                                                                                                                                   | 21 | Corporate Risk Register: Civil Contingencies Corp-004          | Jun-19    |
| Governance           | Information Governance and Data Protection              | Assurance on compliance with GDPR.                                                                                                                                                                                                                                                                                                              | 16 | Corporate Risk Register: Information Governance Corp-005       | Jun-19    |
| Financial Management | Financial Regulations                                   | Assurance on robustness and compliance with financial regulations and procedures.                                                                                                                                                                                                                                                               | 15 | Corporate Risk Register: Financial Sustainability Corp-001     | Jun-19    |
| Governance           | High Level Employment Practices                         | To advise Committee on each ALEO's use/non use of zero hour contracts and adoption of the Scottish Living Wage.                                                                                                                                                                                                                                 | 18 | Council: Living Wage Accreditation CG/16/044                   | Jun-19    |
| Governance           | Induction and Training Programme for ALEO Board Members | Assurance that ALEOs have developed a robust induction and training programme which aim to increase the Board's capacity and ensure that well informed decisions could be taken. The training programme should outline how each ALEO would inform Board members of their obligations in terms of conflicts of interest and the code of conduct. | 16 | Audit Scotland report: ALEOs: are you getting it right? (2011) | Oct-19    |

|                      |                                           |                                                                                                                                                                                                                                                          |    |                                                                |        |
|----------------------|-------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----|----------------------------------------------------------------|--------|
| Governance           | Compositon and Capacity of the ALEO Board | Assurance that ALEO Boards have the capacity and expertise within their memberships to take well informed decisions and minimise risk to the Council. Assurance will also be sought on the profile of the Board and representation of equalities groups. | 16 | Audit Scotland report: ALEOs: are you getting it right? (2011) | Oct-19 |
| Financial Management | Medium-Term Financial Planning            | Assurance that ALEOs had prepared a medium-term financial plan or had incorporated medium term planning into a Business Plan. This would provide assurance that ALEOs had prepared for core funding pressures.                                           | 15 | Corporate Risk Register: Financial Sustainability Corp-001     | Oct-19 |
| Financial Management | Audited Annual Accounts 2018-19           | Assurance that accounts were being managed within budget, were in line with statutory requirements and the level of financial risk to the Council is low.                                                                                                | 15 | Corporate Risk Register: Financial Sustainability Corp-001     | Oct-19 |

| <b>ABERDEEN HEAT AND POWER</b>                                                                      |                                              |                                                                                                                                                                                                                  |                                         |                                                                          |                                               |
|-----------------------------------------------------------------------------------------------------|----------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------|--------------------------------------------------------------------------|-----------------------------------------------|
| The Work Plan outlines the assurance the Hub will request from Aberdeen Heat and Power during 2019. |                                              |                                                                                                                                                                                                                  |                                         |                                                                          |                                               |
| <b>Area of Assurance</b>                                                                            | <b>Scope</b>                                 | <b>Objective</b>                                                                                                                                                                                                 | <b>Assurance Hub Terms of Reference</b> | <b>Reference to Risk Register/Audit Report/Council Decision</b>          | <b>Target Date for Reporting to Committee</b> |
| Financial Management                                                                                | Quarterly Trading Accounts                   | Assurance that accounts are being managed within budget and the level of financial risk to the Council is low.                                                                                                   | 15                                      | Corporate Risk Register: Financial Sustainability Corp-001               | Standing Item                                 |
| Risk Management                                                                                     | Risk Register                                | Assurance that risks had been adequately identified and scored; and appropriate controls were in place to limit risk to the Council.                                                                             | 14                                      | Audit Scotland report: ALEOs: are you getting it right? (2011)           | Standing Item                                 |
| Risk Management                                                                                     | ALEO Internal and External Audit Reports     | Assurance that ALEOs have appropriate internal and external audit arrangements in place. The Hub will monitor reporting to the Board and plans put in place by ALEOs to address and close audit recommendations. | 14                                      | Audit Scotland report: ALEOs: are you getting it right? (2011)           | Standing Item                                 |
| Financial Management                                                                                | Medium-Term Financial Planning               | Assurance on the evidence base and process used by AHP when making financial assumptions within its five-year Business Plan.                                                                                     | 15                                      | Corporate Risk Register: Financial Sustainability Corp-001               | 14-Feb-19                                     |
| Governance                                                                                          | Public Participation in ALEO decision making | Assurance that ALEOs had taken into account Audit Scotland recommendations and aim to increase the level of public participation in the design and delivery of public services.                                  | 16                                      | Audit Scotland report: How councils use arms length organisations (2018) | 14-Feb-19                                     |
| Governance                                                                                          | Accountability and transparency of ALEOs     | Assurance that ALEOs had taken into account Audit Scotland recommendations and aim to increase the accountability and transparency of decision making.                                                           | 16                                      | Audit Scotland report: How councils use arms length organisations (2018) | 14-Feb-19                                     |



|                      |                                            |                                                                                                                                                                                       |    |                                                                |           |
|----------------------|--------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----|----------------------------------------------------------------|-----------|
| Governance           | Data Protection Policy                     | Assurance that a Data Protection Policy had been developed and approved by the Board which was in compliance with GDPR.                                                               | 16 | Corporate Risk Register: Information Governance Corp-005       | 14-Feb-19 |
| Governance           | Scheme of Delegation                       | Assurance that a scheme had been developed to support decision making and outlined which powers were reserved to the Board and which powers had been delegated to executive officers. | 16 | Audit Scotland report: ALEOs: are you getting it right? (2011) | 14-Feb-19 |
| Governance           | Board Report Template                      | Assurance that AHP had developed a Board Report Template which clearly set out sections for recommendations, financial implications and managing risk.                                | 16 | Audit Scotland report: ALEOs: are you getting it right? (2011) | 14-Feb-19 |
| Risk Management      | Business Continuity Planning               | Assurance that appropriate arrangements are in place to test the Business Continuity Plan.                                                                                            | 14 | Corporate Risk Register: Civil Contingencies Corp-004          | Jun-19    |
| Risk Management      | PREVENT Strategy                           | Assurance that ALEOs have appropriate procedures in place to work effectively with the Council to ensure it can meet its PREVENT obligations.                                         | 21 | Corporate Risk Register: Civil Contingencies Corp-004          | Jun-19    |
| Governance           | Information Governance and Data Protection | Assurance on compliance with GDPR.                                                                                                                                                    | 16 | Corporate Risk Register: Information Governance Corp-005       | Jun-19    |
| Financial Management | Financial Regulations                      | Assurance on robustness and compliance with financial regulations and procedures.                                                                                                     | 15 | Corporate Risk Register: Financial Sustainability Corp-001     | Jun-19    |
| Governance           | High Level Employment Practices            | To advise Committee on each ALEO's use/non use of zero hour contracts and adoption of the Scottish Living Wage.                                                                       | 18 | Council: Living Wage Accreditation CG/16/044                   | Jun-19    |

|                      |                                                         |                                                                                                                                                                                                                                                                                                                                                 |    |                                                                |        |
|----------------------|---------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----|----------------------------------------------------------------|--------|
| Governance           | Induction and Training Programme for ALEO Board Members | Assurance that ALEOs have developed a robust induction and training programme which aim to increase the Board's capacity and ensure that well informed decisions could be taken. The training programme should outline how each ALEO would inform Board members of their obligations in terms of conflicts of interest and the code of conduct. | 16 | Audit Scotland report: ALEOs: are you getting it right? (2011) | Oct-19 |
| Governance           | Compositon and Capacity of the ALEO Board               | Assurance that ALEO Boards have the capacity and expertise within their memberships to take well informed decisions and minimise risk to the Council. Assurance will also be sought on the profile of the Board and representation of equalities groups.                                                                                        | 16 | Audit Scotland report: ALEOs: are you getting it right? (2011) | Oct-19 |
| Financial Management | Medium-Term Financial Planning                          | Assurance that ALEOs had prepared a medium-term financial plan or had incorporated medium term planning into a Business Plan. This would provide assurance that ALEOs had prepared for core funding pressures.                                                                                                                                  | 15 | Corporate Risk Register: Financial Sustainability Corp-001     | Oct-19 |
| Financial Management | Audited Annual Accounts 2018-19                         | Assurance that accounts were being managed within budget, were in line with statutory requirements and the level of financial risk to the Council is low.                                                                                                                                                                                       | 15 | Corporate Risk Register: Financial Sustainability Corp-001     | Oct-19 |

**ABERDEEN PERFORMING ARTS**

The Work Plan outlines the assurance the Hub will request from Aberdeen Performing Arts during 2019.

| Area of Assurance    | Scope                                        | Objective                                                                                                                                                                                                        | Assurance Hub Terms of Reference | Reference to Risk Register/Audit Report/Council Decision                 | Target Date for Reporting to Committee |
|----------------------|----------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|--------------------------------------------------------------------------|----------------------------------------|
| Financial Management | Quarterly Trading Accounts                   | Assurance that accounts are being managed within budget and the level of financial risk to the Council is low.                                                                                                   | 15                               | Corporate Risk Register: Financial Sustainability Corp-001               | Standing Item                          |
| Risk Management      | Risk Registers                               | Assurance that risks within the Corporate and Music Hall risk registers had been adequately identified and scored; and appropriate controls were in place to limit risk to the Council.                          | 14                               | Audit Scotland report: ALEOs: are you getting it right? (2011)           | Standing Item                          |
| Risk Management      | ALEO Internal and External Audit Reports     | Assurance that ALEOs have appropriate internal and external audit arrangements in place. The Hub will monitor reporting to the Board and plans put in place by ALEOs to address and close audit recommendations. | 14                               | Audit Scotland report: ALEOs: are you getting it right? (2011)           | Standing Item                          |
| Governance           | Accountability and transparency of ALEOs     | Assurance that ALEOs had taken into account Audit Scotland recommendations and aim to increase the accountability and transparency of decision making.                                                           | 16                               | Audit Scotland report: How councils use arms-length organisations (2018) | 14-Feb-19                              |
| Governance           | Public Participation in ALEO decision making | Assurance that ALEOs had taken into account Audit Scotland recommendations and aim to increase the level of public participation in the design and delivery of public services.                                  | 16                               | Audit Scotland report: How councils use arms-length organisations (2018) | 14-Feb-19                              |
| Governance           | Scheme of Delegation                         | Assurance that a scheme had been developed to support decision making which outline which powers were reserved to the Board and which powers had been delegated to executive officers.                           | 16                               | Audit Scotland report: ALEOs: are you getting it right? (2011)           | 14-Feb-19                              |
| Financial Management | Financial Regulations                        | Assurance on robustness and compliance with financial regulations and procedures.                                                                                                                                | 15                               | Corporate Risk Register: Financial Sustainability Corp-001               | 14-Feb-19                              |

|                      |                                                         |                                                                                                                                                                                                                                                                                                                                                 |    |                                                                |        |
|----------------------|---------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----|----------------------------------------------------------------|--------|
| Risk Management      | Business Continuity Planning                            | Assurance that appropriate arrangements are in place to test the Business Continuity Plan.                                                                                                                                                                                                                                                      | 14 | Corporate Risk Register: Civil Contingencies Corp-004          | Jun-19 |
| Risk Management      | PREVENT Strategy                                        | Assurance that ALEOs have appropriate procedures in place to work effectively with the Council to ensure it can meet its PREVENT obligations.                                                                                                                                                                                                   | 21 | Corporate Risk Register: Civil Contingencies Corp-004          | Jun-19 |
| Governance           | Information Governance and Data Protection              | Assurance on compliance with GDPR.                                                                                                                                                                                                                                                                                                              | 16 | Corporate Risk Register: Information Governance Corp-005       | Jun-19 |
| Governance           | High Level Employment Practices                         | To advise Committee on each ALEO's use/non use of zero hour contracts and adoption of the Scottish Living Wage.                                                                                                                                                                                                                                 | 18 | Council: Living Wage Accreditation CG/16/044                   | Jun-19 |
| Governance           | Induction and Training Programme for ALEO Board Members | Assurance that ALEOs have developed a robust induction and training programme which aim to increase the Board's capacity and ensure that well informed decisions could be taken. The training programme should outline how each ALEO would inform Board members of their obligations in terms of conflicts of interest and the code of conduct. | 16 | Audit Scotland report: ALEOs: are you getting it right? (2011) | Oct-19 |
| Governance           | Compositon and Capacity of the ALEO Board               | Assurance that ALEO Boards have the capacity and expertise within their memberships to take well informed decisions and minimise risk to the Council. Assurance will also be sought on the profile of the Board and representation of equalities groups.                                                                                        | 16 | Audit Scotland report: ALEOs: are you getting it right? (2011) | Oct-19 |
| Financial Management | Medium-Term Financial Planning                          | Assurance that ALEOs had prepared a medium-term financial plan or had incorporated medium term planning into a Business Plan. This would provide assurance that ALEOs had prepared for core funding pressures.                                                                                                                                  | 15 | Corporate Risk Register: Financial Sustainability Corp-001     | Oct-19 |

|                      |                                 |                                                                                                                                                           |    |                                                            |        |
|----------------------|---------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------|----|------------------------------------------------------------|--------|
| Financial Management | Audited Annual Accounts 2018-19 | Assurance that accounts were being managed within budget, were in line with statutory requirements and the level of financial risk to the Council is low. | 15 | Corporate Risk Register: Financial Sustainability Corp-001 | Oct-19 |
|----------------------|---------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------|----|------------------------------------------------------------|--------|

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## ABERDEEN CITY COUNCIL

|                           |                                                                                                                 |
|---------------------------|-----------------------------------------------------------------------------------------------------------------|
| <b>COMMITTEE</b>          | Operational Delivery<br><br><b>Audit, Risk and Scrutiny</b>                                                     |
| <b>DATE</b>               | Operational Delivery – 6 November 2018<br><br><b>Audit, Risk and Scrutiny – 4 December 2018</b>                 |
| <b>REPORT TITLE</b>       | Fleet and Transport MOT Issues                                                                                  |
| <b>REPORT NUMBER</b>      | OPE/18/236                                                                                                      |
| <b>DIRECTOR</b>           | Rob Polkinghorne                                                                                                |
| <b>CHIEF OFFICER</b>      | Mark Reilly                                                                                                     |
| <b>REPORT AUTHOR</b>      | Mark Reilly                                                                                                     |
| <b>TERMS OF REFERENCE</b> | Terms of Ref Committee 1 – Purpose 1; Remit 1 & 4<br><br><b>Terms of Ref Committee 2 – Purpose 1; Remit 6.2</b> |

### 1. PURPOSE OF REPORT

- 1.1 To report the findings of the Corporate Investigation Team regarding the information that had been received that there were several Council vehicles that had been used without having an MOT certificate.
- 1.2 At Audit, Risk and Scrutiny Committee on 8 May 2018, the Chief Operating Officer was instructed to report back to Audit Risk and Scrutiny Committee within two committee cycles, following the completion of the investigation and following consideration of the matter being concluded by the Operational Delivery Committee.

### 2. RECOMMENDATION(S)

That the Committee:

2.1 Note the findings and recommendations of the internal Corporate Investigation into the use of Council vehicles without an MOT certificate.

### **3. BACKGROUND**

#### **3.1 Introduction and background**

3.1.1 A Corporate Investigation was commissioned by the Council's Chief Operating Officer following information that had been received that there were several Council vehicles that had been used without having an MOT certificate.

3.1.2 Council vehicles are maintained by Fleet Services based at Kittybrewster. This service is now part of the Operations function.

3.1.3 The Council has approximately 483 vehicles within its fleet and will hire additional vehicles as and when required. Fleet vehicles are not active every day as they may be off the road for servicing, repairs or may not be required on a particular day.

3.1.4 On 4 April 2018 a media enquiry was received alleging that six vehicles had been operated with no MOT.

3.1.5 A preliminary report was presented to Audit, Risk and Scrutiny Committee on 8 May 2018 (OPE/18/024).

#### **3.2. Summary of findings**

3.2.1 The investigation was completed late September 2018.

3.2.2. The investigation found that four of the vehicles reported by the media were ACC vehicles and two were on hire. Four of the vehicles did not have an MOT.

3.2.3 During the investigation a further three vehicles were identified as not having a valid MOT.

#### **3.3 MOT and the Law**

3.3.1 MOTs are administered by the Driver and Vehicle Licensing Agency (DVLA) and all vehicles in the United Kingdom must:

- *Be registered with DVLA*
- *Have an up to date vehicle tax*
- *Have a current MOT Certificate (if the vehicle needs one)*
- *Be roadworthy*
- *Have a minimum of third party insurance*



3.3.2 An MOT is designed to ensure the vehicle being tested meets road safety and environmental standards and must be obtained by either:

- *The third anniversary of its registration*
- *The anniversary of its last MOT, if it is over 3 years old.*

The following vehicles require an MOT 1 year after they have been registered.

- *Private passenger vehicles with 9-12 passenger seats*
- *Private passenger vehicles with 13-16 passenger seats*
- *Private passenger vehicles over 16 seats*
- *Play buses*

3.3.3. The Road Traffic Act 1988 section 47 (1) states

*“A person who uses on a road at any time, or causes or permits to be so used, a motor vehicle to which this section applies, and as respects which no test certificate has been issued within the appropriate period before that time, is guilty of an offence.*

*In this section and section 48 of this Act, the “appropriate period” means a period of twelve months or such shorter period as may be prescribed.”*

3.3.4 The highway code states the maximum penalty for driving without an MOT is £1000.

### **3.4. Fleet Services**

3.4.1 Fleet Services have overall responsibility for the Council’s operator’s licence and for ensuring that the Council meets the requirements of the licence and relevant legislation. The service is also responsible for ensuring non-operator licenced vehicles meet the necessary standards and comply with road traffic legislation. Failure to meet these responsibilities puts the council’s operator’s licence at risk.

3.4.2 There are issues with the current Fleet Management System, which was purchased in 2009. Additional systems are being used to schedule routine works, including MOTs. In April 2018 the service started to use the DVLA on-line reminder system for MOTs. These processes have now been reviewed and work has commenced to deliver a replacement robust digital system of work.

3.4.3 The Council’s Insurance Officer has advised that if a Council vehicle was being used on the public highway without an MOT it would still have been insured under the Council’s motor vehicle policy.

The Fleet and Transport MOT issues have not directly increased the Council’s premiums.

### **3.5 Conclusion of the Management Investigation**

- 3.5.1 There have been issues with the fleet's ICT system and the systems have been reviewed and work has commenced to deliver a replacement.
- 3.5.2 Management have stated they have three systems in place to manage MOT schedules; Tranman, T-card and the diary function on Outlook. In April 2018 they also started to use the DVLA Fleet portal to track MOTs.

### **3.6 Recommendations from the Management Investigation included:**

- 3.6.1 A fully accurate and reliable MOT and road taxing system be put in place.
- 3.6.2 Place a sticker in each vehicle and within the vehicle defect log book to advise the driver(s) of key dates i.e. regular service, 8-week safety check (if applicable) and MOT. When the administration staff print the job card and pass it to the workshop they can also arrange to print the sticker.
- 3.6.3 Enquire whether the workshop job card can, by default, have the next MOT or service date printed on it so if the vehicle is in the workshop for an unrelated matter this information is readily available to the mechanic.
- 3.6.4 Fleet management to ensure all staff are aware of, and have access to, the Council's Whistleblowing Policy.
- 3.6.5 Fleet management to ensure that all communication from third parties such as hire companies come via fleet services and not to individual officers in services who manage vehicles. This will ensure fleet services are able to maintain complete records of all issues.
- 3.6.6 Where discrepancies in mileage are found without a corresponding log sheet these are brought to the attention of the Fleet Compliance Manager for investigation.
- 3.6.7 The vehicle safety check to be altered to ensure the vehicle has a valid MOT certificate.

### **3.7 Service Actions to address Recommendations (above) from the Management Investigation**

- 3.7.1 In April 2018 Fleet began to use the DVLA Web site (View vehicle records) to check MOT and Road Tax expiry dates and renew Road Tax Licences. It is intended that a more robust system will be developed with the introduction of the new Fleet Management system.

- 3.7.2 In September 2018 Fleet completed the issue of information packs to all services. These packs included copies of MOT, Road Tax and Insurance documents. When information needs to be updated an up to date copy will be sent to the service to replace the previous copy document. The packs are held within the vehicle and the driver will be responsible to check that the documents are present as part of his daily checks. The daily check sheets are being currently updated to include this check. Some services have started placing “Service / MOT” date stickers on windscreens and Fleet has decided to include this information as part of the Vehicle First Use Check Book. This book is being revised now and when finalised it will be held in every vehicle and viewed by the driver when “first use checks” are completed prior to the vehicle being used.
- 3.7.3 Fleet Services are currently looking to print on the workshop job card the next MOT expiry date, so the information is readily available to the mechanic. It is intended that this facility will be available with the replacement Fleet Management system.
- 3.7.4 Details of the Council’s whistleblowing policy have been placed on the staff notice boards. The policy is referred to on the information screen in Fleet’s canteen. It is intended to inform the staff of the policy at the next toolbox talks which will be in November 2018.
- 3.7.5 In October 2018 a control system for vehicle hires was put in place to ensure that all communication from third parties such as hire companies come via fleet services and not to individual officers in services who manage vehicles.
- 3.7.6 Fleet services are investigating the feasibility of developing a system to manage and check mileage through the introduction of the new Fleet Management system.
- 3.7.7. The vehicle safety check will be altered to ensure the vehicle has a valid MOT certificate will be developed with the introduction of Electronic Safety Checks as part of the new Fleet Management system. In the meantime, Fleet Services are currently looking to print on the workshop job card the next MOT expiry date, so the information is readily available to the mechanic. (See 3.7.3 above).

#### **4. FINANCIAL IMPLICATIONS**

- 4.1 The Council may potentially be subject to fines.

#### **5. LEGAL IMPLICATIONS**

- 5.1 Non-compliance with road traffic legislation regarding MOTs may result in fixed penalty fines and put the Council’s “Operator’s” licence at risk.

#### **6. MANAGEMENT OF RISK**

|                     | <b>Risk</b>                                                                            | <b>Low (L), Medium (M), High (H)</b> | <b>Mitigation</b>                                                                                          |
|---------------------|----------------------------------------------------------------------------------------|--------------------------------------|------------------------------------------------------------------------------------------------------------|
| <b>Financial</b>    | Risk of fine                                                                           | M                                    | Ensure systems are in place to prevent Council vehicles being on the road without a valid MOT certificate. |
| <b>Legal</b>        | Fines for non-compliance with Road Traffic legislation and loss of operator's licence. | M                                    | Ensure systems are in place to prevent Council vehicles being on the road without a valid MOT certificate. |
| <b>Employee</b>     | Issue to individual employees of fixed penalty notices for non-compliance              | L                                    | Ensure systems are in place to prevent Council vehicles being on the road without a valid MOT certificate. |
| <b>Customer</b>     | None                                                                                   | L                                    | N/A                                                                                                        |
| <b>Environment</b>  | None                                                                                   | L                                    | N/A                                                                                                        |
| <b>Technology</b>   | No significant related technology risks arising from this report.                      | L                                    | N/A                                                                                                        |
| <b>Reputational</b> | Reputational risks                                                                     | L                                    | Internal & external assurance and review processes.                                                        |

## 7. OUTCOMES

| <b>Local Outcome Improvement Plan Themes</b> |                                                   |
|----------------------------------------------|---------------------------------------------------|
|                                              | <b>Impact of Report</b>                           |
| <b>Prosperous Economy</b>                    | This report does not link to this theme directly. |
| <b>Prosperous People</b>                     | This report does not link to this theme directly. |
| <b>Prosperous Place</b>                      | This report does not link to this theme directly. |
| <b>Enabling Technology</b>                   | This report does not link to this theme directly. |

| <b>Design Principles of Target Operating Model</b> |                                                                                                                                                                                                                                                                                                              |
|----------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                    | <b>Impact of Report</b>                                                                                                                                                                                                                                                                                      |
| <b>Customer Service Design</b>                     | This report does not link to this theme directly.                                                                                                                                                                                                                                                            |
| <b>Organisational Design</b>                       | This report does not link to this theme directly.                                                                                                                                                                                                                                                            |
| <b>Governance</b>                                  | Reporting to this Committee on the Council's use of its Management Investigation procedures regarding compliance with relevant legislation and the conditions of its "vehicle operating licence" gives Committee assurances that appropriate action is being taken where non-compliance has been identified. |
| <b>Workforce</b>                                   | This report does not link to this theme directly.                                                                                                                                                                                                                                                            |
| <b>Process Design</b>                              | This report does not link to this theme directly.                                                                                                                                                                                                                                                            |
| <b>Technology</b>                                  | This report does not link to this theme directly.                                                                                                                                                                                                                                                            |
| <b>Partnerships and Alliances</b>                  | This report does not link to this theme directly.                                                                                                                                                                                                                                                            |

## 8. IMPACT ASSESSMENTS

| <b>Assessment</b>                                    | <b>Outcome</b> |
|------------------------------------------------------|----------------|
| <b>Equality &amp; Human Rights Impact Assessment</b> | Not required   |
| <b>Data Protection Impact Assessment</b>             | Not required   |
| <b>Duty of Due Regard / Fairer Scotland Duty</b>     | Not applicable |

## 9. BACKGROUND PAPERS

None

## 10. APPENDICES (if applicable)

None

## 11. REPORT AUTHOR CONTACT DETAILS

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## ABERDEEN CITY COUNCIL

|                           |                                    |
|---------------------------|------------------------------------|
| <b>COMMITTEE</b>          | Audit, Risk and Scrutiny Committee |
| <b>DATE</b>               | 4 December 2018                    |
| <b>REPORT TITLE</b>       | Internal Audit Progress            |
| <b>REPORT NUMBER</b>      | IA/18/017                          |
| <b>DIRECTOR</b>           | N/A                                |
| <b>REPORT AUTHOR</b>      | David Hughes                       |
| <b>TERMS OF REFERENCE</b> | 2.2 and 2.4                        |

### 1. PURPOSE OF REPORT

- 1.1 This report advises the Committee of Internal Audit's progress against the approved 2018/19 Internal Audit plans.

### 2. RECOMMENDATIONS

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

### 3. BACKGROUND / MAIN ISSUES

- 3.1 The Internal Audit plan for 2018/19 was approved by the Audit, Risk and Scrutiny Committee on 22 February 2018. The plan included an indicative Committee date by when it was planned to report each audit and progress against the plan has been reported to each subsequent meeting of the Committee.
- 3.2 Appendix A to this report shows progress with the audits contained in the 2018/19 plan. A summary is shown in the following table.

| 2018/19<br>Planned<br>Audit Status | As at 21 November 2018<br>by Original Target Committee Date |          |          |          |          |           | %age         |
|------------------------------------|-------------------------------------------------------------|----------|----------|----------|----------|-----------|--------------|
|                                    | Jun 18                                                      | Sep 18   | Dec 18   | Feb 19   | Apr 19   | Total     |              |
| Complete                           | 1                                                           | 7        | 1        | 0        | 0        | 9         | 36.0         |
| Draft Report<br>Issued             | 0                                                           | 1        | 1        | 0        | 0        | 2         | 8.0          |
| Work in<br>Progress                | 0                                                           | 1        | 3        | 4        | 1        | 9         | 36.0         |
| To Start                           | 0                                                           | 0        | 0        | 2        | 3        | 5         | 20.0         |
| <b>Total</b>                       | <b>1</b>                                                    | <b>9</b> | <b>5</b> | <b>6</b> | <b>4</b> | <b>25</b> | <b>100.0</b> |

**4. FINANCIAL IMPLICATIONS**

4.1 There are no direct financial implications arising from the recommendations of this report.

**5. LEGAL IMPLICATIONS**

5.1 There are no direct legal implications arising from the recommendations of this report.

**6. MANAGEMENT OF RISK**

6.1 The Internal Audit process considers risks involved in the areas subject to review. Any risk implications identified through the Internal Audit process are detailed in the resultant Internal Audit reports. Recommendations are made to address the identified risks and Internal Audit follows up progress with implementing those that are agreed with management. Where planned progress is not maintained, there is a risk that sufficient work will not have been completed by the end of the financial year for Internal Audit to complete its annual opinion on the Council’s control environment.

**7. OUTCOMES**

7.1 There are no direct impacts, as a result of this report, in relation to the Local Outcome Improvement Plan Themes of Prosperous Economy, People or Place, or Enabling Technology, or on the Design Principles of the Target Operating Model.

7.2 However, Internal Audit plays a key role in providing assurance over, and helping to improve, the Council’s framework of governance, risk management and control. These arrangements, put in place by the Council, help ensure that the Council achieves its strategic objectives in a well-managed and controlled environment.

**8. IMPACT ASSESSMENTS**

| <b>Assessment</b>                                    | <b>Outcome</b>                                                                                                                                                                                                                                                  |
|------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Equality &amp; Human Rights Impact Assessment</b> | An assessment is not required because the reason for this report is to report Internal Audit’s progress to Committee. As a result, there will be no differential impact, as a result of the proposals in this report, on people with protected characteristics. |
| <b>Privacy Impact Assessment</b>                     | Not required                                                                                                                                                                                                                                                    |
| <b>Duty of Due Regard / Fairer Scotland Duty</b>     | Not applicable                                                                                                                                                                                                                                                  |

**9. APPENDICES**

9.1 Appendix A – Progress with 2018/19 Internal Audit Plan.



10. REPORT AUTHOR DETAILS

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(01467) 537861

## APPENDIX A

### PROGRESS WITH 2018/19 INTERNAL AUDIT PLAN

*(Note – text in italics represents updates provided to Committee previously)*

| SUBJECT / SCOPE | OBJECTIVE | Progress as at<br>21 November 2018 | Red<br>Amber<br>Green | Comment where<br>applicable |
|-----------------|-----------|------------------------------------|-----------------------|-----------------------------|
|-----------------|-----------|------------------------------------|-----------------------|-----------------------------|

#### Originally Planned for September 2018 Committee

|                  |                                                                                                                                                                         |                                                                                         |          |       |                                                                                                                  |
|------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------|----------|-------|------------------------------------------------------------------------------------------------------------------|
| Transformation   | To provide assurance that the Council has appropriate arrangements in place to ensure the success of its transformational aspirations.                                  | Draft report due to be issued                                                           | 04.09.18 | Green | <i>Delay due to combination of Internal Auditor resigning and availability of key officers.</i>                  |
|                  |                                                                                                                                                                         | Draft report issued                                                                     | 29.08.18 |       |                                                                                                                  |
|                  |                                                                                                                                                                         | Management response due                                                                 | 07.09.18 | Amber |                                                                                                                  |
|                  |                                                                                                                                                                         | Management response received                                                            | 17.09.18 |       |                                                                                                                  |
|                  |                                                                                                                                                                         | Final draft issued to management                                                        | 17.09.18 | Amber |                                                                                                                  |
|                  |                                                                                                                                                                         | Management confirmation received                                                        | 27.09.18 |       |                                                                                                                  |
|                  |                                                                                                                                                                         | Final Report Issued                                                                     | 27.09.18 | Green |                                                                                                                  |
|                  |                                                                                                                                                                         | Original target Committee date                                                          | 25.09.18 | Amber |                                                                                                                  |
|                  |                                                                                                                                                                         | Revised target Committee date                                                           | 04.12.18 |       |                                                                                                                  |
|                  |                                                                                                                                                                         | Actual Submission to Committee                                                          | 04.12.18 |       |                                                                                                                  |
| Digital Strategy | To provide assurance that there are appropriate plans in place to manage the Council's digital strategy including reporting of progress against established milestones. | Draft report due to be issued                                                           | 27.09.18 | Green | <i>Commencement delayed at request of Service pending Chief Officer – Digital and Technology taking up post.</i> |
|                  |                                                                                                                                                                         | Draft report issued                                                                     | 26.09.18 |       |                                                                                                                  |
|                  |                                                                                                                                                                         | Management response due                                                                 | 24.10.18 | Amber |                                                                                                                  |
|                  |                                                                                                                                                                         | Meeting to discuss                                                                      | 10.10.18 |       |                                                                                                                  |
|                  |                                                                                                                                                                         | Further evidence requested from Service which is now being considered by Internal Audit | 23.10.18 |       |                                                                                                                  |
|                  |                                                                                                                                                                         |                                                                                         | TBC      |       |                                                                                                                  |
|                  |                                                                                                                                                                         | Original target Committee date                                                          | 25.09.18 | Amber |                                                                                                                  |
|                  |                                                                                                                                                                         | Revised Committee Date                                                                  | 14.02.18 |       |                                                                                                                  |

| SUBJECT / SCOPE | OBJECTIVE | Progress as at<br>21 November 2018 | Red<br>Amber<br>Green | Comment where<br>applicable |
|-----------------|-----------|------------------------------------|-----------------------|-----------------------------|
|-----------------|-----------|------------------------------------|-----------------------|-----------------------------|

### Originally Planned for September 2018 Committee (continued)

|                                                    |                                                                                                                                              |                                                                                                |          |       |                                                                         |       |
|----------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------|----------|-------|-------------------------------------------------------------------------|-------|
| Devolved Education Management Scheme               | To provide assurance that the scheme in place is adequate and that the decision making process is appropriate based on delegations in place. | Draft report due to be issued                                                                  | 28.09.18 | Green | <i>Commencement delayed pending planning meeting with Service</i>       |       |
|                                                    |                                                                                                                                              | Draft report issued                                                                            | 28.09.18 |       |                                                                         |       |
|                                                    |                                                                                                                                              | Management response due                                                                        | 15.10.18 |       |                                                                         | Green |
|                                                    |                                                                                                                                              | Management response received                                                                   | 16.10.18 |       |                                                                         |       |
|                                                    |                                                                                                                                              | Final draft issued to management pending receipt of further information from Service and C&PSS | 19.10.18 |       |                                                                         | Green |
|                                                    |                                                                                                                                              | Management confirmation received                                                               | 09.11.18 |       |                                                                         | Amber |
| Final Report Issued                                | 12.11.18                                                                                                                                     | Green                                                                                          |          |       |                                                                         |       |
| Original target Committee date                     | 25.09.18                                                                                                                                     | Amber                                                                                          |          |       |                                                                         |       |
| Revised Committee Date                             | 04.12.18                                                                                                                                     |                                                                                                |          |       |                                                                         |       |
| Actual Submission to Committee                     | 04.12.18                                                                                                                                     |                                                                                                |          |       |                                                                         |       |
| Health and Social Care Partnership Charging Policy | To provide assurance that there is a clear charging policy in place and that it is being complied with.                                      | Draft report due to be issued                                                                  | 21.12.18 | Green | <i>Delayed at request of Service which is developing a new strategy</i> |       |
|                                                    |                                                                                                                                              | Draft report issued                                                                            | N/A      |       |                                                                         |       |
|                                                    |                                                                                                                                              | Original target Committee date                                                                 | 25.09.18 |       |                                                                         | Amber |
| Revised Committee Date                             | 14.02.19                                                                                                                                     |                                                                                                |          |       |                                                                         |       |

| SUBJECT / SCOPE | OBJECTIVE | Progress as at<br>21 November 2018 | Red<br>Amber<br>Green | Comment where<br>applicable |
|-----------------|-----------|------------------------------------|-----------------------|-----------------------------|
|-----------------|-----------|------------------------------------|-----------------------|-----------------------------|

### Originally Planned for December 2018 Committee

|                                                                       |                                                                                                                                                                                       |                                  |          |       |                                                                                                       |
|-----------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|----------|-------|-------------------------------------------------------------------------------------------------------|
| Voluntary Severance /<br>Early Retirement (VSER)                      | To provide assurance that the terms of the VSER Scheme are complied with and that payments made / enhancements to pensions are accurate.                                              | Draft report due to be issued    | 16.10.18 | Green | Further testing<br>required                                                                           |
|                                                                       |                                                                                                                                                                                       | Draft report issued              | 16.10.18 |       |                                                                                                       |
|                                                                       |                                                                                                                                                                                       | Management response due          | 30.10.18 | Green |                                                                                                       |
|                                                                       |                                                                                                                                                                                       | Management response received     | 31.10.18 |       |                                                                                                       |
|                                                                       |                                                                                                                                                                                       | Final draft issued to management | 22.11.18 | Amber |                                                                                                       |
| Management confirmation received                                      | TBC                                                                                                                                                                                   |                                  |          |       |                                                                                                       |
| Final Report Issued                                                   | TBC                                                                                                                                                                                   | Amber                            |          |       |                                                                                                       |
|                                                                       |                                                                                                                                                                                       | Original target Committee date   | 04.12.18 | Amber |                                                                                                       |
|                                                                       |                                                                                                                                                                                       | Revised Committee Date           | 14.02.19 |       |                                                                                                       |
| Compliance with<br>Procurement Legislation<br>and Council Regulations | To provide assurance that the Council has appropriate arrangements in place that are being complied with, to ensure compliance with procurement legislation and internal regulations. | Original target Committee date   | 04.12.18 | Amber | Delayed due to<br>delays with other<br>audits and additional<br>follow up work on<br>recommendations. |
|                                                                       |                                                                                                                                                                                       | Revised Committee Date           | 14.02.19 |       |                                                                                                       |

| SUBJECT / SCOPE | OBJECTIVE | Progress as at<br>21 November 2018 | Red<br>Amber<br>Green | Comment where<br>applicable |
|-----------------|-----------|------------------------------------|-----------------------|-----------------------------|
|-----------------|-----------|------------------------------------|-----------------------|-----------------------------|

### Originally Planned for December 2018 Committee (continued)

|                                            |                                                                                                                              |                                  |          |       |                                                                                                                                                                          |       |
|--------------------------------------------|------------------------------------------------------------------------------------------------------------------------------|----------------------------------|----------|-------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------|
| Business Rates                             | To provide assurance over the accuracy of Business Rates billing and robustness of collection arrangements.                  | Draft report due to be issued    | 04.10.18 | Green | Meeting held with Service on 30.10.18 to go over report / responses.                                                                                                     |       |
|                                            |                                                                                                                              | Draft report issued              | 04.10.18 |       |                                                                                                                                                                          |       |
|                                            |                                                                                                                              | Management response due          | 25.10.18 |       |                                                                                                                                                                          | Green |
|                                            |                                                                                                                              | Management response received     | 19.10.18 |       |                                                                                                                                                                          |       |
|                                            |                                                                                                                              | Final draft issued to management | 02.11.18 |       |                                                                                                                                                                          | Green |
|                                            |                                                                                                                              | Management confirmation received | N/A      |       |                                                                                                                                                                          |       |
|                                            |                                                                                                                              | Final Report Issued              | 19.11.18 | Green |                                                                                                                                                                          |       |
|                                            |                                                                                                                              | Original target Committee date   | 04.12.18 | Green |                                                                                                                                                                          |       |
|                                            |                                                                                                                              | Actual Submission to Committee   | 04.12.18 |       |                                                                                                                                                                          |       |
| Data security in a cloud based environment | To provide assurance over the Council's arrangements to ensure data security where business is transacted through the Cloud. | Draft report due to be issued    | 21.12.18 | Green | There have been delays in information requested by Internal Audit being received from the Service. Subsequently, the Auditor undertaking this audit left Internal Audit. |       |
|                                            |                                                                                                                              | Draft report issued              | TBC      |       |                                                                                                                                                                          |       |
|                                            |                                                                                                                              | Original target Committee date   | 04.12.18 | Green |                                                                                                                                                                          |       |
|                                            |                                                                                                                              | Revised Committee Date           | 14.02.19 |       |                                                                                                                                                                          |       |

| SUBJECT / SCOPE | OBJECTIVE | Progress as at<br>21 November 2018 | Red<br>Amber<br>Green | Comment where<br>applicable |
|-----------------|-----------|------------------------------------|-----------------------|-----------------------------|
|-----------------|-----------|------------------------------------|-----------------------|-----------------------------|

**Originally Planned for December 2018 Committee (continued)**

|                                |                                                                                                                                                                                                |                                |          |       |                                                                                                       |
|--------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------|----------|-------|-------------------------------------------------------------------------------------------------------|
| National Care Home<br>Contract | To provide assurance that risk to<br>supply is controlled through adequate<br>monitoring of supply and suppliers<br>and related business continuity<br>plans. (Ref Kingsmead Nursing<br>Home.) | Draft report due to be issued  | 21.12.18 | Amber | Delayed due to<br>delays with other<br>audits and additional<br>follow up work on<br>recommendations. |
|                                |                                                                                                                                                                                                | Draft report issued            | TBC      |       |                                                                                                       |
|                                |                                                                                                                                                                                                | Original target Committee date | 04.12.18 |       |                                                                                                       |
|                                |                                                                                                                                                                                                | Revised Committee Date         | 14.02.19 |       |                                                                                                       |

| SUBJECT / SCOPE | OBJECTIVE | Progress as at<br>21 November 2018 | Red<br>Amber<br>Green | Comment where<br>applicable |
|-----------------|-----------|------------------------------------|-----------------------|-----------------------------|
|-----------------|-----------|------------------------------------|-----------------------|-----------------------------|

### Originally Planned for February 2019 Committee

|                                                   |                                                                                                                                                                              |                                |          |       |                   |
|---------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------|----------|-------|-------------------|
| Health and Safety Arrangements across the Council | To provide assurance that appropriate arrangements to manage Health and Safety have been implemented across the Council.                                                     | Draft report due to be issued  | 12.12.18 | Green |                   |
|                                                   |                                                                                                                                                                              | Draft report issued            | N/A      |       |                   |
|                                                   |                                                                                                                                                                              | Original target Committee date | 14.02.19 |       |                   |
| Prevention of Fraud, Bribery and Corruption       | To provide assurance that the Council's arrangements for the prevention of fraud, bribery and corruption are adequate and proportionate.                                     | Draft report due to be issued  | 11.12.18 | Green |                   |
|                                                   |                                                                                                                                                                              | Draft report issued            | N/A      |       |                   |
|                                                   |                                                                                                                                                                              | Original target Committee date | 14.02.19 |       |                   |
| i-World Housing Management System                 | To provide assurance that appropriate control is being exercised over the i-World system and that interfaces to and from other systems are accurate and properly controlled. | Draft report due to be issued  | 14.12.18 | Green |                   |
|                                                   |                                                                                                                                                                              | Draft report issued            | N/A      |       |                   |
|                                                   |                                                                                                                                                                              | Original target Committee date | 14.02.19 |       |                   |
| Pupil Equity Fund                                 | To provide assurance that schools are spending in accordance with their plans, and that these were developed as required, to close the poverty related attainment gap.       | Draft report due to be issued  | 12.12.18 | Green |                   |
|                                                   |                                                                                                                                                                              | Draft report issued            | N/A      |       |                   |
|                                                   |                                                                                                                                                                              | Original target Committee date | 14.02.19 |       |                   |
| Craft Workers' Payroll                            | To provide assurance that new Terms and Conditions have been implemented and are being complied with.                                                                        | Original target Committee date | 14.02.19 | Green | Not yet commenced |

| SUBJECT / SCOPE | OBJECTIVE | Progress as at<br>21 November 2018 | Red<br>Amber<br>Green | Comment where<br>applicable |
|-----------------|-----------|------------------------------------|-----------------------|-----------------------------|
|-----------------|-----------|------------------------------------|-----------------------|-----------------------------|

**Originally Planned for February 2019 Committee (continued)**

|                 |                                                                                      |                                |          |       |                   |
|-----------------|--------------------------------------------------------------------------------------|--------------------------------|----------|-------|-------------------|
| Bond Trust Deed | To provide assurance that the requirements of the Bond Trust Deed are complied with. | Draft report due to be issued  | 19.12.18 | Green | Not yet commenced |
|                 |                                                                                      | Draft report issued            | N/A      |       |                   |
|                 |                                                                                      | Original target Committee date | 14.02.19 |       |                   |



| SUBJECT / SCOPE | OBJECTIVE | Progress as at<br>21 November 2018 | Red<br>Amber<br>Green | Comment where<br>applicable |
|-----------------|-----------|------------------------------------|-----------------------|-----------------------------|
|-----------------|-----------|------------------------------------|-----------------------|-----------------------------|

### Originally Planned for April 2019 Committee

|                                   |                                                                                                  |                                |          |       |                   |
|-----------------------------------|--------------------------------------------------------------------------------------------------|--------------------------------|----------|-------|-------------------|
| Digital Booking, Fees and Charges | To provide assurance over the controls around on-line booking and collection of fees and charges | Original target Committee date | 30.04.19 | Green | Not yet commenced |
|-----------------------------------|--------------------------------------------------------------------------------------------------|--------------------------------|----------|-------|-------------------|

|              |                                                                                                                                                                                                          |                                |          |       |                   |
|--------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------|----------|-------|-------------------|
| Music Centre | To provide assurance that procedures have been improved following completion of work undertaken by Corporate Investigation Team - review of income, expenditure (procurement and payroll), and inventory | Original target Committee date | 30.04.19 | Green | Not yet commenced |
|--------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------|----------|-------|-------------------|

|                                   |                                                                                                                                                                                     |                                |          |       |                   |
|-----------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------|----------|-------|-------------------|
| Management of high risk contracts | To focus on recent identified issues:-<br>- 3 <sup>rd</sup> Don Crossing<br>- Photovoltaic Panels<br><br>To include data / intelligence used for monitoring and escalation of risk. | Original target Committee date | 30.04.19 | Green | Not yet commenced |
|-----------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------|----------|-------|-------------------|

|                          |                                                                                                                                                                                                                          |                                |          |       |  |
|--------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------|----------|-------|--|
| Criminal Justice Service | To provide assurance that adequate control is exercised over income and expenditure, that system data is accurate and adequately supported, and that reporting arrangements between the Council and IJB are appropriate. | Draft report due to be issued  | 07.12.18 | Green |  |
|                          |                                                                                                                                                                                                                          | Draft report issued            | N/A      |       |  |
|                          |                                                                                                                                                                                                                          | Original target Committee date | 30.04.19 |       |  |

| SUBJECT / SCOPE | OBJECTIVE | Progress as at<br>21 November 2018 |
|-----------------|-----------|------------------------------------|
|-----------------|-----------|------------------------------------|

### No Planned Reporting to Committee

|                                                                                                      |                                                                                                                                                                                                                                                                                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Interreg Projects where Aberdeen City Council is involved as a Lead Partner and / or Project Partner | <p>To certify required grant claims in accordance with Programme Secretariat requirements.</p> <p><i>There will be no specific reporting to management and / or Audit Risk and Scrutiny Committee in relation to these grant claims unless a significant issue were identified.</i></p> | <p><i>BEGIN Project ACC Partner Claim for period 2 certified (June 2018).</i></p> <p><i>HyTrEc2 Project ACC Partner Claim for period 2 certified (June 2018)</i></p> <p><i>HyTrEc2 Overall Project Claim for period 2 certified (June 2018)</i></p> <p><i>HeatNet Project ACC Partner Claim for period 3 certified (August 2018)</i></p> <p>BEGIN Project ACC Partner Claim for period 3 – work in progress (November 2018)</p> <p>HyTrEc2 Project ACC Partner Claim for period 3 - work in progress (November 2018)</p> |
|------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

### GENERAL

|                                                    |                                                                                                                                                                                      |                                                                         |
|----------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------|
| Contingency - Investigations and additional works. | To undertake investigations and additional works as they arise and to provide a contingency should systems subject to audit not be adequately documented by Services prior to audit. | Additional works being undertaken are detailed in the following tables. |
|----------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------|

## ABERDEEN CITY COUNCIL

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|                           |                                               |
|---------------------------|-----------------------------------------------|
| <b>COMMITTEE</b>          | Audit, Risk and Scrutiny Committee            |
| <b>DATE</b>               | 4 December 2018                               |
| <b>REPORT TITLE</b>       | Internal Audit Report AC1910 – Transformation |
| <b>REPORT NUMBER</b>      | IA/AC1910                                     |
| <b>DIRECTOR</b>           | N/A                                           |
| <b>REPORT AUTHOR</b>      | David Hughes                                  |
| <b>TERMS OF REFERENCE</b> | 2.2                                           |

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### **1. PURPOSE OF REPORT**

- 1.1 The purpose of this report is to present the planned Internal Audit report on Transformation.

### **2. RECOMMENDATION**

- 2.1 It is recommended that the Committee review, discuss and comment on the issues raised within this report and the attached appendix.

### **3. BACKGROUND / MAIN ISSUES**

- 3.1 Internal Audit has completed the attached report which relates to an audit of Transformation.

### **4. FINANCIAL IMPLICATIONS**

- 4.1 There are no direct financial implications arising from the recommendations of this report.

### **5. LEGAL IMPLICATIONS**

- 5.1 There are no direct legal implications arising from the recommendations of this report.

### **6. MANAGEMENT OF RISK**

- 6.1 The Internal Audit process considers risks involved in the areas subject to review. Any risk implications identified through the Internal Audit process are as detailed in the attached appendix.

## 7. OUTCOMES

- 7.1 There are no direct impacts, as a result of this report, in relation to the Local Outcome Improvement Plan Themes of Prosperous Economy, People or Place, or Enabling Technology, or on the Design Principles of the Target Operating Model.
- 7.2 However, Internal Audit plays a key role in providing assurance over, and helping to improve, the Council's framework of governance, risk management and control. These arrangements, put in place by the Council, help ensure that the Council achieves its strategic objectives in a well-managed and controlled environment.

## 8. IMPACT ASSESSMENTS

| <b>Assessment</b>                                    | <b>Outcome</b>                                                                                                                                                                                                                                                                                  |
|------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Equality &amp; Human Rights Impact Assessment</b> | An assessment is not required because the reason for this report is for Committee to review, discuss and comment on the outcome of an internal audit. As a result, there will be no differential impact, as a result of the proposals in this report, on people with protected characteristics. |
| <b>Privacy Impact Assessment</b>                     | Not required                                                                                                                                                                                                                                                                                    |
| <b>Duty of Due Regard / Fairer Scotland Duty</b>     | Not applicable                                                                                                                                                                                                                                                                                  |

## 9. APPENDICES

- 9.1 Internal Audit report AC1910 – Transformation.

## 10. REPORT AUTHOR DETAILS

David Hughes, Chief Internal Auditor  
[David.Hughes@aberdeenshire.gov.uk](mailto:David.Hughes@aberdeenshire.gov.uk)  
(01467) 537861



# **Internal Audit Report**

## **Transformation (Target Operating Model)**

**Issued to:**

Angela Scott, Chief Executive  
Rob Polkinghorne, Chief Operating Officer  
Steven Whyte, Director of Resources  
Fraser Bell, Chief Officer – Governance  
Jonathan Belford, Chief Officer – Finance  
Morven Spalding, Interim Chief Officer – People and Organisation  
External Audit

## **EXECUTIVE SUMMARY**

The Council is undertaking an ambitious and extensive transformation programme in order to refocus on its key priorities as set out in the Local Outcomes Improvement Plan, and to rebalance its resources in order to achieve balanced future budgets. This includes review and rationalisation of the organisational structure, a change in the approach to commissioning, a move towards new digital solutions, and development and implementation of new governance arrangements to support these changes.

The objective of this audit was to provide assurance that the Council has appropriate arrangements in place to ensure the success of its transformational aspirations. This involved a review of the governance and programme management arrangements for implementing the Target Operating Model and progress made to date against key milestones including structural, financial and governance changes.

The transformational changes are generally well progressed and have followed a clear governance framework for development and implementation in line with a set of Target Operating Model design principles. The first phase of change, including transition to an interim staffing structure and other workforce changes, was set out in a clear programme plan, and is now almost complete. Plans and schedules for implementation of further phases, up to 2021, are being drafted.

The Strategic Transformation Committee has been central to the governance of programmes and funds within the transformation portfolio, however presentation of financial data could benefit from a more consistent and forward looking approach in order to better demonstrate progress, costs and forecast delivery of savings through projects and the overall programme. Finance has stated that presentation of financial information has evolved over time and will now provide details of approved, actual and forecast costs with forecast delivery of approved savings for 2018/19 in future reports to the Committee. The Transformation Strategy has been used to inform and steer budget setting for 2018/19 and beyond. Setting, and achieving, a balanced budget in future years will help demonstrate achievement of the planned outcomes.

Review of financial data indicates variation between reported and actual spend from the transformation fund; revised transformation fund budgets; and differences between the estimated and actual achievable savings arising through voluntary severance / early retirement. In addition, although savings have been calculated and applied to the budget, a reconciliation has still to be completed against the payroll system. Finance has reviewed and updated its records and have reviewed Committee reporting as noted above. People and Organisation anticipate concluding reconciliations to the payroll system before the end of December 2018.

Development and implementation of the Council's new governance arrangements and supporting documentation followed a clear programme plan, and records indicate that training was planned and delivered in their use. Opportunities to enhance the efficiency of decision making are being considered by officers.

# 1. INTRODUCTION

- 1.1 The Council is undertaking an ambitious and extensive transformation programme in order to refocus on its key priorities as set out in the Local Outcomes Improvement Plan, and to rebalance its resources in order to achieve balanced future budgets. This includes review and rationalisation of the organisational structure, a change in the approach to commissioning, a move towards new digital solutions, and development and implementation of new governance arrangements to support these changes.
- 1.2 The objective of this audit was to provide assurance that the Council has appropriate arrangements in place to ensure the success of its transformational aspirations. This involved a review of the governance and programme management arrangements for implementing the Target Operating Model and progress made to date against key milestones including structural, financial and governance changes.
- 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 Fraser Bell, Chief Officer – Governance.

## **2. FINDINGS AND RECOMMENDATIONS**

### **2.1 Plans and Communication**

- 2.1.1 The Council has set out a vision and a set of design principles for the Target Operating Model, and commenced a programme of work to develop options, agree and implement them over 5 years.
- 2.1.2 As plans to deliver this vision have developed, they have been presented as a set of programmes to the Council for approval, and thereafter (following development and implementation of new governance arrangements) the Strategic Transformation Committee was created to monitor progress with delivery of the Target Operating Model and ensure that service improvements and savings are delivered in line with the Council's Transformation Objectives.
- 2.1.3 There are defined 'design principles' which projects have to be able to demonstrate adherence to, and a defined time period over which they have to provide tangible benefits, including savings. Plans have been refined to include more detail through various reviews and iterations. Development and delivery are being reported to the Committee.
- 2.1.4 A dedicated intranet site has been made available to communicate the changes internally, outlining the governance changes and information on voluntary severance and early retirement (VS/ER) through which a proportion of the changes and savings will be achieved, and which have the most significant direct impact on staff. Although the site has not been frequently updated as new change projects have progressed, the majority of Committee papers are open to the public, including staff, except for programmes which are still under development or with commercial sensitivities. Consultation, and engagement sessions, have also been carried out with staff to support the transition. Further communication is anticipated as new processes and systems are developed and brought on-line.

### **2.2 Governance and Programme Management**

- 2.2.1 A clear governance structure was developed and put in place, including clearly defined roles, responsibilities and processes. Support was provided by the Programme Management Office (PMO).
- 2.2.2 Each project was developed by one or more programme Delivery Board and had to pass through five Control Boards: Finance / Commissioning; Establishment; Design; Technology; and Communications, and thereafter the Management Board and Strategic Transformation Committee. The inclusion of these stages presented a risk of delay, which was mitigated by regular meetings, but the requirement for projects to pass through all of the Boards improved scrutiny and control to ensure each project met the target operating model design principles before progressing to implementation.
- 2.2.3 Although there was no published timetable for implementation, a very detailed project plan was set out for the first phase which included all of the supporting activities for development of business cases and restructuring to the interim structure.
- 2.2.4 Management is in the process of developing plans for the next phase of implementation. Although it may not be possible to schedule every action with certainty, it may be useful to set out a full implementation timetable in order to set and maintain the pace of change towards a clear end goal. This may also be an opportunity to review the balance of scrutiny and progress (i.e. the number of boards and meetings) to ensure all of the objectives can be delivered as planned whilst maintaining an appropriate level of assurance.



**Recommendation**

An implementation timetable should be set out.

**Service Response / Action**

Agreed. The PMO has reviewed existing programme and project management arrangements to help ensure the Council delivers its Transformation Objectives, including consideration of the balance between scrutiny and progress. This reflects the implementation of the interim functional structure. The PMO has developed plans for phases 2, 3 and 4 of transformation up to 2021 so far as possible.

**Implementation Date**

Implemented

**Responsible Officer**

Chief Officer –  
Governance

**Grading**

Important within audited  
area

**2.3 Progress**

- 2.3.1 The Strategic Transformation Committee is provided with Highlight reports at each meeting. These are high level summaries of progress, prepared by the PMO in conjunction with Senior Responsible Officers following review by the Delivery and Control Boards. More detailed reports including risks, actions, issues and decisions, have been considered by the Boards on a regular basis.
- 2.3.2 Detail of progress having been made is included in the Highlight reports, however these are high level, reporting on success and selected exceptions. The selection of data has varied, including reports which have amalgamated or re-named various workstreams, and milestone dates which have been revised or extended, without a note that it has occurred and supporting explanations. In each case only 'current' or 'completed' milestones are listed, giving no indication of the stage each programme / project / action has reached and how far each has still to go. Therefore, although the Committee can see what is being done, it may not be provided with sufficient assurance that this is achieving the intended results within agreed timescales. Monitoring against a timetable (see 2.2.4 above) could provide more assurance over delivery, if supported by clear explanations for variances.
- 2.3.3 In August 2017, Council agreed to the establishment of a £15 million Transformation Fund to accelerate the delivery of change, through development and implementation of various business cases. The Fund is intended to be self-financing – with cashable benefits from project delivery reimbursing the fund over defined payback periods.
- 2.3.4 Council further agreed that use of the Fund would be reported to the Finance Policy & Resources Committee as part of the Council's quarterly financial statements. The same meeting approved the establishment of the Strategic Transformation Committee whose remit and responsibilities included: allocation of funding as appropriate from the Transformation Fund; and to monitor spend against profiled budget and forecast outturns of the Transformation Fund. Finance has stated that to avoid duplicate reporting, the full portfolio budget reporting was presented to the Strategic Transformation Committee whilst the use of the fund was reflected via the 'Reserves' page in the Council's quarterly financial reports to the City Growth & Resources Committee which from 1 April 2018 superseded the Finance, Policy & Resources Committee. Although the Fund is included as a separate line in the financial statements on the 'Reserves' page - now reported to the City Growth & Resources Committee, the reserves have only been broken down into this level of detail in the annual statement.
- 2.3.5 Not all of the reports in relation to financial and other aspects of the Target Operating Model and Transformation have been published timeously. Although reasons for this have been published and agreed by the Convener in formal late report documents, including

the pace and scale of change and need to align with budget setting schedules, there is a risk that this might have reduced the time available for Councillors to review and scrutinise the content.

- 2.3.6 Three changes to Transformation Fund budget lines were made in the report to the February 2018 committee: additional budget was allocated to developing business cases for Fleet and Facilities Management. Each was originally awarded £150,000 based on estimated costs per the business cases, yet later budget monitoring shows each with a budget of £166,000; and £103,000 has been added for an activity analysis. There is no recorded explanation, formal request for approval, or minuted decision in respect of these changes. Finance has stated that the estimates were subsequently reviewed and amended to reflect updated information and that as the revised estimates for these activities did not result in a change in the agreed overall cost of external support for their delivery further approval was not sought. It is noted that in subsequent reports any virements between budget headings were highlighted and approval sought for the changes.
- 2.3.7 Investment of Transformation Funds was predicated on delivery of savings and a return on investment within a defined period. Although transformation is being delivered over 5 years, some projects indicated a 3 year payback period. The returns / savings are not currently being presented to the Strategic Transformation Committee in the budget monitoring alongside Fund expenditure. It is however important that the anticipated savings are set out in advance, and progress towards achieving them monitored consistently. Inclusion of projected and actual savings within the monitoring report would provide more assurance over return on investment.
- 2.3.8 It was set out that the Finance Delivery Board would monitor spend and savings and model benefit realisation across the entire programme. The Strategic Transformation Committee was then asked to agree that each individual workstream report back to Committee via the Boards on their outcomes and expected benefits. Finance coordinates budget updates for each meeting of the Committee against relevant programme boards.
- 2.3.9 Presentation of financial data has developed iteratively as programmes have progressed. Content and timelines have varied: for example, some business cases requested one off investment, for programmes that would include ongoing costs, and it was not recorded how the ongoing revenue costs would be paid for. Year 1 savings, and cumulative 3 year savings, were provided for some programmes, without providing detail on annual savings thereafter. In early documents spend to date had been included as a comparator with future savings, without including the remaining expenditure commitment for comparison. Some activities presented minimum and maximum anticipated returns and there was no detail to suggest which was considered most likely.
- 2.3.10 Although there is evidence of early development of plans for benefits (savings) realisation, including fleet and facilities savings in addition to those included on the savings tracker, there is no up to date listing of all the original potential savings against each of the key transformational activities. Finance has stated that as business cases have been further developed, and savings quantified with more accuracy, these are subject to separate approval. Following approval, they will be monitored and reported in more detail.
- 2.3.11 Without a clear pattern of expected and agreed spend and savings, and a consistent approach to reporting, it will be difficult to monitor whether or not the anticipated results are being achieved.

**Recommendation**

The Committee should be provided with a clear comparison of actual against planned progress, costs and savings.

**Service Response / Action**

Agreed. Financial reporting has evolved through the year and information on the savings has been reported to the Strategic Transformation Committee in September 2018.

**Implementation Date**

Implemented

**Responsible Officer**

Chief Officer – Finance

**Grading**

Significant within audited area

- 2.3.12 Figures used in Transformation Fund monitoring to 31 March 2018 (reported to Strategic Transformation Committee in May 2018) did not all match those recorded in the financial ledger system and were not consistent with the movement in reserves reported to the City Growth & Resources Committee in April 2018. Expenditure of £1.723 million was recorded in the ledger against the Transformation Fund in the year to 31 March 2018, compared with £1.594 million reported to the Strategic Transformation Committee, and £1.967 million (after taking a year end adjustment of £1.778 million into account) to the City Growth & Resources Committee for the same period. £0.456 million has been spent in 2018/19 to date.

**Recommendation**

All reported costs should be reconciled back to the ledger system.

**Service Response / Action**

Agreed. The costs have now been reconciled and checks have been implemented to ensure costs are coded correctly in future. Updated figures have been reported to the Strategic Transformation Committee in September 2018.

**Implementation Date**

Implemented

**Responsible Officer**

Chief Officer – Finance

**Grading**

Significant within audited area

## 2.4 Restructuring

- 2.4.1 A key element of delivering the transformation programme is the restructure of the organisation and its staffing establishment into new functions. Changes have been agreed through business cases, reviewed by the Control Boards. There are three distinct areas where financial savings are being delivered as a result: removal of vacant posts, voluntary severance / early retirement, and cases for change resulting in establishment / disestablishment or other changes in existing posts.
- 2.4.2 Whilst there were clear plans set out for delivery of savings, actual progress with transforming the organisational structure, and adjustment of budgets and posts as a result, has been an iterative process as assumptions have been reviewed and changes implemented. Savings from deleted posts are being recalculated based on the salaries of departing staff, in proportion to the number of months remaining in the financial year, as each wave of structural change is processed.
- 2.4.3 At the point of the audit, vacancies had been deleted, though recorded figures varied, and it had yet to be determined whether any delays in finalising voluntary severance / early retirement might have a material impact on costs. Finance has stated that £9.953 million of a planned £10.3 million has been removed from the 2018/19 budget to date for

vacancies and deleted posts. Further adjustments are being made as cases for change are implemented. It is anticipated the full saving will be made.

- 2.4.4 Finance stated that budgets, and therefore savings deducted, were based on the actual cost of staff in post. Supporting detail for a sample of seven budget adjustments was provided, demonstrating that reasonable proportions of budget were being deducted based on termination dates. Two had been processed based on actual costs (including salary and on-costs: employer’s pension and national insurance contributions) from the payroll system in 2017/18 plus 1% for an estimated pay award.
- 2.4.5 The remaining five had been processed based on the post salary plus on-costs at 33.1%. Recalculation by Internal Audit showed that the actual on-costs for the staff previously in these posts were closer to 30% of salary, indicating that around 3% more had been deducted from budgets than was likely to be achieved from these posts being deleted. Finance confirmed that this should not have been the case and undertook a full review. A combined error of £47,665 was identified and is being addressed. In the context of £10.3 million savings overall this is not material (0.5%).
- 2.4.6 Following calculation and adjustment of the budget by Finance, People and Organisation are updating system records to reflect changes to the establishment. This work is being carried out in tandem with work to prepare for implementation of a new Human Capital Management system (known as CoreHR). Reconciliation of system to budget is work in progress, after which Chief Officers will be issued with a report to confirm the staffing establishment set up for their area. People and Organisation anticipate only minor adjustments will be required thereafter. However, records of progress to date and the extent of any potential adjustments are not yet available. Once fully reconciled, Finance will complete monthly checks to confirm or explain any changes.
- 2.4.7 Whilst it is appreciated that budget constraints are a major driver for change, and therefore recalculation of the budget is important, more assurance over accuracy could have been achieved by updating the HR system in the first instance, then reconciling the budgets to these records. A recommendation is made here to track progress with the reconciliation.

|                                                                                         |                                                    |                                    |
|-----------------------------------------------------------------------------------------|----------------------------------------------------|------------------------------------|
| <b><u>Recommendation</u></b>                                                            |                                                    |                                    |
| People and Organisation should conclude reconciliation of budgets to HR system records. |                                                    |                                    |
| <b><u>Service Response / Action</u></b>                                                 |                                                    |                                    |
| Agreed.                                                                                 |                                                    |                                    |
| <b><u>Implementation Date</u></b>                                                       | <b><u>Responsible Officer</u></b>                  | <b><u>Grading</u></b>              |
| December 2018                                                                           | Interim Chief Officer –<br>People and Organisation | Significant within audited<br>area |

**2.5 New Scheme of Governance**

- 2.5.1 Following detailed review of governance documentation by the Governance Delivery Board, and approval from Full Council, the new scheme of governance was implemented on 6 March 2018.
- 2.5.2 A review of the documents indicates that they set out a reasonable framework for the operation of the Council through its Officers, Chief Officers and Committees. Application of the various governance procedures, and their effectiveness, will be reviewed as part of future audit testing. External Audit has reviewed leadership and governance and findings have been reflected in their annual report, provided to the Audit, Risk and Scrutiny

Committee in September 2018. CIPFA will be invited to review and assess the new governance arrangements in 2019.

- 2.5.3 There is however a potential for inefficiency in decision making for capital projects: each project business case must obtain approval from the Capital Programme Committee, funding must be approved by City Growth and Resources Committee and approval for the procurement elements of that business case must also be obtained from the Strategic Commissioning Committee (where the estimated costs are in excess of the Council's procurement thresholds). This might present a risk of delay in progressing with such projects pending Committee reporting schedules.

**Recommendation**

The Governance function should review options to enhance the efficiency of committee decision making.

**Service Response / Action**

Agreed. The Chief Officer – Governance, has commenced a review of potential enhancements to the governance arrangements which will take into account members and officers' experience to date. Internal Audit's comments will be taken into consideration as part of this exercise.

**Implementation Date**

March 2019

**Responsible Officer**

Chief Officer –  
Governance

**Grading**

Important within audited  
area

- 2.5.4 Training was scheduled for Councillors and Officers, and the majority of sessions were run on more than one date to provide sufficient options for attendance. Guidance and all of the new procedures are available on the Zone to assist Officers in meeting the new requirements.

**AUDITORS:** D Hughes  
C Harvey

## Appendix 1 – Grading of Recommendations

| GRADE                                  | DEFINITION                                                                                                                                                                                                                                                                               |
|----------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Major at a Corporate Level</b>      | 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.                                                                                                         |
| <b>Major at a Service Level</b>        | <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>                                               |
| <b>Significant within audited area</b> | <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> |
| <b>Important within audited area</b>   | 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

|                           |                                                           |
|---------------------------|-----------------------------------------------------------|
| <b>COMMITTEE</b>          | Audit, Risk and Scrutiny Committee                        |
| <b>DATE</b>               | 4 December 2018                                           |
| <b>REPORT TITLE</b>       | Internal Audit Report AC1903 – Devolved School Management |
| <b>REPORT NUMBER</b>      | IA/AC1903                                                 |
| <b>DIRECTOR</b>           | N/A                                                       |
| <b>REPORT AUTHOR</b>      | David Hughes                                              |
| <b>TERMS OF REFERENCE</b> | 2.2                                                       |

### **1. PURPOSE OF REPORT**

- 1.1 The purpose of this report is to present the planned Internal Audit report on Devolved School Management.

### **2. RECOMMENDATION**

- 2.1 It is recommended that the Committee review, discuss and comment on the issues raised within this report and the attached appendix.

### **3. BACKGROUND / MAIN ISSUES**

- 3.1 Internal Audit has completed the attached report which relates to an audit of Devolved School Management.

### **4. FINANCIAL IMPLICATIONS**

- 4.1 There are no direct financial implications arising from the recommendations of this report.

### **5. LEGAL IMPLICATIONS**

- 5.1 There are no direct legal implications arising from the recommendations of this report.

### **6. MANAGEMENT OF RISK**

- 6.1 The Internal Audit process considers risks involved in the areas subject to review. Any risk implications identified through the Internal Audit process are as detailed in the attached appendix.

## 7. OUTCOMES

- 7.1 There are no direct impacts, as a result of this report, in relation to the Local Outcome Improvement Plan Themes of Prosperous Economy, People or Place, or Enabling Technology, or on the Design Principles of the Target Operating Model.
- 7.2 However, Internal Audit plays a key role in providing assurance over, and helping to improve, the Council's framework of governance, risk management and control. These arrangements, put in place by the Council, help ensure that the Council achieves its strategic objectives in a well-managed and controlled environment.

## 8. IMPACT ASSESSMENTS

| <b>Assessment</b>                                    | <b>Outcome</b>                                                                                                                                                                                                                                                                                  |
|------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Equality &amp; Human Rights Impact Assessment</b> | An assessment is not required because the reason for this report is for Committee to review, discuss and comment on the outcome of an internal audit. As a result, there will be no differential impact, as a result of the proposals in this report, on people with protected characteristics. |
| <b>Privacy Impact Assessment</b>                     | Not required                                                                                                                                                                                                                                                                                    |
| <b>Duty of Due Regard / Fairer Scotland Duty</b>     | Not applicable                                                                                                                                                                                                                                                                                  |

## 9. APPENDICES

- 9.1 Internal Audit report AC1903 – Devolved School Management.

## 10. REPORT AUTHOR DETAILS

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[David.Hughes@aberdeenshire.gov.uk](mailto:David.Hughes@aberdeenshire.gov.uk)  
(01467) 537861





## **Internal Audit Report**

### **Education**

## **Devolved School Management**

**Issued to:**

Rob Polkinghorne, Chief Operating Officer  
Steven Whyte, Director of Resources  
Graeme Simpson, Chief Officer of Integrated Children's and Family Services  
Fraser Bell, Chief Officer – Governance  
Jonathan Belford, Chief Officer – Finance  
Eleanor Sheppard, Chief Education Officer  
Sandy McPhee, DEM Co-ordinator  
External Audit

## **EXECUTIVE SUMMARY**

Under the Standards in Scotland's Schools etc Act 2000, education authorities, such as the Council, are required to have a scheme for delegating to school Head Teachers: the management of their share of the Council's budget for a financial year which is available for allocation to individual schools and the preparation of school development plans, with a view to securing improvement in the quality of school education and to raise standards in education.

The objective of this audit was to provide assurance that the devolved school management (DSM) scheme in place is adequate and that the decision making process is appropriate based on delegations in place.

Whilst there is a clear and detailed DSM framework in place prepared with reference to the principles of the national DSM Guidelines 2012, it does not reflect current arrangements in relation to staff budget virements and carry forwards, and devolved budget formulae guidance was also obsolete in parts. In addition, the framework has not been finalised and approved by Committee. The Service has agreed to address these issues.

Under the national DSM Guidelines 2012, Councils should review local DSM schemes every three years. The planned review in 2013 did not take place due to the DEM Co-ordinator being unavailable and a review procedure not being in place, although the 2016 review was completed. The Service has agreed to formalise the DSM review process.

In general, DSM budgets are being prepared in line with guidance; support is provided by Finance to schools; and expenditure is appropriate and in line with the scheme. It was noted that school trip expenditure processed through per capita had been incurred without obtaining quotations and without obtaining exemption from the requirement to obtain quotations from the relevant Chief Officer. The Service has confirmed it will obtain exemption from the requirement to obtain quotations for the school trips concerned from the relevant Chief Officer and remind procuring officers of the requirements of Financial Regulations in this regard.

School improvement plans had been produced in a timely manner in most cases however one improvement plan selected had not been produced as expected. This increases the risk of required improvements failing to be achieved. The Service has confirmed it will ensure school improvement plans are prepared in advance of the academic year they relate to.

Head Teachers have access to eFinancials where 'real time' budget monitoring reports can be reviewed. Effective budget monitoring relies on Head Teachers / School Administrators regularly accessing eFinancials to monitor their school's financial position. The likelihood of this occurring would increase if budget monitoring reports were emailed to schools on a monthly basis. Finance has agreed to investigate whether monthly DSM budget monitoring reports can be issued automatically.

## 1. INTRODUCTION

- 1.1 Under the Standards in Scotland's Schools etc Act 2000, education authorities, such as the Council, are required to have a scheme for delegating to school Head Teachers: the management of their share of the Council's budget for a financial year which is available for allocation to individual schools and the preparation of school development plans, with a view to securing improvement in the quality of school education and to raise standards in education.
- 1.2 DSM was introduced in 1993 to enhance and improve the management of resources at school level. The guidelines produced at that time required local authorities to devolve 80% of school budgets to Head Teachers, with the twin aims of improving local decision-making and providing more flexibility to Head Teachers in responding to the needs of individual schools. The guidelines were revised in 2006, with a recommendation that local authorities increase the level of devolved budgets to 90%. That advice reflected the principle that everything that could be devolved should be devolved, except for certain areas of expenditure that were not considered suitable for devolution.
- 1.3 The revised DSM Guidelines 2012 aimed to empower Head Teachers to meet local needs and deliver the best possible outcomes for young learners, in line with the objectives of Curriculum for Excellence, Getting it Right for Every Child (GIRFEC), and the Early Years Framework. The principles of the scheme include empowerment, partnership working, accountability, and local flexibility.
- 1.4 The Scottish Government launched a Governance Review in September 2016 partly with the objective of further empowering teachers, starting with the presumption that decisions about children's learning and school life should be taken at a school level. This included transferring legal responsibilities for delivering education and raising standards from local authorities to schools as well as developing a national funding formula for allocating resources directly to schools. Following consultation, legislative changes are no longer being sought and instead an agreement has been reached between the Scottish Government and COSLA setting out a shared commitment to empower schools. Under this agreement Head Teachers will be supported to make additional decisions on learning and teaching and on the day-to-day running of their schools.
- 1.5 All nursery, primary, special and secondary schools in Aberdeen City have been operating under devolved school management since August 1997. £107.222 million was spent by schools through devolved budgets in 2017/18 while £53.648 million (48% of the 2018/19 budget) has been spent in 2018/19 as at 30 September 2018. The 2018/19 DSM budget is £110.9 million and represents 25% of the Council's budget.
- 1.6 The objective of this audit was to provide assurance that the scheme in place is adequate and that the decision making process is appropriate based on delegations in place.
- 1.7 The factual accuracy of this report and action to be taken with the recommendations made have been agreed with Chief Education Officer, Eleanor Sheppard, Sandy McPhee, DEM Co-ordinator, and Brian Dow, Finance Partner.

## 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 that correct and consistent instructions are available to staff, important in the event of an experienced employee being absent or leaving.
- 2.1.2 The Education and Children's Services (ECS) Draft Framework for Devolved School Management Schools and Services (draft DSM framework) was prepared in February 2018 and sets out a framework within which DSM operates within the Council.
- 2.1.3 The framework acknowledges the history of DSM in Scotland and has been prepared with reference to the principles of the national DSM Guidelines 2012 which are linked to the requirements of the Standards in Scotland's Schools (2000) etc Act. These principles cover subsidiarity and empowerment (promotion of local decision making), partnership working (collaboration with third party agencies and internally between Head Teachers, Officers, and Councillors), accountability and responsibility (seeking to obtain Best Value and continuous improvement), and local flexibility (allocation of budget based on criteria such as school roll and deprivation factors, resource use that meets needs of school).
- 2.1.4 The draft framework covers: the roles of key stakeholders; the requirement for consultation as part of DSM; which expenditure and income is devolved, devolved but ring-fenced, and which is non-devolved; and, support available to establishments operating DSM, e.g. budget training and the requirements for a 3 yearly review of the DSM framework. Whilst the draft DSM framework is clear and detailed it has not been approved by Committee. In addition, as detailed in sections 2.4 and 2.5 of this report, the draft DSM Framework does not reflect current arrangements in relation to school staff virements, the ring-fenced nature of devolved staffing budgets, and carry-forwards.
- 2.1.5 The national DSM guidelines are currently being reviewed. The scope of the review includes creating a template framework to allow local authorities to adopt a common framework whilst allowing local flexibility. This will include a review of existing schemes at a local level to identify best practice and avoid poor practice.

#### **Recommendation**

The DSM framework should be updated to reflect current arrangements, finalised and approved by Committee.

#### **Service Response / Action**

Agreed. The DSM framework will be finalised and reported to Committee for approval once the national review is concluded.

#### **Implementation Date**

June 2019

#### **Responsible Officer**

DEM Co-ordinator

#### **Grading**

Significant within audited area

- 2.1.6 The Devolved School Management Budget Allocation Formulae and Operational Procedure (Budget Allocation Formulae procedure) explains in detail the basis of formulae used to calculate devolved school budgets, including staffing, support costs, and year end budget carry forwards. It was noted, however, that the description of the carry forward calculation was outdated, since it does not reflect the current practice advised by the Service of all overspends being carried forward (as opposed to 2.5%) and it does not reflect the fact that underspends on staffing budgets cannot be carried forward. The

Service also advised that telephone budgets are no longer calculated in accordance with the Budget Allocation Formula procedure, instead being based on historic costs.

- 2.1.7 Whilst landlord (Council) and tenant (school) responsibilities are described in relation to DSM property repairs and maintenance budgets in a separate agreement, the Budget Allocation Formulae procedure does not indicate how these budgets are calculated, nor does it include the basis of income devolved to schools.
- 2.1.8 Staffing allocations and school rolls used to calculate devolved budgets are communicated to staff via school circulars. A 'Quality Assurance Framework – Financial Management schools' procedure is in place for schools describing budget monitoring requirements, available support from Finance, and budget carry forwards. However, this procedure also reflects the historic arrangements for budget carry forwards.

|                                                                                                                                                                                                          |                                   |                                 |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|---------------------------------|
| <b><u>Recommendation</u></b>                                                                                                                                                                             |                                   |                                 |
| The DSM Budget Allocation Formulae and Operational procedure and Quality Assurance Framework – Financial Management schools procedure should be updated to reflect current devolved budget arrangements. |                                   |                                 |
| <b><u>Service Response / Action</u></b>                                                                                                                                                                  |                                   |                                 |
| Agreed.                                                                                                                                                                                                  |                                   |                                 |
| <b><u>Implementation Date</u></b>                                                                                                                                                                        | <b><u>Responsible Officer</u></b> | <b><u>Grading</u></b>           |
| March 2019                                                                                                                                                                                               | DEM Co-ordinator                  | Significant within audited area |

## 2.2 Budget Allocation

- 2.2.1 According to the Budget Allocation Formulae procedure, budgets are devolved based on a range of formulae developed locally and nationally and where appropriate in accordance with negotiated agreements. Budget formulae are intended to ensure an equitable distribution of available resources.
- 2.2.2 Devolved budgets include: Staff Costs (Teachers including management, Supply Teacher absence cover up to 10 days, School Support Managers, School Administrators, Library Resource Centre Co-ordinators, Pupil Support Assistants, Technicians, Early Years Practitioners); Premises Costs (property repairs and maintenance (tenant)); Supplies and Service (Extended Per Capita Allowance (pupil per capita allowance and furniture, equipment and postage); school focused development (staff training); and, telephone call charges); Income (per capita recoveries and phone recoveries).
- 2.2.3 The 2018/19 budget spreadsheets were obtained and checked to ensure the budgets had been calculated in accordance with the Budget Allocation Formulae procedure, with the exception of income, premises costs and telephone call charges, which the Service had confirmed were being prepared on a different basis to that described in the procedure or guidance was not present, as indicated in paragraphs 2.1.4 and 2.1.5.
- 2.2.4 Staffing and Extended Per Capita Allowance budgets are primarily based on pupil roll (September / October prior to the financial year commencing), year of schooling and deprivation factors. The School Focused Development budget is for teacher training and is based on £115 per teacher FTE. These budgets were prepared in accordance with the Budget Allocation Formulae procedure.

## **2.3 DSM Support**

- 2.3.1 The Budget Allocation Formulae procedure states that schools are to have a budget holder meeting with Finance on a timetabled basis throughout the year, to discuss budget, actuals and forecast. The 2018/19 timetable showed all Academies, 24 primaries and 1 special school had been visited during August and September 2018.

## **2.4 Virements**

- 2.4.1 Virement is the mechanism for transferring funds between budgets. The Council's draft DSM framework states that maximum flexibility exists within and between fully devolved budgets such as staff costs. Finance process virements on behalf of schools at their request.
- 2.4.2 Finance monitors staff underspends due to vacancies across all Council budgets and vires the related unused budget to a centrally held 'Staff Vacancy Factor' budget. £12.68 million has been removed from devolved staffing budgets since 1 April 2016 as follows: 2016/17 - £4.953 million; 2017/18 - £4.835 million; and 1 April to 28 September 2018 - £2.892 million.
- 2.4.3 Requests can be made by Head Teachers for staff vacancy budget to be vired to a school's Per Capita budget in order to procure the services of an external body to deliver the curriculum e.g. pupil counselling services.
- 2.4.4 The arrangements in relation to staff virements described in paragraphs 2.4.2 and 2.4.3 are not reflected within the current DSM framework and have the effect of making staff costs a ring-fenced school budget. A recommendation to update the DSM framework to reflect current arrangements has already been made at paragraph 2.1.5.

## **2.5 Carry Forwards**

- 2.5.1 The Service advised devolved budget balances are carried forward to the following financial year as follows: 2.5% of non-staffing underspend, overspends are carried forward in full, and staff underspends will not be carried forward. Budget carry forwards are further restricted on this basis when compared to the draft DSM framework, which states an establishment may carry forward up to 2.5% of its total devolved budgets (including ring-fenced budget) as either an under or overspend into the next financial year. A recommendation to update the DSM framework to reflect current arrangements has already been made at paragraph 2.1.5.
- 2.5.2 A sample of Primary, Secondary and Special school carry forward balances was selected to ensure they were prepared as indicated by the Service and that the April 2018 opening carry forward balances agreed to the carry forward balances calculated at year-end 2017/18. This was found to be the case.

## **2.6 Monitoring**

- 2.6.1 Head Teachers have access to eFinancials where 'real time' financial information can be reviewed. Head Teachers also receive monthly financial monitoring reports, which show the full year budget, budget to date, spend to date, over / under spend to date, projected annual spend, and projected annual overspend / underspend. These are further supplemented for Schools by additional DSM monitoring reports, which in addition to the information on the general monitoring report also detail the provisional carry forward limit and a range of additional transactional information. These reports are useful at identifying where underspends and overspends are developing during the financial year and need to be addressed. The Head Teacher concerned can then use eFinancials to investigate the

related transactions and if required flag any miscodings to Finance to arrange a correcting journal entry.

- 2.6.2 Effective budget monitoring relies on Head Teachers / School Administrators regularly accessing eFinancials to monitor their school's financial position. The likelihood of this occurring would increase if DSM budget monitoring reports were emailed to schools on a monthly basis.

|                                                                                                                                              |                                                      |                                                        |
|----------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------|--------------------------------------------------------|
| <b><u>Recommendation</u></b><br>Finance should investigate whether automated monthly DSM budget monitoring reports can be issued to schools. |                                                      |                                                        |
| <b><u>Service Response / Action</u></b><br>Agreed.                                                                                           |                                                      |                                                        |
| <b><u>Implementation Date</u></b><br>January 2019                                                                                            | <b><u>Responsible Officer</u></b><br>Finance Partner | <b><u>Grading</u></b><br>Important within audited area |

## 2.7 Expenditure

- 2.7.1 Devolved expenditure should improve the quality of school education and raise educational standards in accordance with the Standards in Scotland's Schools etc Act 2000. The Council's 2012 draft DSM framework describes expenditure which can and cannot be devolved to schools. Non-devolved expenditure includes: certain staff costs such as long service awards; landlord repairs and maintenance costs (mainly anything structural); certain course expenses; and, transport costs including hired transport and season tickets. Devolved expenditure is as described in paragraph 2.2.2.

- 2.7.2 A sample of 10 schools was selected and all invoices processed between April 2018 and June 2018 that were above £10,000 and were charged to Per Capita and Repairs and Maintenance devolved budgets were reviewed. The spend was found to be appropriate and in line with the draft DSM framework. It was, however, noted that a contract was not in place for 3 suppliers used relating to school trips. Each trip cost less than £50,000 and quotations had not been obtained by the schools concerned prior to engaging the suppliers used. Two schools submitted Quotation Exemption Forms however one of these was not authorised by the relevant Chief Officer as required by Financial Regulations. In addition, one school did not request exemption from the requirement to obtain quotations.

|                                                                                                                                                                                                                                                                                                                                                                        |                                                              |                                                          |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------|----------------------------------------------------------|
| <b><u>Recommendation</u></b><br>Ferryhill school and Mile End school should obtain exemption from the requirement to obtain quotations for the school trips concerned from the relevant Chief Officer.<br><br>A reminder should be issued to schools of the requirement to obtain quotations or to seek exemption from this requirement for expenditure under £50,000. |                                                              |                                                          |
| <b><u>Service Response / Action</u></b><br>Agreed.                                                                                                                                                                                                                                                                                                                     |                                                              |                                                          |
| <b><u>Implementation Date</u></b><br>December 2018                                                                                                                                                                                                                                                                                                                     | <b><u>Responsible Officer</u></b><br>Chief Education Officer | <b><u>Grading</u></b><br>Significant within audited area |

- 2.7.3 A recommendation is outstanding from Internal Audit report AC1623 "Compliance with Procurement Legislation", that the Service should ensure that spend on supplies which are likely to be used by more than one school is forecast so that appropriate Committee

approval and tendering can be completed for aggregate spend. This included spend on school trips. The Service intends to resolve this by developing a work plan for Education and Children's Services supported by business cases, approval for which will be sought from the Strategic Commissioning Committee.

## 2.8 Development Plans

- 2.8.1 As stated in paragraph 1.1, under the Standards in Scotland's Schools etc Act 2000, the Council is required to have a scheme for delegating to school Head Teachers the preparation of school development plans. The plans are required to set objectives for schools, taking into account the Council's education improvement objectives.
- 2.8.2 The draft DSM Framework states that the key to quality management at establishment level is the development plan and that the linkages between the plan, devolved processes, and devolved budgets are critical to the effective delivery of the curriculum.
- 2.8.3 School 'Improvement Plans' are prepared by Head Teachers at the beginning of the school year. These include national, Council and school key priorities. An action plan is included for each school priority, including required resources, measures of success, implementation dates, progress to date, and intended impact. The plan also includes continued development work, a copy of the Pupil Equity Fund (PEF) plan, and a summary of the actions and consultation that has taken place with staff, parents and pupils on improvement priorities.
- 2.8.4 A sample of 10 schools was selected to establish if improvement plans had been prepared for 2018/19 in a timely manner, they refer to national and Council education improvement objectives, and there is evidence of consultation with parents, pupils and staff. This was found to be the case with the exception of one school who had not produced their 2018/19 improvement plan as at 30 October 2018. Delays producing improvement plans increase the risk that school improvements will fail to be achieved.

### **Recommendation**

School improvement plans should be formalised ahead of the academic year they relate to.

### **Service Response / Action**

Agreed.

### **Implementation Date**

January 2019

### **Responsible Officer**

Quality Improvement  
Manager

### **Grading**

Significant within audited  
area

## 2.9 DSM Review

- 2.9.1 Under the national DSM Guidelines 2012, Councils should review local DSM schemes every three years. Although individual elements of the scheme, such as adjustments to formulae, have been subject to review in February 2018, the scheme was last fully reviewed in 2016 and previously in June 2010. The planned review in 2013 did not take place due to the DEM Co-ordinator being unavailable. This suggests there is a lack of shared knowledge to enable a DEM review to take place in the absence of the DEM Co-ordinator. There is not currently a procedure in place covering the DSM review process.



**Recommendation**

A procedure should be prepared covering the DSM review process.

**Service Response / Action**

Agreed.

**Implementation Date**

March 2019

**Responsible Officer**

DEM Co-ordinator

**Grading**

Significant within audited  
area

**AUDITORS:** D Hughes  
A Johnston  
A McDonald

## Appendix 1 – Grading of Recommendations

| GRADE                                  | DEFINITION                                                                                                                                                                                                                                                                               |
|----------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Major at a Corporate Level</b>      | 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.                                                                                                         |
| <b>Major at a Service Level</b>        | <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>                                               |
| <b>Significant within audited area</b> | <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> |
| <b>Important within audited area</b>   | 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

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|                           |                                                             |
|---------------------------|-------------------------------------------------------------|
| <b>COMMITTEE</b>          | Audit, Risk and Scrutiny Committee                          |
| <b>DATE</b>               | 4 December 2018                                             |
| <b>REPORT TITLE</b>       | Internal Audit Report AC1830 – Internal Transport Tendering |
| <b>REPORT NUMBER</b>      | IA/AC1830                                                   |
| <b>DIRECTOR</b>           | N/A                                                         |
| <b>REPORT AUTHOR</b>      | David Hughes                                                |
| <b>TERMS OF REFERENCE</b> | 2.2                                                         |

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**1. PURPOSE OF REPORT**

- 1.1 The purpose of this report is to present the planned Internal Audit report on Internal Transport Tendering.

**2. RECOMMENDATION**

- 2.1 It is recommended that the Committee review, discuss and comment on the issues raised within this report and the attached appendix.

**3. BACKGROUND / MAIN ISSUES**

- 3.1 Internal Audit has completed the attached report which relates to an audit of Internal Transport Tendering.

**4. FINANCIAL IMPLICATIONS**

- 4.1 There are no direct financial implications arising from the recommendations of this report.

**5. LEGAL IMPLICATIONS**

- 5.1 There are no direct legal implications arising from the recommendations of this report.

**6. MANAGEMENT OF RISK**

- 6.1 The Internal Audit process considers risks involved in the areas subject to review. Any risk implications identified through the Internal Audit process are as detailed in the attached appendix.

## 7. OUTCOMES

- 7.1 There are no direct impacts, as a result of this report, in relation to the Local Outcome Improvement Plan Themes of Prosperous Economy, People or Place, or Enabling Technology, or on the Design Principles of the Target Operating Model.
- 7.2 However, Internal Audit plays a key role in providing assurance over, and helping to improve, the Council's framework of governance, risk management and control. These arrangements, put in place by the Council, help ensure that the Council achieves its strategic objectives in a well-managed and controlled environment.

## 8. IMPACT ASSESSMENTS

| <b>Assessment</b>                                    | <b>Outcome</b>                                                                                                                                                                                                                                                                                  |
|------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Equality &amp; Human Rights Impact Assessment</b> | An assessment is not required because the reason for this report is for Committee to review, discuss and comment on the outcome of an internal audit. As a result, there will be no differential impact, as a result of the proposals in this report, on people with protected characteristics. |
| <b>Privacy Impact Assessment</b>                     | Not required                                                                                                                                                                                                                                                                                    |
| <b>Duty of Due Regard / Fairer Scotland Duty</b>     | Not applicable                                                                                                                                                                                                                                                                                  |

## 9. APPENDICES

- 9.1 Internal Audit report AC1830– Internal Transport Tendering.

## 10. REPORT AUTHOR DETAILS

David Hughes, Chief Internal Auditor  
[David.Hughes@aberdeenshire.gov.uk](mailto:David.Hughes@aberdeenshire.gov.uk)  
(01467) 537861



## **Internal Audit Report**

### **Operations**

### **Internal Transport Tendering**

**Issued to:**

Rob Polkinghorne, Chief Operating Officer, Operations  
Mark Reilly, Chief Officer – Operations and Protective Services  
Craig Innes, Chief Officer – Commercial and Procurement  
Jonathan Belford, Chief Officer – Finance  
Fraser Bell, Chief Officer – Governance  
William Whyte, Fleet Services Manager  
External Audit

## **EXECUTIVE SUMMARY**

Fleet procures all vehicles, plant and equipment, in accordance with the requirements of Operations and other Council functions, and in conjunction with the Commercial and Procurement Shared Service (CPSS). Between April 2016 and March 2018, payments of £1.7 million have been made for vehicle hires, and £5 million of vehicle and plant has been purchased.

All procurement activity needs to comply with the requirements set out in the Council's Financial and Procurement Regulations, and associated guidance, to ensure best value is being obtained and compliance with legislation. The objective of this audit was to ensure that purchases are being undertaken in line with these Regulations.

Whilst procurement exercises had been undertaken, and in most cases CPSS was consulted, documentation held on file was not always sufficient to fully evidence justification for selection and award, including direct awards without competition, particularly during a period of change for the Service. In addition, not all contracts entered into had been formally recorded on the Council's contracts register. Fleet will ensure records, calculations, and justifications are checked and retained on file for future procurement.

Following changes to procurement regulations in March 2018, Services have been required to present procurement work plans in advance of further procurement exercises. The Service submitted a work plan to the Strategic Commissioning Committee in September 2018, and this was agreed.

# 1. INTRODUCTION

- 1.1 Fleet procures all vehicles, plant and equipment, in accordance with the requirements of Operations and other Council functions, and in conjunction with the Commercial and Procurement Shared Service. Between April 2016 and March 2018, payments of £1.7 million have been made for vehicle hires, and £5 million of vehicle and plant has been purchased.
- 1.2 All procurement activity needs to comply with the requirements set out in the Council's Financial and Procurement Regulations, and associated guidance, to ensure best value is being obtained and compliance with legislation. The objective of this audit was to ensure that purchases are being undertaken in line with these Regulations. This involved examining a selection of purchases from the previous two financial years including ensuring that where appropriate tenders were undertaken and Committee approval evidenced in advance.
- 1.3 The factual accuracy of this report and action to be taken with regard to the recommendations made have been agreed with William Whyte, Fleet Services Manager and Craig Innes, Chief Officer – Commercial and Procurement.

## 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 Corporate documentation, including Procurement Regulations and Procurement Guidance Notes, is available covering all aspects of purchasing. This should be referred to prior to making any purchase, and in conjunction with communication with the Commercial and Procurement Shared Service (CPSS) for high value or high risk procurements.

### 2.2 Hires

2.2.1 The Service regularly hires vehicles on behalf of services for operational service delivery. Between 1 April 2016 and 31 March 2018 this amounted to £1.7 million, with spend on the top six suppliers of these services amounting to £1.63 million. This expenditure consisted of numerous hires of relatively small value and in these instances cumulative spend with the supplier must be taken in to account when determining the appropriate procurement route.

2.2.2 All suppliers with which the Service has placed orders for hires were on a Scotland Excel Framework Agreement which expired on 31 October 2017 and has subsequently been replaced by a new Agreement through which each of these suppliers can still be contracted. However, call off contracts are only recorded on the contracts register (BOrganised) for four out of the six suppliers, indicating that two had not been officially contracted for the supplies. Each of these call offs expired with the Framework Agreement, and whilst the suppliers have continued to be used, there have been no new call off contracts recorded on the register. Services are required to update the register promptly following the award of new contracts. In addition, there is no record of formal adoption of the new Framework (effective from 1 November 2017) by the Council as required under Procurement Regulations.

#### **Recommendation**

The Service (CPSS & Fleet) should ensure that the new Framework is considered for formal adoption for use, and call offs are registered as appropriate, before further purchases are made.

#### **Service Response / Action**

Agreed. The framework has been formally adopted but call offs with appropriate suppliers still require to be added to the contracts register.

#### **Implementation Date**

January 2019

#### **Responsible Officer**

Fleet Services Manager;  
Category Manager CPSS

#### **Grading**

Significant within audited  
area

2.2.3 The Procurement Regulations additionally require that projected expenditure in excess of specified thresholds is reported on a workplan for approval by the Strategic Commissioning Committee, prior to the commencement of the new financial year. Expenditure on hires, and one-off capital purchases (see section 2.3 below), is likely to continue to exceed these thresholds, but a workplan has yet to be prepared and approved.



**Recommendation**

The Service should ensure a work plan is submitted to the Strategic Commissioning Committee in support of all projected expenditure.

**Service Response / Action**

Agreed. A work plan was agreed by the Strategic Commissioning Committee on 13 September 2018.

**Implementation Date**

Implemented

**Responsible Officer**

Fleet Services Manager

**Grading**

Significant within audited area

- 2.2.4 There has been no recent analysis of the comparative value offered through hire or purchase of fleet. Such an analysis could aid the Service in decisions on whether to continue hiring or purchase vehicles outright.

**Recommendation**

The Service should review the costs and benefits of hires compared with purchasing.

**Service Response / Action**

Agreed. A review has been completed in conjunction with Building Services and, taking into account the resale value of vehicles, outright purchase is the most economically advantageous.

**Implementation Date**

Implemented

**Responsible Officer**

Fleet Services Manager

**Grading**

Important within audited area

**2.3 Capital Purchases**

- 2.3.1 Twelve capital purchases with a combined value of £4.4million were reviewed, out of total expenditure of £5 million for vehicles and plant between April 2016 and March 2018. It should be noted that although payment for these purchases was made within this period, the procurement process had in some instances started prior to these dates.
- 2.3.2 All high level purchases should be subject to Committee approval as part of overall planned Service expenditure. It was noted that Committee (Communities, Housing & Infrastructure) approval was sought and subsequently given in January 2017 for expenditure to 30 April 2018.
- 2.3.3 There was no record of approval for expenditure prior to January 2017, although expenditure up to this date was presented to Committee in January 2017 with it being subsequently noted. The Service explained that following an investigation and subsequent report by the Traffic Commissioner emergency measures had been adopted by the Service to bring the fleet up to date, including employing a Consultant, following which a number of purchases were made, which as discussed further below do not appear to have followed the correct protocol.
- 2.3.4 The Service has drafted a report for the Operations Committee detailing projected expenditure on new vehicles for the period to 31 March 2019. The Fleet Manager has confirmed that no further expenditure is to be incurred until Committee approval has been granted. This will however require to be supported by a procurement workplan for the Strategic Commissioning Committee as noted at 2.2.3 above.
- 2.3.5 Procurement procedures require that a minimum of four quotations should be sought for purchases between the value of £10,000 and £50,000. Between £50,000 and the EU

tender threshold limit (currently £181,302) a tender exercise must be undertaken, and for amounts over the threshold this must be OJEU compliant – which includes additional steps and requirements. Direct awards can however be made to suppliers by the appropriate Officer without going to tender, on an exceptional basis, but only if there are justifiable reasons for doing so and these have been approved in advance, in a specified format, by CPSS. There is a risk in doing so, as it will be more difficult to demonstrate that best value is being obtained, and a risk of the process or outcome being challenged.

2.3.6 Of the twelve purchases examined, eight had been recorded as direct awards to suppliers with a combined value of £3.9 million. Although the Service had retained notes indicating why a direct award was considered appropriate in six cases, there was only a record of CPSS agreement for one, for an award to the value of £1.79 million. In the other two instances orders with a combined value of £183,364 had been placed directly with suppliers with no recorded justification for direct award.

2.3.7 In addition, although it was recorded that one contract had been awarded on the basis of lowest price following a mini competition between Framework suppliers further examination showed that only one supplier had been approached for a quotation, which had then been compared with fixed pricing as originally included in the Framework agreement for the other supplier. The supplier to which the contract was awarded had offered a discount on pricing, which the other supplier had not been afforded the opportunity to do. This purchase was therefore also a direct award, with no clear justification.

2.3.8 Where the Service had recorded reasons for direct award (without CPSS approval) these were not generally supported with evidence or statements that clearly demonstrated the requirement to award contracts without competition. An element of brand preference was evident, with reasons including workshop and operator experience, longevity, resale values, service quality and availability, being noted. These assumptions were not supported by evidence of either prior experience in comparison to other options or of comparative elements from providers’ sales literature. Even if the assumptions are correct, there is no guarantee that this will remain the case in the future. Continued direct award for the same supplies risks further reducing the opportunity to explore other competitive options, and of these decisions being subject to challenge.

2.3.9 If direct awards are appropriate they need to be supported with clear evidence to demonstrate this, and CPSS approval.

|                                                                                                                                                       |                                   |                                 |
|-------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|---------------------------------|
| <b><u>Recommendation</u></b>                                                                                                                          |                                   |                                 |
| The Service should ensure that if direct awards are proposed these are supported by clear evidence of the reasons for doing so, and approved by CPSS. |                                   |                                 |
| <b><u>Service Response / Action</u></b>                                                                                                               |                                   |                                 |
| Agreed.                                                                                                                                               |                                   |                                 |
| <b><u>Implementation Date</u></b>                                                                                                                     | <b><u>Responsible Officer</u></b> | <b><u>Grading</u></b>           |
| Implemented                                                                                                                                           | Fleet Services Manager            | Significant within audited area |

2.3.10 Arithmetical errors were noted in the scoring of the mini-competition. One of the five elements used to rank the suppliers had not been included within the calculation, although in this case it would not have affected the final result due to the suppliers scoring equally in this regard, and the weighting applied to price. However, in other circumstances an error could lead to a supplier being incorrectly awarded a contract.

**Recommendation**

The Service should ensure that tender scoring is independently checked before proceeding with contract awards.

**Service Response / Action**

Agreed.

**Implementation Date**

Implemented

**Responsible Officer**

Fleet Services Manager

**Grading**

Important within audited area

- 2.3.11 In one instance where tenders had been prepared, received and reviewed it was apparent that quality aspects of bids were being reviewed by a panel and compared with each other to provide a ranked order for each quality element. This is not appropriate procurement practice as it introduces subjectivity: bids should each be individually compared with the advertised award criteria, not with each other.

**Recommendation**

The Service should ensure that tenders are scored against the advertised award criteria, not against other bids.

**Service Response / Action**

Agreed.

**Implementation Date**

Implemented

**Responsible Officer**

Fleet Services Manager

**Grading**

Important within audited area

- 2.3.12 In order to evidence that the correct procedure has been followed in all instances, appropriate documentation should be retained by the Service. In one instance an order was placed to the value of £136,500 following a mini competition. While there was evidence of the scoring which indicated which supplier had been awarded the contract, there was no documentation showing the original invitation to quote: the Service stated that the Consultant employed at the time would have emailed the relevant suppliers, but there was no evidence retained of this. The returned quotations were also not present, therefore it was not possible to determine whether the scoring was accurate. It was further noted on the Purchase Order that this order had been authorised via email due to it being a business critical case. Again no evidence had been retained of this.

- 2.3.13 Upon a supplier being successful they should be issued with a letter confirming the award, and this should be signed and returned by the supplier in order to confirm the contract. In 7 of the 12 instances there was either no copy of the letter issued to the supplier or there was no copy of the letter having been signed and returned. In a further instance there was no evidence of the unsuccessful suppliers being informed of the award.

**Recommendation**

The Service should ensure that all relevant documentation is retained in relation to procurement exercises.

**Service Response / Action**

Agreed.

**Implementation Date**

Implemented

**Responsible Officer**

Fleet Services Manager

**Grading**

Significant within audited area

2.3.14 The Service has options to purchase vehicle chassis and bodies separately or in combination through various Scotland Excel and other Framework Agreements. In some cases combined vehicles are being purchased (a chassis with a specific body) following tender exercises, with the body supplier purchasing the chassis and including it within the price. There is no comparison on file to demonstrate that this offered best value in comparison to the Service purchasing the chassis (at a discounted Framework rate) then providing it to the body supplier, which was the process in other cases.

**Recommendation**

The Service should ensure it can demonstrate the best value combination of vehicle components is being selected.

**Service Response / Action**

Agreed.

**Implementation Date**

Implemented

**Responsible Officer**

Fleet Services Manager

**Grading**

Important within audited area

**AUDITORS:** D Hughes  
C Harvey  
D Henderson

## Appendix 1 – Grading of Recommendations

| GRADE                                  | DEFINITION                                                                                                                                                                                                                                                                               |
|----------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Major at a Corporate Level</b>      | 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.                                                                                                         |
| <b>Major at a Service Level</b>        | <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>                                               |
| <b>Significant within audited area</b> | <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> |
| <b>Important within audited area</b>   | 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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## ABERDEEN CITY COUNCIL

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|                           |                                               |
|---------------------------|-----------------------------------------------|
| <b>COMMITTEE</b>          | Audit, Risk and Scrutiny Committee            |
| <b>DATE</b>               | 4 December 2018                               |
| <b>REPORT TITLE</b>       | Internal Audit Report AC1911 – Business Rates |
| <b>REPORT NUMBER</b>      | IA/AC1911                                     |
| <b>DIRECTOR</b>           | N/A                                           |
| <b>REPORT AUTHOR</b>      | David Hughes                                  |
| <b>TERMS OF REFERENCE</b> | 2.2                                           |

---

### **1. PURPOSE OF REPORT**

- 1.1 The purpose of this report is to present the planned Internal Audit report on Business Rates.

### **2. RECOMMENDATION**

- 2.1 It is recommended that the Committee review, discuss and comment on the issues raised within this report and the attached appendix.

### **3. BACKGROUND / MAIN ISSUES**

- 3.1 Internal Audit has completed the attached report which relates to an audit of Business Rates.

### **4. FINANCIAL IMPLICATIONS**

- 4.1 There are no direct financial implications arising from the recommendations of this report.

### **5. LEGAL IMPLICATIONS**

- 5.1 There are no direct legal implications arising from the recommendations of this report.

### **6. MANAGEMENT OF RISK**

- 6.1 The Internal Audit process considers risks involved in the areas subject to review. Any risk implications identified through the Internal Audit process are as detailed in the attached appendix.

## 7. OUTCOMES

- 7.1 There are no direct impacts, as a result of this report, in relation to the Local Outcome Improvement Plan Themes of Prosperous Economy, People or Place, or Enabling Technology, or on the Design Principles of the Target Operating Model.
- 7.2 However, Internal Audit plays a key role in providing assurance over, and helping to improve, the Council's framework of governance, risk management and control. These arrangements, put in place by the Council, help ensure that the Council achieves its strategic objectives in a well-managed and controlled environment.

## 8. IMPACT ASSESSMENTS

| <b>Assessment</b>                                    | <b>Outcome</b>                                                                                                                                                                                                                                                                                  |
|------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Equality &amp; Human Rights Impact Assessment</b> | An assessment is not required because the reason for this report is for Committee to review, discuss and comment on the outcome of an internal audit. As a result, there will be no differential impact, as a result of the proposals in this report, on people with protected characteristics. |
| <b>Privacy Impact Assessment</b>                     | Not required                                                                                                                                                                                                                                                                                    |
| <b>Duty of Due Regard / Fairer Scotland Duty</b>     | Not applicable                                                                                                                                                                                                                                                                                  |

## 9. APPENDICES

- 9.1 Internal Audit report AC1911 – Business Rates.

## 10. REPORT AUTHOR DETAILS

David Hughes, Chief Internal Auditor  
[David.Hughes@aberdeenshire.gov.uk](mailto:David.Hughes@aberdeenshire.gov.uk)  
(01467) 537861





## **Internal Audit Report**

### **Customer**

### **Business Rates**

**Issued to:**

Andy MacDonald, Director of Customer Services  
Jacqui McKenzie, Chief Officer – Customer Experience  
Jonathan Belford, Chief Officer – Finance  
Fraser Bell, Chief Officer – Governance  
Wayne Connell, Revenues and Benefits Manager  
External Audit

## EXECUTIVE SUMMARY

Business Rates are levied in respect of all non-exempt commercial properties. The amount to be paid by the liable party is based on the rateable value (as determined by the local Assessor) and the poundage rate set by the Scottish Government each year. The Council is responsible for the billing, collection and enforcement of Business Rates, with mandatory reliefs and reliefs the Council has discretion over prescribed by legislation.

The net amount collectable by the Council for Business Rates for 2018/19 is approximately £255.6 million (2017/18 - £239.49m), after the granting of various forms of exemption and relief totalling £44.44 million (2017/18 - £48.81m). As at August 2018, Business Rates applied to over 10,800 rateable subjects, with 3,640 qualifying for some type of exemption or relief.

The objective of this audit was to provide assurance over the accuracy of Business Rates billing and robustness of collection arrangements.

In general, Business Rate bills were accurate and collection arrangements were adequate, however, a number of recommendations were made to improve procedures and controls.

The procedures covered all aspects of NDR administration. However, they had not been kept up to date, with arrangements for writing off debts found to be obsolete. The Service has agreed to update written procedures.

The system relies on relief end dates to be entered manually rather than automatically calculating the end date based on the start date entered. An error was identified in relation to relief being incorrectly awarded for two years instead of one as a result of the incorrect end date being entered. The Service has agreed to liaise with the system provider to establish whether the system can be updated.

The NDR system automatically suppresses bills under £50 during the year however this is not the case for annual billing. Whilst the number of bills suppressed is relatively small this has the effect of writing off these bills. The Service has agreed to raise amounts owed for bills lower than £50 and greater than £25 in line with Finance Regulations.

NDR bills are issued at the beginning of the financial year, usually during the first week of April. It was noted that evidence of reconciliation of the bills printed to the Assessor records had not been retained. The Service advised this was a one-off and have agreed to retain evidence in future.

The NDR Suspense account is reviewed every month and transactions are investigated and cleared on a regular basis by the NDR and Bank Reconciliation teams working together. Reports were reviewed and seen to be run regularly. However, as at 3 September 2018, there was a balance of £70,044 in the Suspense account with transactions dating back to March 2010. The Service has agreed to liaise with Finance to identify the best way to investigate and clear suspense transactions over 12 months old.

# 1. INTRODUCTION

- 1.1 Business Rates / Non Domestic Rates (NDR) are levied in respect of all non-exempt commercial properties. The amount to be paid by the liable party is based on the rateable value (as determined by the local Assessor) and the poundage rate set by the Scottish Government each year. The Council is responsible for the billing, collection and enforcement of Business Rates, with mandatory reliefs and reliefs the Council has discretion over prescribed by legislation. All Business Rates collected by local authorities are notionally paid into the national non-domestic rates pool, maintained by the Scottish Government. This is then redistributed to local authorities according to each authority's estimated collection levels via an adjustment to the General Revenue Grant.
- 1.2 The poundage rate set for 2018/19 was 48p (2017/18 – 46.6p), with a Large Business supplement of 2.6p for rateable values in excess of £51,000 (2017/18 – same).
- 1.3 The Council uses the Northgate NDR system to manage Business Rates, and the Civica Universal Revenues & Benefits (URB) electronic document management system to store scanned information pertaining to reliefs claimed, liabilities owed and correspondence from ratepayers. The net amount collectable by Aberdeen City Council for Business Rates for 2018/19 is approximately £255.6 million (2017/18 - £239.49m), after the granting of various forms of exemption and relief totalling £44.44 million (2017/18 - £48.81m; the lower net amount collected in 2017/18 is partly due to transitional relief awarded following the 2017 Assessor rates revaluation). As at August 2018, Business Rates applied to over 10,800 rateable subjects, with 3,640 qualifying for some type of exemption or relief.
- 1.4 The objective of this audit was to provide assurance over the accuracy of Business Rates billing and robustness of collection arrangements.
- 1.5 The factual accuracy of this report and action to be taken with regard to the recommendations made have been agreed with Wayne Connell, Revenues & Benefits Manager and Alison Blair, Team Leader – Non-Domestic Rates & Aberdeen Business Improvement District.

## 2. FINDINGS AND RECOMMENDATIONS

### 2.1 Written Procedures and Training

- 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 that correct and consistent instructions are available to staff, which is important in the event of an experienced employee being absent or leaving.
- 2.1.2 Written procedures are stored on an online platform, in the same way as Council Tax and other Revenue and Benefits guidance. They are accessible to all members of staff who have been given the log in details; these credentials are not unique to each individual, are not regularly changed and a list of staff with access is not maintained, as access is not seen to be high risk. The procedures were reviewed by Internal Audit and seen to cover all aspects of NDR administration. However, they had not been kept up to date.
- 2.1.3 In one case (*Billing, Recovery, and Interest on Overpayments*) the reasons, values and authority for approval for writing off debts were all obsolete as they did not agree with Finance Regulations whilst the version date was incorrect in a number of areas.
- 2.1.4 During the audit at least one new member of staff had recently been recruited and was receiving face to face training. If procedures are not kept up to date new staff may not be efficiently trained and tasks may be carried out inconsistently or incorrectly.

#### **Recommendation**

The Service should ensure that guidance documents are brought up to date and regular reviews are scheduled thereafter.

#### **Service Response / Action**

Agreed. Reviews of procedures will take place when legislation is updated.

#### **Implementation Date**

February 2019

#### **Responsible Officer**

Revenues & Benefits  
Manager

#### **Grading**

Important within audited  
area

- 2.1.5 Training transcripts were examined to confirm that a sample of 5 system users had received sufficient training to carry out their duties, including Information Governance and this was found to be the case.

### 2.2 System Access

- 2.2.1 The NDR system has been provided by Northgate since 2002. The system is not currently fully compliant with GDPR, but an upgrade is due to be provided by the system vendor which is expected to address this. The Regional Manager of the ICO Scotland Office advised at a meeting for data protection officers that it was acceptable for existing systems which were not currently compliant to remain so until an update could be supplied under contract or the contract ended.
- 2.2.2 Access is granted by the Systems team on receipt of a system access form. Access requirements are reviewed on a yearly basis and users are terminated when the Systems team is notified by a manager that the employee has left or no longer requires access. A sample of 5 users was reviewed. For all users, access forms had been completed and filed, and the access level granted was appropriate.

## 2.3 Billing

- 2.3.1 Liability for business rates is determined by the Rateable Value of the property, multiplied by the national poundage rates set by the Scottish Government each year. Rateable Values are determined by the local Assessors (currently a revaluation exercise is carried out every five years). On top of the standard poundage, a large business supplement is charged on all property over a set value. The 2017 Revaluation exercise raised this from £35,000 to £51,000.
- 2.3.2 Prior to annual billing, the test Northgate NDR system is updated to reflect the current position on the live system. The parameters for the new financial year (changes to the poundage rate and any relief) are input by the Revenues & Benefits Manager and checked by the Team Leader – NDR & Aberdeen BID. Screen prints are taken of all billing parameters and signed and dated by the Manager and Team Leader. Annual billing is then run on the test system and a sample of bills produced for checking. If the results are as expected, the process is repeated on the live system, with bills being checked once more for accuracy before being issued.
- 2.3.3 The documents supporting the update process for 2018/19 were obtained and reviewed. They were seen to be complete and updated parameters had been confirmed as correct with a signed and dated screenshot. The sample test and live bills were saved and were seen to be correct and complete.
- 2.3.4 Annual bills were issued on 6 April 2018. A sample of bills reviewed matched local Assessor records recorded in Universal Revenues & Benefits (URB) and were billed accurately.
- 2.3.5 The Service advised that the system is set to automatically suppress zero and in-credit bills as well as those for under £50 during the year however this is not the case for annual billing. This has the effect of writing off bills lower than £50 in year. Finance Regulations states that no debtors invoice should be raised for a value less than £25. 10 charges under £50 and over £25 were outstanding as at 19 October 2018 totalling £357.

### **Recommendation**

The Service should ensure bills are raised in line with Finance Regulations.

### **Service Response / Action**

Agreed.

### **Implementation Date**

January 2019

### **Responsible Officer**

Revenues & Benefits  
Manager

### **Grading**

Significant within audited  
area

- 2.3.6 The bills tested were those which had been scanned into URB in response to customer requests for duplicate bills. The bills are produced and enveloped by the Printing Service based in Woodhill House and cannot be printed at Marischal College. The Service has advised they are in the process of testing the production of copy bills at Marischal College now that the required server has been put in place by Digital and Technology. A recommendation is included for tracking purposes.

**Recommendation**

Printing of copy bills at Mariscal College should be made available.

**Service Response / Action**

Agreed.

**Implementation Date**

January 2019

**Responsible Officer**

Revenues & Benefits  
Manager

**Grading**

Important within audited  
area

- 2.3.7 The Service advised that the Northgate system is capable of producing e-bills to be sent by email, but these have not been used as businesses have stated previously that paper bills are preferable. However, adding functionality to the system to enable billing documents to be easily viewed would enable the team to respond more quickly and efficiently to requests for duplicate bills. It is also noteworthy that the Barclay Review of the business rates system in Scotland has recommended that ratepayers be incentivised to sign up for online billing where available except in exceptional circumstances as savings can be made in print and postage costs.
- 2.3.8 Sending new and copy Business Rates bills electronically has been identified as a “digitalisation opportunity” to be investigated and implemented as part of the wider corporate Digital Transformation programme.
- 2.3.9 The bills are issued at the beginning of the financial year, usually during the first week of April. The Team Leader – NDR & Aberdeen BID and a member of the NDR system support team check the print run and reconcile the numbers. The Service advised that this had been carried out as usual in April 2018, but evidence of this activity had not been retained.

**Recommendation**

The Service should ensure that evidence of billing run reconciliations is retained.

**Service Response / Action**

Agreed.

**Implementation Date**

January 2019

**Responsible Officer**

Revenues & Benefits  
Manager

**Grading**

Important within audited  
area

**2.4 Assessors Valuation Roll**

- 2.4.1 Any changes can be intimated by the rate payer to the Council, but most come from a weekly notification from the local Assessor which is interfaced with the NDR system. This is discussed further in section 2.8 below.
- 2.4.2 A sample of 8 changes made to accounts in the NDR system following notification from the local Assessor was reviewed to confirm that they were accurate and supported, that liabilities had been recalculated where required, and that revised bills had been issued timeously. All changes were supported and liabilities had been recalculated. Revised demand notices were timeous and accurate and reasons for changes in liability, were documented and authorised where required by the Team Leader – NDR & Aberdeen BID dating and initialling the relevant section of the report.

## **2.5 Exemptions and Reliefs**

- 2.5.1 Although the liability calculated using the poundage rate and rateable value gives the gross rates bill due, rate payers may be eligible for a number of mandatory and discretionary reliefs, and for certain business and properties, exemption can be claimed. These reductions on the rates due can be up to 100%. Service procedures require documented approval by the “Head of Service” for discretionary charitable reliefs however they do not specify who is authorised to approve other types of discretionary relief. The Council’s Powers Delegated to Officers 2018 states that the Chief Officer - Customer Experience has power to administer, collect and enforce recovery of non-domestic rates in accordance with appropriate regulations, legislation, and council policy. Authority has been delegated to the officers who currently approve discretionary reliefs, as allowed under general delegations to Chief Officers.
- 2.5.2 Statutory exemptions apply to properties which are exempt from the valuation roll (e.g. agricultural lands, crown properties, public parks, fishings and shootings, etc), or are included on the valuation roll but fully exempt from payment of rates (e.g. churches and other places of worship), or are fully exempt if and as long as they remain empty (listed buildings, properties valued under £1,700, properties where occupation is prohibited by law). Other reliefs are available for a variety of property types, although these must be applied for. The Council’s procedures require that reliefs awarded be reviewed every 12 months.
- 2.5.3 A sample of 25 properties that have been classified as exempt from assessment or valuation within the NDR system was reviewed and it was confirmed that all properties had been appropriately classified and that relief was being appropriately applied.
- 2.5.4 Charitable organisations are eligible for mandatory relief of 80% which may, at the Council’s discretion, be increased by up to a further 20%. Sports clubs are eligible for a discretionary award of up to 100%. A sample of 25 accounts where such mandatory and / or discretionary relief had been granted was reviewed to confirm that the appropriate form had been completed and was supported by evidence, that the ratepayer or property met the criteria for the relief, that the relief had been correctly calculated and processed timeously, and that where discretionary relief was awarded that this had been approved by the “Head of Service”.
- 2.5.5 15 of the properties had first been awarded the relief prior to 2005 and the original application and approval had not been retained. It was noted all had completed a fresh application or review form within the past 12 months. The review forms were authorised by the Team Leader - NDR and Aberdeen BID while ‘Briefing Report – Discretionary Rates Relief’ forms had been authorised by the Revenues Support Manager in response to applications. In all cases, a constitution, evidence of charitable status, and set of accounts had been supplied where required; the relief had been correctly calculated and applied timeously; and the ratepayer had been informed of the award. No refunds had been required.
- 2.5.6 For one of the sample, both mandatory and discretionary relief had been appropriately awarded on charitable grounds in 2011 but since June 2015 the playing field has not been in use, as advised by the property owner and recorded in URB. It is therefore not clear that granting full relief remains appropriate, since this provides no encouragement to the ratepayer to put the property back into use. The Service advised that this would be considered but that the property was likely to continue to receive 100% relief.
- 2.5.7 If discretionary awards are renewed without being reviewed there is a risk of loss of income to the Council through inappropriate awards.

**Recommendation**

The Service should investigate the identified property and confirm that the type and level of relief awarded is correct.

**Service Response / Action**

Agreed. The relief will be reviewed in January 2019 as part of the property's annual review.

**Implementation Date**

January 2019

**Responsible Officer**

Revenues & Benefits  
Manager

**Grading**

Important within audited  
area

- 2.5.8 Other types of relief include void relief, which grants 50% relief for 3 months followed by 10%; Small Business Bonus, which offers up to 100% relief based on the rateable value of the property; and miscellaneous reliefs such as Fresh Start, offering 12 months 50% relief to newly occupied properties, and Disabled, offering 100% relief to properties used by an organisation where care or welfare services are provided. Tests were carried out on 25 properties for each of these categories. All applications for void and Small Business Bonus relief reviewed were supported by the appropriate exemption form and were supported by evidence, had been reviewed if necessary, and had been entered accurately into the NDR system. Revised liability had been correctly calculated, date of reduction where relevant was correct and refunds had been processed timeously.
- 2.5.9 All sampled applications for other types of relief were supported by the appropriate form and by evidence where required. In all cases relief and revised liability had been correctly calculated and applied from the correct date. However, in 12 Disabled relief cases, the award had not been reviewed within the last 12 months as required by Service procedures. If awards of relief are not regularly reviewed there is a risk of loss of income to the Council. The Service advised that these had been a low priority for review as they were long-standing and rarely changed. However, the process for review was underway at the time of the audit.
- 2.5.10 In one case the relief had been granted for one year from 1 August 2017 but, as at September 2018, there was no indication that this had been reviewed or the liability recalculated. The Service advised that an error had been made when the relief was entered into the system in 2017 which had extended the relief to 2019 rather than 2018. The error was corrected after the Internal Audit query and a fresh bill generated.
- 2.5.11 Relying on manual entry of data increases the risk of error. If reliefs which have a set expiry date had an end date automatically calculated by the NDR system upon input, this would minimise the risk of inappropriate extension.

**Recommendation**

The Service should investigate with the system provider whether it would be possible to have end dates for certain reliefs automatically completed by the system.

**Service Response / Action**

Agreed.

**Implementation Date**

January 2019

**Responsible Officer**

Revenues & Benefits  
Manager

**Grading**

Significant within audited  
area



## 2.6 Payments

### *Income*

- 2.6.1 There are several options for payment and these are described on the back of the Bill issued. Payments can be made through the online payments portal; in person or by post; over the phone; or by setting up a direct debit. Rates are payable by 10 instalments from May to February or in full before 30 September in any year. If an account is issued after the start of a financial year, the number of instalments will reduce.
- 2.6.2 A daily reconciliation is carried out between the cash receipting system, the ledger and the NDR system by the Bank Reconciliation team. The reconciliation and supporting documents for August 2018 were reviewed and it was confirmed that the process is working satisfactorily.
- 2.6.3 Failed payments are reported to the Bank Reconciliation team as part of the matching and reconciliation process and are investigated and corrected by the Bank Reconciliation team and NDR team working together. Failed payment reports for August 2018 were obtained and reviewed and the appropriate actions were seen to have been taken. In addition, Billing and Collection reports and Charges and Transactions reports are run on a monthly basis by the Team Leader – NDR & Aberdeen BID to show what has been collected, and how, and what remains outstanding; this data is reported to the Revenues and Benefits Manager.

### *Refunds*

- 2.6.4 Refunds may become due if previous years are found to have been overpaid after recalculation, or if relief is allocated after payments were made. Where the overpayment is as a result of an error or a Rateable Value reduction, the Council is required to pay interest at a rate determined by the Scottish Government (at present this is based on the current Bank of England base rate). The NDR system automatically recalculates the liability and shows resulting credits on the account. The NDR team checks that the ratepayer has no other outstanding rates bills for other properties, and also notifies the corporate cash collection team to ensure no corporate debt is outstanding. Account credits should be allocated against such debts before being refunded. The customer is then refunded with the transaction being recorded in the NDR system, and the balance updated. Refunds are reported on monthly and checked by the Team Leader – NDR & Aberdeen BID, who also reconciles refunds paid on an annual basis. Recent reports were obtained and reviewed and seen to be regularly run and the appropriate action taken, although the refund reconciliation for 2017/18 had not been completed at the time of the audit.
- 2.6.5 According to the NDR system report 712 refunds were made in 2017/18 with a value of £4.77 million; this compares to 691 refunds in 2016/17 with a total value of £3.89 million. As at the end of September 2017, 127 refunds had been made for a total value of £860,000, giving an average payment of £6,771. As at the end of August 2018, 89 refunds for a total value of approximately £300,000 had been made, giving an average payment of £3,370.
- 2.6.6 A sample of 8 refunds was selected at random and reviewed. All refunds had been appropriately authorised, were supported by documentation and were calculated correctly. The correct amount had been paid to the correct payee, per documents supplied, and no interest payments were due. In one case the payment was not made timeously; the refund became due after Small Business Bonus relief was awarded on 6 February 2018 (having been applied for on 30 October 2017) but the payment was not actioned until 16 May 2018. In another a further payment had been made after liability ended which had yet to

be refunded, leaving the account in credit. If applications for relief and payments due are not processed promptly there is a risk of reputational damage and the Council may become liable for interest payments.

|                                                                                                                    |                                   |                               |
|--------------------------------------------------------------------------------------------------------------------|-----------------------------------|-------------------------------|
| <b><u>Recommendation</u></b>                                                                                       |                                   |                               |
| A reminder should be issued to staff in relation to expected processing times for relief applications and refunds. |                                   |                               |
| <b><u>Service Response / Action</u></b>                                                                            |                                   |                               |
| Agreed.                                                                                                            |                                   |                               |
| <b><u>Implementation Date</u></b>                                                                                  | <b><u>Responsible Officer</u></b> | <b><u>Grading</u></b>         |
| Implemented                                                                                                        | Revenues & Benefits Manager       | Important within audited area |

*Suspense*

2.6.7 Payments which cannot be allocated to an account are placed in a Suspense account in the NDR system. The Suspense account is reviewed every month through a report run by the Team Leader – NDR & Aberdeen BID and transactions are investigated and cleared on a regular basis by the NDR and Bank Reconciliation teams working together. Reports were reviewed and seen to be run regularly. However, as at 3 September 2018, there was a balance of £70,044 in the Suspense account with transactions dating back to March 2010. Activity within the account showed more recent transactions have been investigated and cleared.

2.6.8 If suspended transactions are not investigated and cleared, accounts may appear to be in arrears when payments have been made. The longer a payment is held, the more difficult it will be to investigate and return the payment if it has been made in error.

|                                                                                                                                  |                                   |                               |
|----------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|-------------------------------|
| <b><u>Recommendation</u></b>                                                                                                     |                                   |                               |
| The Service should work with Finance to identify the best way to investigate and clear Suspense transactions over 12 months old. |                                   |                               |
| <b><u>Service Response / Action</u></b>                                                                                          |                                   |                               |
| Agreed.                                                                                                                          |                                   |                               |
| <b><u>Implementation Date</u></b>                                                                                                | <b><u>Responsible Officer</u></b> | <b><u>Grading</u></b>         |
| January 2019                                                                                                                     | Revenues & Benefits Manager       | Important within audited area |

**2.7 Arrears**

*Recovery*

2.7.1 The Business Rates team run the Top Debts report on a monthly basis. This shows the recovery stage of every account. Reminders are sent to accounts in arrears at the end of August. A batch job is then run to create a Recovery report showing a list of accounts at Final Notice stage. This is manually checked for accounts where the Final Notice should be suppressed (e.g. business in liquidation, liabilities being appealed) and these are removed. Then the report is run again to generate the Final Notices, and these are sent to the Printing Service at Woodhill House. Should payment in full or by arrangement not be made by the set deadline then when the report is next run a summary warrant from the Sheriff Court will be requested and a 10% admin charge will be applied to the account. Accounts with arrangements are reported on and reviewed each month by the Team Leader – NDR & Aberdeen BID.

2.7.2 A sample of 8 accounts in arrears was selected from system reports and reviewed. The accounts selected were those in arrears from previous years. In all cases documents had been sent timeously and the appropriate recovery actions had been taken. Accounts had been debited with a surcharge where a warrant had been applied for and payment arrangements, where appropriate, had been put in place and were being monitored through regular reporting and correspondence recorded in URB. In one case, recovery had reached Final Notice then been put on hold as the liability was being disputed; this was being monitored. Accounts on hold are reviewed on a monthly basis through a report run by the Team Leader – NDR & Aberdeen BID. Reports were obtained and reviewed and seen to be run regularly; 45 accounts were shown in the August 2018 report and all had been given a reason for the suspension and scheduled for review.

#### *Write Offs*

2.7.3 Per Finance Regulations, NDR debts up to £25,000 per debtor may be written off under the authority of the Chief Officer – Finance or Chief Officer – Customer Experience (CE). Nominated officers, in this case the Revenues and Benefits Manager, may write off debts up to the value of £10,000 per debtor on the basis that a schedule is supplied to the Chief Officer – CE at least every 6 months. Debts over £25,000 must be reported at least annually to the City Growth & Resources Committee with details of the debt and the reasons for recommending write-off; there are a limited number of reasons which will be accepted.

2.7.4 A write off form must be completed by NDR staff and authorised either by the Team Leader or Revenues and Benefits Manager, then recorded in URB. The write off will be recorded on Northgate and the balance reduced to zero. A spreadsheet is maintained throughout the year by the Team Leader – NDR & Aberdeen BID and this is used to create a report by the Revenues and Benefits Manager for Committee at year end.

2.7.5 A sample of 8 written off debts was selected from system reports and reviewed. All written off debts were supported by the appropriate form and by evidence and were recommended for one of the reasons under the procedure after all recovery methods had been exhausted. The forms had been authorised appropriately and the write-offs had been properly approved, either by the Revenues and Benefits Manager or by Committee, and entered correctly into the system.

## **2.8 Reconciliations & Reporting**

2.8.1 As described in 2.6.2 above, a daily reconciliation between the cash receipting system, the ledger and the NDR system is carried out by the Bank Reconciliation team and recorded in a spreadsheet. At the end of each month a Fund Analysis report is run for the whole month from the cash receipting system and this is used to double-check the figures entered in the spreadsheet. The reconciliation spreadsheets for April – August 2018 were reviewed and seen to have been completed timeously, with reconciling differences explained.

2.8.2 A reconciliation is also carried out of properties in the NDR system to the local Assessor's database. A full extract of the local Assessors' database (the Valuation Roll Interfaces Report) is interfaced / uploaded to the system on a weekly basis, generally a Friday, which updates existing accounts and creates new accounts, including the rateable value. An Error Report is run following the interface to identify any mismatches and confirm that the numbers of properties in the NDR system and on the Valuation Roll reconcile. Errors are investigated and corrected so that the values reconcile. The NDR team follows a checklist which must be initialled at each stage to confirm completion and then countersigned by the Team Leader. Records of data received and input for August 2018 were reviewed

and seen to be complete and timeously input, with new bills being generated the following week. Errors had been investigated and corrected promptly.

- 2.8.3 New and revised bills are issued on a weekly basis. As part of this process a reconciliation is carried out between the number of documents produced by the NDR system and the number confirmed as printed by Xerox. The reconciliation for the most recent run was provided to Internal Audit and seen to be complete.
- 2.8.4 A report showing all liabilities for the current year, known as the FOI report as it is produced to respond to Freedom of Information requests, is extracted as a spreadsheet every three months; confidential information is redacted, and the report is published on the Council website. Any changes throughout the year will be included.
- 2.8.5 The Council's performance reporting system is updated monthly with NDR amounts collected and collection rates, by the Revenues and Benefits Manager, which are available to the Director of Resources to review.
- 2.8.6 Collection rates are reported to the Improvement Service as part of the Local Government Benchmarking Framework and to CIPFA as part of the Directors of Finance Scottish Performance Indicators, where the Council was reported as having the eighth highest collection rate over the past 5 years, prior to 31 March 18, when compared to other Scottish Councils. This is in contrast to the previous audit when a report was regularly produced. The Service advised that this report had not been found useful and so had been discontinued.
- 2.8.7 Each year a confirmation of the actual collected rates is submitted to the Scottish Government so that the total can be contributed to the notional pool before being re-distributed. The return, having been checked by External Audit, must be submitted by a set date, which for 2017/18 was 3 October 2018. It was submitted by the Revenues and Benefits Manager and confirmed as received by the Scottish Government on 21 September 2018.

**AUDITORS:** D Hughes  
A Johnston  
L Jarvis

## Appendix 1 – Grading of Recommendations

| GRADE                                  | DEFINITION                                                                                                                                                                                                                                                                               |
|----------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Major at a Corporate Level</b>      | 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.                                                                                                         |
| <b>Major at a Service Level</b>        | <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>                                               |
| <b>Significant within audited area</b> | <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> |
| <b>Important within audited area</b>   | 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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## ABERDEEN CITY COUNCIL

|                           |                                                              |
|---------------------------|--------------------------------------------------------------|
| <b>COMMITTEE</b>          | Audit, Risk and Scrutiny Committee                           |
| <b>DATE</b>               | 4 December 2018                                              |
| <b>REPORT TITLE</b>       | Internal Audit Reports – Follow-up of Agreed Recommendations |
| <b>REPORT NUMBER</b>      | IA/18/018                                                    |
| <b>DIRECTOR</b>           | N/A                                                          |
| <b>REPORT AUTHOR</b>      | David Hughes                                                 |
| <b>TERMS OF REFERENCE</b> | 2.3                                                          |

### 1. PURPOSE OF REPORT

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

### 2. RECOMMENDATIONS

The Committee is requested to:

- 2.1 Review, discuss and comment on the issues raised within this report and the attached appendices.

### 3. BACKGROUND / MAIN ISSUES

- 3.1 The Public Sector Internal Audit Standards require that Internal Audit monitors the implementation of agreed recommendations until they are implemented by management. The Corporate Management Team and the Audit, Risk and Scrutiny Committee receive a report from Internal Audit at each of its meeting which shows progress made.
- 3.2 However, circumstances may change following completion of an Internal Audit. Having investigated implementation more fully, a recommendation may, for example, take longer to implement, or the cost of implementation may be higher, than originally anticipated. In these circumstances either more time may be required, or management may conclude, based on the risk to the organisation, that the recommendation should no longer be implemented. Where this is the case, management will make recommendations regarding how the agreed recommendation should be treated.
- 3.3 The attached appendices 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. Where all recommendations contained in individual reports issued before 1 April 2018 have been completed, these are no longer shown in the appendices.

- 3.4 Where recommendations have not been completed by their original due date, reasons are provided along with recommendations from management (where appropriate) regarding how and when the agreed Internal Audit recommendation will be concluded or whether it should no longer be implemented.

**4. FINANCIAL IMPLICATIONS**

- 4.1 There are no direct financial implications arising from the recommendations of this report.

**5. LEGAL IMPLICATIONS**

- 5.1 There are no direct legal implications arising from the recommendations of this report.

**6. MANAGEMENT OF RISK**

- 6.1 The Internal Audit process considers risks involved in the areas subject to review. Any risk implications identified through the Internal Audit process are detailed in the resultant Internal Audit reports. Recommendations are made to address the identified risks and Internal Audit follows up progress with implementing those that are agreed with management. Those not implemented by their agreed due date are detailed in the attached appendices.

**7. OUTCOMES**

- 7.1 There are no direct impacts, as a result of this report, in relation to the Local Outcome Improvement Plan Themes of Prosperous Economy, People or Place, or Enabling Technology, or on the Design Principles of the Target Operating Model.

- 7.2 However, Internal Audit plays a key role in providing assurance over, and helping to improve, the Council’s framework of governance, risk management and control. These arrangements, put in place by the Council, help ensure that the Council achieves its strategic objectives in a well-managed and controlled environment.

**8. IMPACT ASSESSMENTS**

| Assessment                                           | Outcome                                                                                                                                                                                                                                                                                         |
|------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Equality &amp; Human Rights Impact Assessment</b> | An assessment is not required because the reason for this report is for Committee to review, discuss and comment on the outcome of an internal audit. As a result, there will be no differential impact, as a result of the proposals in this report, on people with protected characteristics. |
| <b>Privacy Impact</b>                                | Not required                                                                                                                                                                                                                                                                                    |



|                                                      |                |
|------------------------------------------------------|----------------|
| <b>Assessment</b>                                    |                |
| <b>Duty of Due Regard /<br/>Fairer Scotland Duty</b> | Not applicable |

**9. APPENDICES**

- 9.1 Appendix A – Position with Agreed Recommendations – Summary.
- 9.2 Appendix B – Position with Agreed Recommendations – Cross Service.
- 9.3 Appendix C – Position with Agreed Recommendations – Commissioning.
- 9.4 Appendix D – Position with Agreed Recommendations – Customer.
- 9.5 Appendix E – Position with Agreed Recommendations – Operations.
- 9.6 Appendix F – Position with Agreed Recommendations – Resources.
- 9.7 Appendix G – Position with Agreed Recommendations – Health and Social Care Partnership.

**10. REPORT AUTHOR DETAILS**

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(01467) 537861

# APPENDIX A – SUMMARY

## POSITION WITH AGREED RECOMMENDATIONS AS AT 21 NOVEMBER 2018

The following table provides a summary of progress being made by Services with completing agreed recommendations.

On 26 June 2018, the Committee was advised that, as at 12 September 2018, there were 37 recommendations which were due to have been completed by 31 July 2018 which were not fully complete. This has reduced to 28.

The total not fully complete, which had an original due date of before 30 September 2018, is 41. Full details relating to progress, on a report by report basis, are shown in appendices B to G.

| SERVICE                         | Agreed in reports shown in Appendices B to G | Due for completion by 31.07.18 | Confirmed complete by Service | New in August and September 2018 | Confirmed complete by Service | Not fully complete by original due date | Major | Significant | Important |
|---------------------------------|----------------------------------------------|--------------------------------|-------------------------------|----------------------------------|-------------------------------|-----------------------------------------|-------|-------------|-----------|
| <b>Cross Service</b>            | 28                                           | 28                             | 27                            | 0                                | 0                             | 1                                       | 0     | 1           | 0         |
| <b>Commissioning</b>            | 25                                           | 25                             | 19                            | 0                                | 0                             | 6                                       | 0     | 6           | 0         |
| <b>Customer</b>                 | 29                                           | 8                              | 8                             | 8                                | 7                             | 1                                       | 1     | 0           | 0         |
| <b>Operations</b>               | 100                                          | 74                             | 66                            | 17                               | 8                             | 17                                      | 3     | 7           | 7         |
| <b>Resources</b>                | 84                                           | 50                             | 38                            | 4                                | 4                             | 12                                      | 0     | 11          | 1         |
| <b>Health &amp; Social Care</b> | 62                                           | 48                             | 47                            | 9                                | 6                             | 4                                       | 0     | 4           | 0         |
| <b>Total</b>                    | 328                                          | 233                            | 205                           | 38                               | 25                            | 41                                      | 4     | 29          | 8         |

# KEY TO COLOURING USED IN FOLLOWING APPENDICES

## Recommendation Grading:

| Grading     | Definition                                                                                                                                                                                                                                                            |
|-------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Major       | 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.<br>Financial Regulations have been consistently breached.                                            |
| Significant | Addressing this issue will enhance internal controls.<br>An element of control is missing or only partial in nature.<br>The existence of the weakness identified has an impact on a system's adequacy and effectiveness.<br>Financial Regulations have been breached. |
| Important   | 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.                                        |

## Length of time overdue

|                    |
|--------------------|
| Over 12 months     |
| 6 to 12 months     |
| Less than 6 months |

# **APPENDIX B**

# **CROSS SERVICE**

| Report Number | Report Title | Date Issued | Number of Recommendations |                                    |                                  |                                      | Grading of overdue recommendations |
|---------------|--------------|-------------|---------------------------|------------------------------------|----------------------------------|--------------------------------------|------------------------------------|
|               |              |             | Agreed in Report          | Due for implementation by 30.09.18 | Confirmed Implemented by Service | Not implemented by original due date |                                    |

|               |                                                |           |    |    |    |   |               |
|---------------|------------------------------------------------|-----------|----|----|----|---|---------------|
| <b>AC1623</b> | <b>Compliance with Procurement Legislation</b> | June 2016 | 28 | 28 | 27 | 1 | 1 Significant |
|---------------|------------------------------------------------|-----------|----|----|----|---|---------------|

The position with the overdue recommendation is as follows:

| Chief Officer                             | Recommendation                                                                                                                                                                                                     | Grading / Due Date            | Position                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|-------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Integrated Children's and Family Services | The Service should ensure that spend on supplies which are likely to be used by more than one school is forecast so that appropriate Committee approval and tendering can be completed for aggregate spend (2.4.7) | Significant<br>September 2016 | <ul style="list-style-type: none"> <li>• Committee advised on 24 November 2016 that this would be complete by March 2017.</li> <li>• Committee advised on 22 June 2017 that a different approach was being taken.</li> <li>• Committee advised on 26 September 2017 that this would be complete by March 2018.</li> <li>• Committee advised on 8 May 2018 that this would be complete by June 2018.</li> <li>• Committee advised on 25 September 2018 that this would be complete by November 2018.</li> </ul> <p>The latest update from the Service is that relevant business cases on school supplies will be submitted to Strategic Commissioning Committee in March 2019, with implementation by October 2019.</p> |

# **APPENDIX C**

# **COMMISSIONING**

| Report Number | Report Title | Date Issued | Number of Recommendations |                                    |                                  |                                      | Grading of overdue recommendations |
|---------------|--------------|-------------|---------------------------|------------------------------------|----------------------------------|--------------------------------------|------------------------------------|
|               |              |             | Agreed in Report          | Due for implementation by 30.09.18 | Confirmed Implemented by Service | Not implemented by original due date |                                    |

|               |              |               |    |    |   |          |                      |
|---------------|--------------|---------------|----|----|---|----------|----------------------|
| <b>AC1621</b> | <b>ALEOs</b> | February 2016 | 10 | 10 | 6 | <b>4</b> | <b>4 Significant</b> |
|---------------|--------------|---------------|----|----|---|----------|----------------------|

The position with the overdue recommendations is as follows:

| Chief Officer            | Recommendation                                                                                                                                                               | Grading / Due Date | Position                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|--------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Commercial & Procurement | Services should ensure that there is an up to date Service Level Agreement with each ALEO (2.2.6 (a))                                                                        | Significant        | <ul style="list-style-type: none"> <li>Committee advised on 26 September 2017 that this would be complete by August 2018.</li> <li>Committee advised on 25 September 2018 that reports were scheduled to go to the Strategic Commissioning Committee in September 2018 instructing the Chief Officer Commercial and Procurement Services to review and amend SLAs with ALEOs to ensure they are outcome-focused and contain robust contract management measures and to implement a standard annual performance report template, which ALEOs will be required to submit annually for performance monitoring purposes.</li> </ul> |
|                          |                                                                                                                                                                              | June 2017          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| Commercial & Procurement | Services should ensure all ALEO SLAs confirm performance reporting requirements, and state that ongoing funding is subject to evidenced satisfactory performance (2.2.6 (b)) | Significant        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|                          |                                                                                                                                                                              | June 2017          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| Commercial & Procurement | Services should ensure financial clauses in all SLAs accurately reflect the partners' intentions (2.4.9 (i))                                                                 | Significant        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|                          |                                                                                                                                                                              | June 2017          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |

| Report Number | Report Title | Date Issued | Number of Recommendations |                                    |                                  |                                             | Grading of overdue recommendations |
|---------------|--------------|-------------|---------------------------|------------------------------------|----------------------------------|---------------------------------------------|------------------------------------|
|               |              |             | Agreed in Report          | Due for implementation by 30.09.18 | Confirmed Implemented by Service | <b>Not implemented by original due date</b> |                                    |

*(AC1621 – ALEOs – Continued)*

| Chief Officer            | Recommendation                                                                                                                                                                                       | Grading / Due Date                  | Position  |
|--------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------|-----------|
| Commercial & Procurement | Services should ensure all material ALEO SLAs contain a requirement for Internal Audit arrangements, and facilitate reporting of assurance gained through these arrangements to the Council (2.4.11) | <p>Significant</p> <p>June 2017</p> | As above. |



| Report Number | Report Title | Date Issued | Number of Recommendations |                                    |                                  |                                      | Grading of overdue recommendations |
|---------------|--------------|-------------|---------------------------|------------------------------------|----------------------------------|--------------------------------------|------------------------------------|
|               |              |             | Agreed in Report          | Due for implementation by 30.09.18 | Confirmed Implemented by Service | Not implemented by original due date |                                    |

|               |                                       |             |    |    |    |          |                      |
|---------------|---------------------------------------|-------------|----|----|----|----------|----------------------|
| <b>AC1722</b> | <b>ALEOs – Management by Services</b> | August 2017 | 15 | 15 | 13 | <b>2</b> | <b>2 Significant</b> |
|---------------|---------------------------------------|-------------|----|----|----|----------|----------------------|

The position with the overdue recommendations is as follows:

| Chief Officer            | Recommendation                                                                                                           | Grading / Due Date            | Position                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|--------------------------|--------------------------------------------------------------------------------------------------------------------------|-------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Commercial & Procurement | Education and Children’s Services should review options for performance management within future ALEO agreements (2.4.3) | Significant<br>September 2017 | <ul style="list-style-type: none"> <li>• Committee advised on 23 November 2017 that this was being reported to the Finance, Policy and Resources Committee in December 2017.</li> <li>• Committee advised on 8 May 2018 that this would be complete by June 2018.</li> <li>• Committee advised on 25 September 2018 that reports are scheduled to go to the Strategic Commissioning Committee in September 2018 instructing the Chief Officer Commercial and Procurement Services to: review and amend SLAs with ALEOs to ensure they are outcome-focused and contain robust contract management measures and to implement a standard annual performance report template, which ALEOs will be required to submit annually for performance monitoring purposes.</li> </ul> |

| Report Number | Report Title | Date Issued | Number of Recommendations |                                    |                                  |                                      | Grading of overdue recommendations |
|---------------|--------------|-------------|---------------------------|------------------------------------|----------------------------------|--------------------------------------|------------------------------------|
|               |              |             | Agreed in Report          | Due for implementation by 30.09.18 | Confirmed Implemented by Service | Not implemented by original due date |                                    |

*(AC1722 – ALEOs – Management by Services – Continued)*

| Chief Officer                   | Recommendation                                                                                                                | Grading / Due Date | Position                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|---------------------------------|-------------------------------------------------------------------------------------------------------------------------------|--------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Chief Finance Officer (ACH&SCP) | The Health and Social Care Partnership should review options for performance management within future ALEO agreements (2.4.3) | Significant        | <ul style="list-style-type: none"> <li>Committee advised on 25 September 2018 that this will not be complete until January 2019.</li> </ul> <p>The latest update from the Service is that the current contract with Bon Accord Care has been extended to 31 March 2019. The refreshed contract will focus on outcomes and each outcome will have a set of performance measures against it. A series of workshops and “task and finish” groups have been set up to identify and agree relevant measures for each outcome. Thereafter, there will be regular performance review meetings.</p> |
|                                 |                                                                                                                               | July 2018          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |

# **APPENDIX D**

# **CUSTOMER**

| Report Number | Report Title                      | Date Issued   | Number of Recommendations |                                    |                                  |                                      | Grading of overdue recommendations |
|---------------|-----------------------------------|---------------|---------------------------|------------------------------------|----------------------------------|--------------------------------------|------------------------------------|
|               |                                   |               | Agreed in Report          | Due for implementation by 30.09.18 | Confirmed Implemented by Service | Not implemented by original due date |                                    |
| AC1822        | YourHR                            | February 2018 | 8                         | 5                                  | 5                                | 0                                    | 0                                  |
| AC1825        | Housing Support Budget            | April 2018    | 8                         | 7                                  | 7                                | 0                                    | 0                                  |
| AC1905        | Universal Credit and Housing Rent | August 2018   | 6                         | 2                                  | 2                                | 0                                    | 0                                  |

|        |                           |             |   |   |   |   |         |
|--------|---------------------------|-------------|---|---|---|---|---------|
| AC1909 | Timesheets and Allowances | August 2018 | 7 | 2 | 1 | 1 | 1 Major |
|--------|---------------------------|-------------|---|---|---|---|---------|

The position with the overdue recommendations is as follows:

| Chief Officer                      | Recommendation                                                                                                                                    | Grading / Due Date      | Position                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Operations and Protective Services | The Service should put arrangements in place that demonstrate compliance with the Working Time Regulations regarding required rest breaks (2.6.5) | Major<br>September 2018 | The Service has advised that a review has commenced of the details of the Business Case and associated documentation with regard to the re-negotiation of the craftworkers terms and conditions. This review is being currently being carried out by the service with support from HR. Once the review of the business case has been completed consideration will be given to the proposed re-negotiation of the Craft Workers Terms and Conditions. A review of the Business Case has been carried out and a draft updated Business Case has been completed. It is intended to finalise the Business Case and progress this to CMT. |

# **APPENDIX E**

# **OPERATIONS**

| Report Number | Report Title | Date Issued | Number of Recommendations |                                    |                                  |                                      | Grading of overdue recommendations |
|---------------|--------------|-------------|---------------------------|------------------------------------|----------------------------------|--------------------------------------|------------------------------------|
|               |              |             | Agreed in Report          | Due for implementation by 30.09.18 | Confirmed Implemented by Service | Not implemented by original due date |                                    |

|                  |                                           |              |   |   |   |   |                          |
|------------------|-------------------------------------------|--------------|---|---|---|---|--------------------------|
| <b>AC1602 AW</b> | <b>Craft Workers Terms and Conditions</b> | October 2015 | 9 | 9 | 5 | 4 | 1 Major<br>3 Significant |
|------------------|-------------------------------------------|--------------|---|---|---|---|--------------------------|

The position with the overdue recommendations is as follows:

| Chief Officer                      | Recommendation                                                                         | Grading / Due Date | Position                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|------------------------------------|----------------------------------------------------------------------------------------|--------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Operations and Protective Services | The Service should renegotiate the Agreement based on current working practice (2.2.6) | Major<br>June 2016 | <ul style="list-style-type: none"> <li>Committee advised on 27 September 2016 that this would be complete by December 2016.</li> <li>Committee advised on 23 February 2017 that this would be complete as soon as possible in 2017.</li> <li>Committee advised on 22 June 2017 that this would be complete in the near future.</li> <li>Committee advised on 26 September 2017 that this would be complete by June 2018.</li> <li>Committee advised on 25 September 2018 that this is to be subject to review and will be included in the work-plan for delivery of the transformation programme.</li> </ul> <p>The Service has advised that a review has commenced of the details of the Business Case and associated documentation with regard to the re-negotiation of the craftworkers terms and conditions. This review is being currently being carried out by the service with support from HR. Once the review of the business case has been completed consideration will be given to the proposed re-negotiation of the Craft Workers Terms and Conditions. A review of the Business Case has been carried out and a draft updated Business Case has been completed. It is intended to finalise the Business Case and progress this to CMT.</p> |

| Report Number | Report Title | Date Issued | Number of Recommendations |                                    |                                  |                                      | Grading of overdue recommendations |
|---------------|--------------|-------------|---------------------------|------------------------------------|----------------------------------|--------------------------------------|------------------------------------|
|               |              |             | Agreed in Report          | Due for implementation by 30.09.18 | Confirmed Implemented by Service | Not implemented by original due date |                                    |

| Chief Officer | Recommendation | Grading / Due Date | Position |
|---------------|----------------|--------------------|----------|
|---------------|----------------|--------------------|----------|

*(AC1602AW – Craft Workers Terms and Conditions – Continued)*

|                                    |                                                                                                                                                                                  |             |                                                        |
|------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|--------------------------------------------------------|
| Operations and Protective Services | The Service should complete the roll out of the hand held system to ensure that periods of stand-by are covered (2.3.13)                                                         | Significant | Updates are shown against recommendation 2.2.6, above. |
|                                    |                                                                                                                                                                                  | June 2016   |                                                        |
| Operations and Protective Services | The Service should consider whether such payments remain appropriate (2.3.14)                                                                                                    | Significant |                                                        |
|                                    |                                                                                                                                                                                  | June 2016   |                                                        |
| Operations and Protective Services | The Service should consider whether calls that have been cancelled within a short period of having been lodged should be verified to confirm the identity of the caller (2.3.16) | Significant |                                                        |
|                                    |                                                                                                                                                                                  | June 2016   |                                                        |

| Report Number | Report Title | Date Issued | Number of Recommendations |                                    |                                  |                                      | Grading of overdue recommendations |
|---------------|--------------|-------------|---------------------------|------------------------------------|----------------------------------|--------------------------------------|------------------------------------|
|               |              |             | Agreed in Report          | Due for implementation by 30.09.18 | Confirmed Implemented by Service | Not implemented by original due date |                                    |

|               |                      |             |    |    |    |   |             |
|---------------|----------------------|-------------|----|----|----|---|-------------|
| <b>AC1705</b> | <b>Roads Payroll</b> | August 2016 | 22 | 21 | 20 | 1 | 1 Important |
|---------------|----------------------|-------------|----|----|----|---|-------------|

The position with the overdue recommendation is as follows:

| Chief Officer                      | Recommendation                                                                                                                                                                | Grading / Due Date         | Position                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Operations and Protective Services | The Service should review options to ensure all relevant duties (including supervision, administration and vehicle checks) can be completed within contractual hours (2.2.13) | Important<br>February 2017 | <ul style="list-style-type: none"> <li>• Committee advised on 22 June 2017 that this would be complete by December 2017.</li> <li>• Committee advised on 22 February 2018 that this would be complete by August 2018.</li> <li>• Committee advised on 25 September 2018 that this would be complete by December 2018.</li> </ul> <p>The Service has advised that a review has commenced of the details of the Business Case and associated documentation with regard to the re-negotiation of the craftworkers terms and conditions. This review is being currently being carried out by the service with support from HR. Once the review of the business case has been completed consideration will be given to the proposed re-negotiation of the Craft Workers Terms and Conditions. A review of the Business Case has been carried out and a draft updated Business Case has been completed. It is intended to finalise the Business Case and progress this to CMT.</p> |



| Report Number | Report Title | Date Issued | Number of Recommendations |                                    |                                  |                                      | Grading of overdue recommendations |
|---------------|--------------|-------------|---------------------------|------------------------------------|----------------------------------|--------------------------------------|------------------------------------|
|               |              |             | Agreed in Report          | Due for implementation by 30.09.18 | Confirmed Implemented by Service | Not implemented by original due date |                                    |

|               |                            |              |    |    |    |          |                                         |
|---------------|----------------------------|--------------|----|----|----|----------|-----------------------------------------|
| <b>AC1808</b> | <b>Vehicle Maintenance</b> | October 2017 | 20 | 20 | 13 | <b>7</b> | 1 Major<br>2 Significant<br>4 Important |
|---------------|----------------------------|--------------|----|----|----|----------|-----------------------------------------|

The position with the overdue recommendations is as follows:

| Chief Officer                      | Recommendation                                                                                                                                                                                                           | Grading / Due Date | Position                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Operations and Protective Services | The Service should ensure that Service Level Agreements are in place between Fleet with all Services for which the maintenance and servicing of vehicles is undertaken, and that these are reviewed periodically (2.3.2) | Important          | <ul style="list-style-type: none"> <li>Committee advised on 26 June 2018 that these would be complete by July 2018.</li> <li>Committee advised on 25 September 2018 that some Services have now signed and returned Service Level Agreements. Internal Audit was awaiting confirmation that all Service Level Agreements have been signed and returned.</li> </ul> <p>The latest update from the Service is that this will be done by 4 December 2018.</p> |
|                                    |                                                                                                                                                                                                                          | April 2018         |                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| Operations and Protective Services | The Service should ensure that the chargeable hourly rate and the mark-up on parts is reviewed regularly to determine if these are reasonable (2.3.5)                                                                    | Significant        | The Service has advised that this is unlikely to be achieved until April 2019 to allow for a review of the Fleet Management System.                                                                                                                                                                                                                                                                                                                        |
|                                    |                                                                                                                                                                                                                          | April 2018         |                                                                                                                                                                                                                                                                                                                                                                                                                                                            |

| Report Number | Report Title | Date Issued | Number of Recommendations |                                    |                                  |                                      | Grading of overdue recommendations |
|---------------|--------------|-------------|---------------------------|------------------------------------|----------------------------------|--------------------------------------|------------------------------------|
|               |              |             | Agreed in Report          | Due for implementation by 30.09.18 | Confirmed Implemented by Service | Not implemented by original due date |                                    |

| Chief Officer | Recommendation | Grading / Due Date | Position |
|---------------|----------------|--------------------|----------|
|---------------|----------------|--------------------|----------|

*(AC1808 – Vehicle Maintenance – Continued)*

|                                    |                                                                                                                                    |            |                                                                                                                                     |
|------------------------------------|------------------------------------------------------------------------------------------------------------------------------------|------------|-------------------------------------------------------------------------------------------------------------------------------------|
| Operations and Protective Services | The Service should ensure that Job Checklist cards are completed (2.4.9)                                                           | Important  | The Service has advised that this is unlikely to be achieved until April 2019 to allow for a review of the Fleet Management System. |
|                                    |                                                                                                                                    | April 2018 |                                                                                                                                     |
|                                    |                                                                                                                                    |            |                                                                                                                                     |
| Operations and Protective Services | The Service should clarify the charging policy to staff (2.4.10)                                                                   | Important  |                                                                                                                                     |
|                                    |                                                                                                                                    | April 2018 |                                                                                                                                     |
|                                    |                                                                                                                                    |            |                                                                                                                                     |
| Operations and Protective Services | The Service should review system or other options to obtain assurance over all sources of rechargeable income and returns (2.4.11) | Important  |                                                                                                                                     |
|                                    |                                                                                                                                    | April 2018 |                                                                                                                                     |
|                                    |                                                                                                                                    |            |                                                                                                                                     |

| Report Number | Report Title | Date Issued | Number of Recommendations |                                    |                                  |                                      | Grading of overdue recommendations |
|---------------|--------------|-------------|---------------------------|------------------------------------|----------------------------------|--------------------------------------|------------------------------------|
|               |              |             | Agreed in Report          | Due for implementation by 30.09.18 | Confirmed Implemented by Service | Not implemented by original due date |                                    |

| Chief Officer | Recommendation | Grading / Due Date | Position |
|---------------|----------------|--------------------|----------|
|---------------|----------------|--------------------|----------|

*(AC1808 – Vehicle Maintenance – Continued)*

|                                    |                                                                                                                                                                |             |                                                                                                                                                                                                                                                                                                              |
|------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Operations and Protective Services | The Service should ensure that Procurement Standing Orders are adhered to (2.7.5)                                                                              | Major       | The Service has advised that this is unlikely to be achieved until April 2019. Contracts need to be put in place with relevant suppliers and training is required in relation to the full suite of Procurement Regulations. The Service is working with Commercial and Procurement Services to achieve this. |
|                                    |                                                                                                                                                                | April 2018  |                                                                                                                                                                                                                                                                                                              |
| Operations and Protective Services | The Service should ensure purchase orders including detail of costs and content are raised and authorised in advance of work or supplies being ordered (2.7.8) | Significant |                                                                                                                                                                                                                                                                                                              |
|                                    |                                                                                                                                                                | April 2018  |                                                                                                                                                                                                                                                                                                              |

| Report Number | Report Title | Date Issued | Number of Recommendations |                                    |                                  |                                      | Grading of overdue recommendations |
|---------------|--------------|-------------|---------------------------|------------------------------------|----------------------------------|--------------------------------------|------------------------------------|
|               |              |             | Agreed in Report          | Due for implementation by 30.09.18 | Confirmed Implemented by Service | Not implemented by original due date |                                    |

|               |                      |              |   |   |   |   |             |
|---------------|----------------------|--------------|---|---|---|---|-------------|
| <b>AC1817</b> | <b>Vehicle Usage</b> | January 2018 | 8 | 3 | 2 | 1 | 1 Important |
|---------------|----------------------|--------------|---|---|---|---|-------------|

The position with the overdue recommendation is as follows:

| Chief Officer                      | Recommendation                                                   | Grading / Due Date          | Position                                                                                                                                                                            |
|------------------------------------|------------------------------------------------------------------|-----------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Operations and Protective Services | Fleet should have oversight of relevant driving records (2.1.11) | Important<br>September 2018 | The Service has advised that they are currently addressing GDPR issues around driver licence checks with the provider of the service and anticipate resolving this by January 2019. |

|               |                                  |                |    |    |    |   |   |
|---------------|----------------------------------|----------------|----|----|----|---|---|
| <b>AC1803</b> | <b>Health and Safety - SSERC</b> | September 2017 | 17 | 16 | 16 | 0 | 0 |
|---------------|----------------------------------|----------------|----|----|----|---|---|

| Report Number | Report Title | Date Issued | Number of Recommendations |                                    |                                  |                                      | Grading of overdue recommendations |
|---------------|--------------|-------------|---------------------------|------------------------------------|----------------------------------|--------------------------------------|------------------------------------|
|               |              |             | Agreed in Report          | Due for implementation by 30.09.18 | Confirmed Implemented by Service | Not implemented by original due date |                                    |

|        |                  |               |   |   |   |   |               |
|--------|------------------|---------------|---|---|---|---|---------------|
| AC1811 | Placing Requests | November 2017 | 9 | 8 | 6 | 2 | 1 Significant |
|        |                  |               |   |   |   |   | 1 Important   |

Progress with the overdue recommendations is as follows:

| Chief Officer                             | Recommendation                                                                                                                                                                                                   | Grading / Due Date | Position                                                                                                                                                                                                             |
|-------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Integrated Children's and Family Services | The Service should prepare detailed procedures for the placing request process (2.1.3)                                                                                                                           | Significant        | <ul style="list-style-type: none"> <li>Committee advised on 8 May 2018 that this would be complete by July 2018.</li> <li>Committee advised on 26 June 2018 that these would be complete by January 2019.</li> </ul> |
|                                           |                                                                                                                                                                                                                  | January 2018       |                                                                                                                                                                                                                      |
| Integrated Children's and Family Services | The Service should rationalise application forms used to a single form. The Service will implement a new system which will enable this, but is dependent on prioritisation of IT transformation projects (2.2.1) | Important          | <ul style="list-style-type: none"> <li>Committee advised on 26 June 2018 that these would be complete by January 2019.</li> </ul>                                                                                    |
|                                           |                                                                                                                                                                                                                  | April 2018         |                                                                                                                                                                                                                      |

|        |                             |            |   |   |   |   |   |
|--------|-----------------------------|------------|---|---|---|---|---|
| AC1826 | Out of Authority Placements | April 2018 | 6 | 6 | 6 | 0 | 0 |
|--------|-----------------------------|------------|---|---|---|---|---|

| Report Number | Report Title | Date Issued | Number of Recommendations |                                    |                                  |                                      | Grading of overdue recommendations |
|---------------|--------------|-------------|---------------------------|------------------------------------|----------------------------------|--------------------------------------|------------------------------------|
|               |              |             | Agreed in Report          | Due for implementation by 30.09.18 | Confirmed Implemented by Service | Not implemented by original due date |                                    |

|        |                   |            |   |   |   |   |               |
|--------|-------------------|------------|---|---|---|---|---------------|
| AC1829 | Stores Purchasing | April 2018 | 9 | 8 | 6 | 2 | 1 Major       |
|        |                   |            |   |   |   |   | 1 Significant |

The position with the overdue recommendation is as follows:

| Chief Officer                      | Recommendation                                                                                                                                                                                                                                                    | Grading / Due Date | Position                                   |
|------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|--------------------------------------------|
| Operations and Protective Services | The Service should ensure that spend with off contract Suppliers (due to transitional arrangements) is monitored, in lieu of new contractual arrangements being put in place, with appropriate action being taken where expenditure is noted as excessive (2.1.7) | Significant        | There has been no update from the Service. |
|                                    |                                                                                                                                                                                                                                                                   | September 2018     |                                            |
| Operations and Protective Services | The Service, in conjunction with Commercial and Procurement Services, should develop and implement a forward plan for procurement to ensure that future tendering exercises are completed prior to the expiry of existing contracts (2.2.12.b)                    | Major              | There has been no update from the Service. |
|                                    |                                                                                                                                                                                                                                                                   | September 2018     |                                            |

# **APPENDIX F**

# **RESOURCES**

| Report Number | Report Title | Date Issued | Number of Recommendations |                                    |                                  |                                      | Grading of overdue recommendations |
|---------------|--------------|-------------|---------------------------|------------------------------------|----------------------------------|--------------------------------------|------------------------------------|
|               |              |             | Agreed in Report          | Due for implementation by 30.09.18 | Confirmed Implemented by Service | Not implemented by original due date |                                    |

|               |                           |               |   |   |   |          |                      |
|---------------|---------------------------|---------------|---|---|---|----------|----------------------|
| <b>AC1714</b> | <b>Land and Buildings</b> | February 2017 | 9 | 9 | 8 | <b>1</b> | <b>1 Significant</b> |
|---------------|---------------------------|---------------|---|---|---|----------|----------------------|

Progress with the overdue recommendation is detailed below:

| Chief Officer      | Recommendation                                                                                                                                     | Grading / Due Date      | Position                                                                                                                                                                         |
|--------------------|----------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Corporate Landlord | Housing stock numbers held in the above systems should be reconciled prior to providing Estates with a record of properties to be revalued (2.7.6) | Significant<br>May 2018 | <ul style="list-style-type: none"> <li>Committee advised on 25 September 2018 that progress with this is being discussed with the Chief Officer – Corporate Landlord.</li> </ul> |



| Report Number | Report Title | Date Issued | Number of Recommendations |                                    |                                  |                                      | Grading of overdue recommendations |
|---------------|--------------|-------------|---------------------------|------------------------------------|----------------------------------|--------------------------------------|------------------------------------|
|               |              |             | Agreed in Report          | Due for implementation by 30.09.18 | Confirmed Implemented by Service | Not implemented by original due date |                                    |

|        |                       |             |   |   |   |   |               |
|--------|-----------------------|-------------|---|---|---|---|---------------|
| AC1805 | Attendance Management | August 2017 | 9 | 9 | 5 | 4 | 3 Significant |
|        |                       |             |   |   |   |   | 1 Important   |

The position with the overdue recommendations is as follows:

| Chief Officer           | Recommendation                                                                                                                                                                         | Grading / Due Date | Position                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|-------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| People and Organisation | The Service should review, and update where necessary, the Maximising Attendance policy, guidance and training (2.1.3)                                                                 | Important          | <ul style="list-style-type: none"> <li>Committee advised on 8 May 2018 that this would be complete by September 2018.</li> <li>Committee advised on 25 September 2018 that this would be complete as soon as it is approved by Committee (1 November 2018).</li> </ul> <p>The latest update from the Service is that the Policy was approved by the Staff Governance Committee on 1 November 2018 for implementation on 1 January 2019. The Service is working on the necessary supporting documentation, training module, and communications in advance of the launch. However, some of the management briefings will be undertaken during the early part of 2019 with completion anticipated by the end of January 2019.</p> |
|                         |                                                                                                                                                                                        | February 2018      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| People and Organisation | All Services should be reminded of the Policy requirements in relation to recording absences and the management actions that need to be taken when an employee returns to work (2.2.9) | Significant        | As for recommendation 2.1.3, above.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|                         |                                                                                                                                                                                        | March 2018         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |

| Report Number | Report Title | Date Issued | Number of Recommendations |                                    |                                  |                                      | Grading of overdue recommendations |
|---------------|--------------|-------------|---------------------------|------------------------------------|----------------------------------|--------------------------------------|------------------------------------|
|               |              |             | Agreed in Report          | Due for implementation by 30.09.18 | Confirmed Implemented by Service | Not implemented by original due date |                                    |

*(AC1805 – Attendance Management – Continued)*

| Chief Officer           | Recommendation                                                                                                                                                                 | Grading / Due Date | Position                            |
|-------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|-------------------------------------|
| People and Organisation | Once the training on the Maximising Attendance policy has been reviewed and updated as necessary, HR should promote its completion amongst managers (2.3.4a)                   | Significant        | As for recommendation 2.1.3, above. |
|                         |                                                                                                                                                                                | March 2018         |                                     |
| People and Organisation | HR should continue to work with Services to ensure that all staff are aware of how to access guidance and support when administering the Maximising Attendance Policy (2.3.4b) | Significant        | As for recommendation 2.1.3, above. |
|                         |                                                                                                                                                                                | March 2018         |                                     |

| Report Number | Report Title | Date Issued | Number of Recommendations |                                    |                                  |                                      | Grading of overdue recommendations |
|---------------|--------------|-------------|---------------------------|------------------------------------|----------------------------------|--------------------------------------|------------------------------------|
|               |              |             | Agreed in Report          | Due for implementation by 30.09.18 | Confirmed Implemented by Service | Not implemented by original due date |                                    |

|               |                                            |                |   |   |   |   |               |
|---------------|--------------------------------------------|----------------|---|---|---|---|---------------|
| <b>AC1806</b> | <b>Corporate Landlord Responsibilities</b> | September 2017 | 9 | 9 | 5 | 4 | 4 Significant |
|---------------|--------------------------------------------|----------------|---|---|---|---|---------------|

The position with the overdue recommendations is as follows:

| Chief Officer      | Recommendation                                                                                                                                                            | Grading / Due Date | Position                                                                                                                               |
|--------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|----------------------------------------------------------------------------------------------------------------------------------------|
| Corporate Landlord | Asset Management should work with the Health & Safety Team to align Service and Corporate Policies (2.2.6)                                                                | Significant        | <ul style="list-style-type: none"> <li>Committee advised on 25 September 2018 that this would be complete by December 2018.</li> </ul> |
|                    |                                                                                                                                                                           | March 2018         |                                                                                                                                        |
| Corporate Landlord | The Service should formalise the procedures used to demonstrate compliance with its Corporate Landlord Responsibilities and other cyclical maintenance activities (2.2.3) | Significant        | <ul style="list-style-type: none"> <li>Committee advised on 25 September 2018 that this would be complete by October 2018.</li> </ul>  |
|                    |                                                                                                                                                                           | June 2018          |                                                                                                                                        |

| Report Number | Report Title | Date Issued | Number of Recommendations |                                    |                                  |                                      | Grading of overdue recommendations |
|---------------|--------------|-------------|---------------------------|------------------------------------|----------------------------------|--------------------------------------|------------------------------------|
|               |              |             | Agreed in Report          | Due for implementation by 30.09.18 | Confirmed Implemented by Service | Not implemented by original due date |                                    |

*(AC1806 – Corporate Landlord Responsibilities – Continued)*

| Chief Officer      | Recommendation                                                                                                                              | Grading / Due Date       | Position                                                                                                                              |
|--------------------|---------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|---------------------------------------------------------------------------------------------------------------------------------------|
| Corporate Landlord | The Service should ensure data regarding its Corporate Landlord Responsibilities is maintained centrally, accurately and up to date (2.3.8) | Significant<br>June 2018 | <ul style="list-style-type: none"> <li>Committee advised on 25 September 2018 that this would be complete by October 2018.</li> </ul> |
| Corporate Landlord | The Service should ensure it has assurance that all property in which the Council has an interest is statutorily compliant (2.3.13)         | Significant<br>June 2018 | <ul style="list-style-type: none"> <li>Committee advised on 25 September 2018 that this would be complete by October 2018.</li> </ul> |

| Report Number | Report Title | Date Issued | Number of Recommendations |                                    |                                  |                                      | Grading of overdue recommendations |
|---------------|--------------|-------------|---------------------------|------------------------------------|----------------------------------|--------------------------------------|------------------------------------|
|               |              |             | Agreed in Report          | Due for implementation by 30.09.18 | Confirmed Implemented by Service | Not implemented by original due date |                                    |

|               |                     |               |    |    |   |          |                      |
|---------------|---------------------|---------------|----|----|---|----------|----------------------|
| <b>AC1814</b> | <b>Travel Costs</b> | November 2017 | 13 | 12 | 9 | <b>3</b> | <b>3 Significant</b> |
|---------------|---------------------|---------------|----|----|---|----------|----------------------|

The position with the overdue recommendations is as follows:

| Chief Officer | Recommendation                                                                                                                                                                                                                                                      | Grading / Due Date | Position                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|---------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Finance       | Procedures should be put in place to ensure that the most cost effective method of travel is approved in advance with consideration given to restricting claims for journeys outwith the Council's boundaries to the cost equivalent of the cheapest option (2.2.9) | Significant        | <ul style="list-style-type: none"> <li>Committee advised on 26 June 2018 that revised timescales for completion of the review had not yet been determined.</li> <li>Committee advised on 25 September 2018 that this would be complete by November 2018.</li> </ul> <p>The latest update from the Service is that the Staff Governance Committee deferred consideration of the Staff Travel Policy to its January 2019 meeting to allow for consultation with the Trade Unions. This action will now be complete by February 2019.</p> |
|               |                                                                                                                                                                                                                                                                     | March 2018         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| Finance       | The approval process for foreign travel should be reviewed and complied with (2.6.5)                                                                                                                                                                                | Significant        | <ul style="list-style-type: none"> <li>Committee advised on 26 June 2018 that revised timescales for completion of the review had not yet been determined.</li> <li>Committee advised on 25 September 2018 that this would be complete by November 2018.</li> </ul> <p>The latest update from the Service is that the Staff Governance Committee deferred consideration of the Staff Travel Policy to its January 2019 meeting to allow for consultation with the Trade Unions. This action will now be complete by February 2019.</p> |
|               |                                                                                                                                                                                                                                                                     | March 2018         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |

| Report Number | Report Title | Date Issued | Number of Recommendations |                                    |                                  |                                      | Grading of overdue recommendations |
|---------------|--------------|-------------|---------------------------|------------------------------------|----------------------------------|--------------------------------------|------------------------------------|
|               |              |             | Agreed in Report          | Due for implementation by 30.09.18 | Confirmed Implemented by Service | Not implemented by original due date |                                    |

(AC1814 – Travel Costs – Continued)

| Chief Officer | Recommendation                                                                                                                                                                            | Grading / Due Date        | Position                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|---------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Finance       | Services should be reminded to ensure that travel applications are forwarded to the Travel Team as soon as possible to ensure that cost effective travel arrangements can be made (2.6.6) | Significant<br>March 2018 | <ul style="list-style-type: none"> <li>Committee advised on 26 June 2018 that revised timescales for completion of the review had not yet been determined.</li> <li>Committee advised on 25 September 2018 that this would be complete by November 2018.</li> </ul> <p>The latest update from the Service is that the Staff Governance Committee deferred consideration of the Staff Travel Policy to its January 2019 meeting to allow for consultation with the Trade Unions. This action will now be complete by February 2019.</p> |

|        |                      |               |   |   |   |   |   |
|--------|----------------------|---------------|---|---|---|---|---|
| AC1818 | Capital Plan         | April 2018    | 7 | 7 | 7 | 0 | 0 |
| AC1819 | Capital Contracts    | February 2018 | 8 | 4 | 4 | 0 | 0 |
| AC1823 | Fixed Asset Register | August 2018   | 7 | 2 | 2 | 0 | 0 |
| AC1901 | Creditor Interfaces  | August 2018   | 5 | 0 | 0 | 0 | 0 |

| Report Number | Report Title          | Date Issued | Number of Recommendations |                                    |                                  |                                             | Grading of overdue recommendations |
|---------------|-----------------------|-------------|---------------------------|------------------------------------|----------------------------------|---------------------------------------------|------------------------------------|
|               |                       |             | Agreed in Report          | Due for implementation by 30.09.18 | Confirmed Implemented by Service | <b>Not implemented by original due date</b> |                                    |
| <b>AC1902</b> | <b>Debtors System</b> | August 2018 | 14                        | 2                                  | 2                                | <b>0</b>                                    | 0                                  |
| <b>AC1906</b> | <b>VAT</b>            | August 2018 | 3                         | 0                                  | 0                                | <b>0</b>                                    | 0                                  |

**APPENDIX G**

**HEALTH AND SOCIAL CARE**

**PARTNERSHIP**



| Report Number | Report Title | Date Issued | Number of Recommendations |                                    |                                  |                                      | Grading of overdue recommendations |
|---------------|--------------|-------------|---------------------------|------------------------------------|----------------------------------|--------------------------------------|------------------------------------|
|               |              |             | Agreed in Report          | Due for implementation by 30.09.18 | Confirmed Implemented by Service | Not implemented by original due date |                                    |

|               |                              |              |    |    |    |   |               |
|---------------|------------------------------|--------------|----|----|----|---|---------------|
| <b>AC1617</b> | <b>Self-Directed Support</b> | October 2016 | 21 | 21 | 20 | 1 | 1 Significant |
|---------------|------------------------------|--------------|----|----|----|---|---------------|

Progress with the overdue recommendations is detailed below:

| Chief Officer                                   | Recommendation                                                                                                  | Grading / Due Date        | Position                                                                                                                                                                                                                                                                                                                                                                                                              |
|-------------------------------------------------|-----------------------------------------------------------------------------------------------------------------|---------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Head of Strategy and Transformation (ACC H&SCP) | The Service should finalise and implement the Contributing to Your Care and Support Policy and guidance (2.4.2) | Significant<br>March 2017 | <ul style="list-style-type: none"> <li>• Committee advised on 22 June 2017 that this would be complete by October 2017.</li> <li>• Committee advised on 23 November 2017 that this would be complete by April 2018.</li> <li>• Committee advised on 8 May 2018 that this would be complete by September 2018.</li> <li>• Committee advised on 25 September 2018 that this would be complete by March 2019.</li> </ul> |

|               |                               |                |    |    |    |   |   |
|---------------|-------------------------------|----------------|----|----|----|---|---|
| <b>AC1801</b> | <b>Adult Client Transport</b> | September 2017 | 13 | 12 | 12 | 0 | 0 |
|---------------|-------------------------------|----------------|----|----|----|---|---|

|               |                              |               |    |    |    |   |   |
|---------------|------------------------------|---------------|----|----|----|---|---|
| <b>AC1813</b> | <b>Financial Assessments</b> | February 2018 | 15 | 13 | 13 | 0 | 0 |
|---------------|------------------------------|---------------|----|----|----|---|---|

| Report Number                                                | Report Title                                                                                                                                                                                                                             | Date Issued                   | Number of Recommendations                                                                                                                                                                                                                                                                                                                                                    |                                    |                                  |                                      | Grading of overdue recommendations |
|--------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------|----------------------------------|--------------------------------------|------------------------------------|
|                                                              |                                                                                                                                                                                                                                          |                               | Agreed in Report                                                                                                                                                                                                                                                                                                                                                             | Due for implementation by 30.09.18 | Confirmed Implemented by Service | Not implemented by original due date |                                    |
| <b>AC1828</b>                                                | <b>Care Management</b>                                                                                                                                                                                                                   | April 2018                    | 13                                                                                                                                                                                                                                                                                                                                                                           | 11                                 | 8                                | <b>3</b>                             | <b>3 Significant</b>               |
| The position with the overdue recommendations is as follows: |                                                                                                                                                                                                                                          |                               |                                                                                                                                                                                                                                                                                                                                                                              |                                    |                                  |                                      |                                    |
| Chief Officer                                                | Recommendation                                                                                                                                                                                                                           | Grading / Due Date            | Position                                                                                                                                                                                                                                                                                                                                                                     |                                    |                                  |                                      |                                    |
| Chief Finance Officer (IJB)                                  | The Service should update, standardise and simplify their written procedures, and ensure all staff have access to them. (Revise, expand and share with practitioners making it clear what should be recorded on system and when) (2.1.1) | Significant<br>September 2018 | The Service has advised that CareFirst Training Notes are updated and a timetable for reviewing the individual Practice Notes on a rolling programme is to be arranged by Business Support, in liaison with Adult Social Care's Management Team. This programme will be agreed in December 2018.                                                                             |                                    |                                  |                                      |                                    |
| Chief Finance Officer (IJB)                                  | The Service should ensure arrangements for budgeting, managing payments via CareFirst, and monitoring third party use of funds, are developed for SDS Option 2 (SDS Board action plan) (2.3.5)                                           | Significant<br>September 2018 | The Service has advised that progress has been made in relation to budgeting and this work will be complete by April 2019. Some Option 2 payments that have a direct correlation to commissioned services, and can therefore be accurately budgeted, are now being managed via CareFirst. The remainder will go onto CareFirst as soon as the work on budgeting is complete. |                                    |                                  |                                      |                                    |
| Chief Finance Officer (IJB)                                  | The Service should conclude the review of its residential property portfolio in conjunction with Housing (2.3.14)                                                                                                                        | Significant<br>September 2018 | As there is a budget implication following the reviews this will be reported to the Aberdeen City Integration Joint Board in January 2019.                                                                                                                                                                                                                                   |                                    |                                  |                                      |                                    |