

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 22 April 2019

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, 30 APRIL 2019 at 2.00 pm.**

FRASER BELL
CHIEF OFFICER - GOVERNANCE

B U S I N E S S

NOTIFICATION 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)

DEPUTATIONS

4.1 There are no requests at this time

MINUTE OF PREVIOUS MEETING

- 5.1 Minute of Previous Meeting of 14 February 2019 (Pages 7 - 16)

COMMITTEE PLANNER

- 6.1 Committee Business Planner (Pages 17 - 24)

NOTICES OF MOTION

- 7.1 There are none at this time

COMMITTEE BUSINESS

Internal Audit

- 8.1 Internal Audit Progress Report (Pages 25 - 34)
- 8.2 Internal Audit Follow up on Recommendations (Pages 35 - 58)
- 8.3 Internal Audit Annual Report 2018/19 (Pages 59 - 70)
- 8.4 Integration Joint Board Budget Setting, Monitoring and Financial Reporting
(Pages 71 - 74)
- 8.5 Compliance with Procurement Legislation and Council Regulations (Pages
75 - 88)
- 8.6 Pupil Equity Fund (Pages 89 - 104)
- 8.7 Criminal Justice (Pages 105 - 116)

Annual Reports and Accounts

- 8.8 Annual Committee Effectiveness Report (Pages 117 - 134)
- 8.9 Unaudited Accounts 2018/19 and Annual Governance Statement - to
follow

Legal Obligations

8.10 RIPSA (Pages 135 - 140)

Scrutiny

8.11 Inspection Report of Aberdeen Crematorium by the Inspector of Crematoria (Pages 141 - 150)

EXEMPT/CONFIDENTIAL BUSINESS

9.1 There are no items of exempt or confidential business at this time

EHRIAs related to reports on this agenda can be viewed [here](#)

To access the Service Updates for this Committee please click [here](#)

Website Address: www.aberdeencity.gov.uk

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DECLARATIONS OF INTEREST

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.

AUDIT, RISK AND SCRUTINY COMMITTEE

ABERDEEN, 14 February 2019. Minute of Meeting of the AUDIT, RISK AND SCRUTINY COMMITTEE. Present:- Councillor Flynn, Convener; Councillor Yuill, Vice-Convener; and Councillors Duncan, Graham, Lumsden, Avril MacKenzie, Noble (as substitute for Councillor Allard), Reynolds and Townson.

The agenda and reports associated with this minute can be found at:-
<https://committees.aberdeencity.gov.uk/ieListDocuments.aspx?Cid=507&Mid=6260&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.

DECLARATIONS OF INTEREST

1. 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 8.3 (ALEO Assurance Hub) 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 4 DECEMBER 2018

2. The Committee had before it the minute of its previous meeting of 4 December 2018.

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

COMMITTEE BUSINESS PLANNER

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

The Committee resolved:-
to note the content of the business planner.

AUDIT, RISK AND SCRUTINY COMMITTEE
14 February 2019

ANNUAL ACCOUNTS 2018/19 – ACTION PLAN AND KEY DATES - RES/19/166

4. The Committee had before it a report by the Director of Resources which provided high level information and key dates in relation to the 2018/19 Annual Accounts including linkages to the plans and timetables of the Council's External Auditors.

The report recommended:

that the Committee note the content of the report.

The Committee resolved:-

to approve the recommendation as contained in the report.

SPSO DECISIONS, INSPECTOR OF CREMATORIA COMPLAINT DECISIONS - CUS/19/027

5. The Committee had before it a report by the Director of Customer Services 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 to Committee that complaints and Scottish Welfare Fund applications are being handled appropriately.

The report recommended:

that the Committee note the content of the report.

Councillor Duncan sought additional information in relation to the second complaint in Appendix A, wherein the Senior Customer Experience Officer advised that lessons learnt from the complaint had resulted in all complaints being managed by one team and that the Customer Feedback team reviewed all complaints and responses prior to them being issued to ensure consistency. She further advised that there was a complaint handling toolkit, templates and training for management to assist when dealing with complaints.

The Committee resolved:-

to approve the recommendation as contained in the report.

ALEO ASSURANCE HUB - GOV/19/029

6. 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.

AUDIT, RISK AND SCRUTINY COMMITTEE
14 February 2019

The report recommended:

That the Committee -

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

Cllr Yuill requested that when the Service Level Agreements with ALEO's were reviewed that they include a section highlighting the importance of participating in the ALEO Assurance Hub process. The Chief Officer Governance advised that the request would be considered and discussed with the ALEO lead officers.

Councillor Duncan raised concerns in relation to the timescales for the recruitment process for appointing a permanent Managing Director for Bon Accord Care Ltd and requested that where possible the process commenced earlier.

Councillor Duncan sought information as to what methods Aberdeen Heat and Power were undertaking to fill the vacant Tenants Director spaces on the Board. The Interim Democracy Manager advised that with the introduction of GDPR, there were limits on the level of tenant's information that could be shared with Aberdeen Heat and Power. The Chief Officer Governance advised that if there were any blockages he would advise the Committee.

The Committee resolved:-

- (i) in relation to questions raised around the timescales for the recruitment process for appointing a permanent Managing Director for Bon Accord Care Ltd; to note that the Chief Officer People and Organisation would determine if the timescales could be amended and would circulate a response to the Committee;
- (ii) to note the level of assurance provided by each ALEO on risk management, financial management and governance; and
- (iii) to note that Assurance Hub officers and ALEO Service Leads will discuss any outstanding issues identified in the appendices and identified at the Audit, Risk and Scrutiny Committee with ALEO representatives, with a view to further improving the assessment ratings at the next Hub meeting.

INTERNAL AUDIT PROGRESS REPORT - IA/19/001

7. The Committee had before it a report by the Chief Internal Auditor which advised on progress against the 2018/19 internal audit plan.

AUDIT, RISK AND SCRUTINY COMMITTEE

14 February 2019

The report recommended:

That the Committee -

- (a) agree to the review of Craft Workers' Terms and Conditions being moved to the 2019/20 Internal Audit Plan; and
- (b) to agree to the review of Digital Booking, Fees and Charges being reconsidered for inclusion in the 2020/21 Internal Audit Plan.

Councillor Lumsden requested that the audit on Digital Booking, Fees and Charges be brought to the Committee at the earliest opportunity.

The Committee resolved:-

to approve the recommendations as contained in the report.

INTERNAL AUDIT PLAN 2019/20 - IA/19/003

8. The Committee had before it a report by the Chief Internal Auditor which sought approval of the attached Internal Audit Plan for 2019/20.

The report recommended:

That the Committee approve the attached Internal Audit plan for 2019/20.

Councillor Duncan sought information in relation to the Waiting Lists and Allocations audit that had been removed from the audit plan, wherein the Chief Officer Governance advised that the audits were scheduled based on the greatest risk to the organisation and that the Waiting List and Allocations item would be dealt with via performance indicators.

The Committee resolved:-

- (i) to note that the Director of Customer Services would circulate a Service Update to the Committee in relation to the improvements to the internal controls for managing the housing waiting list and allocations;
- (ii) to note that the relevant Committee would receive the performance indicators in relation to the waiting list and allocations to scrutinise the performance; and
- (iii) to otherwise approve the recommendation as contained in the report.

DIGITAL STRATEGY - IA/AC/1907

9. The Committee had before it a report by the Chief Internal Auditor which presented an audit in relation to Digital Strategy which was undertaken to provide assurance that there were appropriate plans in place to manage the Council's digital strategy including reporting of progress against established milestones.

AUDIT, RISK AND SCRUTINY COMMITTEE
14 February 2019

The Committee resolved:-

- (i) to note the content of the report; and
- (ii) to note that all recommendations contained in the audit report had been fully implemented.

VOLUNTARY SEVERANCE / EARLY RETIREMENT (VSER) SCHEME - IA/AC/1913

10. The Committee had before it a report by the Chief Internal Auditor which presented an audit in relation to Voluntary Severance/Early Retirement (VS/ER) Scheme which was undertaken to provide assurance that the terms of the VS/ER Scheme were complied with and that the payments made and enhancements to pensions were accurate.

The Committee resolved:-

- (i) to note the content of the report; and
- (ii) to note that the recommendation contained in the audit report had been fully implemented.

NATIONAL CARE HOME CONTRACT - IA/AC/1920

11. The Committee had before it a report by the Chief Internal Auditor which presented an audit in relation to the Nation Care Home Contract which was undertaken to ensure that adequate monitoring of Suppliers was occurring in order to ensure continuity and quality of service provision and that the contingency plans were in place to deal with any event which may see residents temporarily or permanently displaced from the care home in which they are resident.

The Committee resolved:-

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

NPS HOUSING SYSTEM - IA/AC/1917

12. The Committee had before it a report by the Chief Internal Auditor which presented an audit in relation to the NPS Housing System which was undertaken to provide assurance that the appropriate controls were being exercised over the NPS Housing System and that the interfaces to and from other systems were accurate and properly controlled.

Councillor Lumsden sought clarification as to whether the implementation date for recommendation 2.1.4 could be brought forward.

AUDIT, RISK AND SCRUTINY COMMITTEE
14 February 2019

The Committee resolved:-

- (i) to note that the Communities and Housing Area Manager would liaise with colleagues to determine whether the implementation date in relation to audit recommendation 2.1.4 could be brought forward and would circulate a response to the Committee; and
- (ii) to otherwise note the content of the report and endorse the recommendations for improvement as agreed by the relevant function.

HEALTH AND SAFETY - IA/AC/1918

121. The Committee had before it a report by the Chief Internal Auditor which presented an audit in relation to Health and Safety which was undertaken to provide assurance that appropriate arrangements to manage Health and Safety have been implemented across the Council.

Councillor Duncan enquired as to the reason why the date for implementing recommendation 2.2.9 (b) was July 2020, wherein the Health and Safety Team Lead advised that the health and safety matrices were currently held locally within each cluster and that there was a need to gather all of the information into a central register to ensure that health and safety training was recorded and managed for all staff that required training as part of their roles.

Councillor Graham enquired as to the progress of the health and safety improvement plans for each function and/or cluster, wherein the Chief Officer Governance advised that there would be performance dashboards for each cluster and that these would include a health and safety section which would advise on the current position and what was required for improvement.

Councillor Lumsden enquired as to when the Committee would see the improvement plans to gain assurance that the measures in place were successful, wherein the Chief Officer Governance advised that the Staff Governance Committee would receive the improvement plans. The Chief Internal Auditor advised that the Internal Audit Follow Up on Recommendations report submitted each cycle would give an update on the status of the implementation of the audit recommendations.

In relation to questions from members relating to improving the culture change around health and safety and how this would be measured, to note that the first stage was to ensure that the controls and processes in place were appropriate and were being implemented to improve the health and safety performance across the organisation.

The Committee resolved:-

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

AUDIT, RISK AND SCRUTINY COMMITTEE
14 February 2019

PREVENTION OF FRAUD, BRIBERY AND CORRUPTION - IA/AC/1916

13. The Committee had before it a report by the Chief Internal Auditor which presented an audit in relation to the Prevention of Fraud, Bribery and Corruption which was undertaken to provide assurance that the Council's arrangements for the prevention of fraud, bribery and corruption were adequate and proportionate.

The Vice Convener enquired as to whether training for elected members in relation to fraud, bribery and prevention had been organised.

The Committee resolved:-

- (i) to note that the Chief Officer Governance would determine whether training for elected members on prevention of fraud, bribery and corruption could be included in the elected member development programme and would circulate a response to the Committee;
- (ii) to otherwise note the content of the report and endorse the recommendations for improvement as agreed by the relevant function.

BOND TRUST DEED - IA/AC/1921

14. The Committee had before it a report by the Chief Internal Auditor which presented an audit in relation to the Bond Trust Deed which was undertaken to provide assurance that the requirements of the Bond Trust Deed were complied with.

The Committee resolved:-

- (i) to note the thanks to the Internal Audit team for the constructive and proportionate audit report; and
- (ii) to note the content of the report and endorse the recommendations for improvement as agreed by the relevant function.

EXTERNAL AUDIT STRATEGY

15. The Committee had before it a report by the External Auditor which presented the planned external audit work for 2018/19.

The Committee resolved:-

to note the content of the External Audit Strategy.

AUDIT, RISK AND SCRUTINY COMMITTEE
14 February 2019

INTERNAL AUDIT FOLLOW UP ON RECOMMENDATIONS - IA/19/002

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

The Committee resolved:-

to note the content of the report and request that all Directors and Chief Officers undertake the work required to complete the outstanding audit recommendations.

ICT ACCESS CONTROL POLICY - CUS/19/161

17. The Committee had before it a report by the Director of Customer Services which sought approval for the ICT Access Control Policy.

The report recommended:

That the Committee approve the ICT Access Control Policy as outlined in the report and at Appendix 1.

The Committee resolved:-

to approve the recommendation as contained in the report.

- **COUNCILLOR STEPHEN FLYNN, Convener**

AUDIT, RISK AND SCRUTINY COMMITTEE
14 February 2019

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1	AUDIT, RISK & SCRUTINY COMMITTEE BUSINESS PLANNER 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			30 April 2019						
4	Internal Audit Progress and Performance	To provide an update on progress for the 2018/19 audit	A report is on the agenda	David Hughes	Governance	Governance	2.4		
5	Internal Audit Follow Up on Recommendations	To provide an update on where Services are with implementing agreed recommendations	A report is on the agenda	David Hughes	Governance	Governance	2.3		
6	Intrnal Audit Annual Report 2018/19	To present the Internal Audit Annual Report for 2018/19.	A report is on the agenda	David Hughes	Governance	Governance	2.3		
7	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	D	Delays in completing the PEF Audit. The report will be submitted in June 2019.
8	Contract Management	To focus on recent identified issues - 3rd Don Crossing - Photovoltaic Panels To include data/intelligence used for monitoring escalation of risk		David Hughes	Governance	Governance	2.2	D	Work has commenced on this audit, there were delays initially with identifying the appropriate officers to discuss the terms of the audit with. The report will be submitted in June 2019.
9	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.	A report is on the agenda	David Hughes	Governance	Governance	2.2		
10	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 were delays in information being provided by the Service as requested by Internal Audit. Subsequently, the Auditor undertaking this audit left Internal Audit. Discussions are ongoing. A report will be submitted in June 2019
11	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	D	Internal Audit have not received comments from officers on the draft report. A report will be submitted in June 2019.

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12	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.	A report is on the agenda	David Hughes	Governance	Governance	2.2		
13	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.	A report is on the agenda	David Hughes	Governance	Governance	2.2		
14	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."	There has been progress at Marchburn Park however not all of the issues have been completed therefore a report will be submitted at the conclusion of the issues.	Neil Carnegie	Early Intervention and Community Empowerment	Customer	6.2	D	As per update column
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.	There have been no SPSO decisions since the last reporting period so there is nothing to report at this meeting.	Lucy Mackenzie	Customer Experience	Customer	6.9		As this item is a standing item on all agendas, the next report is scheduled to be submitted in June 2019.
16	Inspection Report of Aberdeen Crematorium by the Inspector of Crematoria	to present the annual inspection report.	A report is on the agenda	Graham Keith	Operations and Protective Services	Operations	6.9		
17	Annual Committee Effectiveness Report	To present the annual effectiveness report for the Committee.	A report is on the agenda		Governance	Governance	GD 7.4		
18	Unaudited Annual Accounts 2018/19 and the Annual Governance Statement	To present the unaudited accounts for ACC and registered charities	A report is on the agenda	Lesley Fullerton	Finance	Resources	Purpose 1.3		
19	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.	A report is on the agenda	Jess Anderson	Governance	Governance	5.2		

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20			26 June 2019						
21	Internal Audit Progress and Performance	To provide an update on progress for the 2018/19 and 2019/20 audits		David Hughes	Governance	Governance	2.4		
22	Internal Audit Follow Up on Recommendations	To provide an update on where Services are with implementing agreed recommendations		David Hughes	Governance	Governance	2.3		
23	ISA 260 Report	to present External Audit's Interim position in relation to the audit of the annual accounts		Andy Shaw	Governance	Governance	3.1		
24	Local Area Network scrutiny summary	To present a summary of the Local Area Network Scrutiny Plan.		Andy Shaw	Governance	Governance	3.1		
25	Audited Annual Accounts 2018/19	To present the audited accounts for ACC and registered charities		Lesley Fullerton	Finance	Resources	4.1 and 4.2		
26	Money Laundering	To present the reviewed Money Laundering policy for approval.		Deirdre Nicholson	Governance	Governance	GD7.1		
27	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		
28	Shutdown of Non-essential spend	To provide assurance that the shutdown of non-essential spend has been effective in achieving its objective and instructions were complied with.		David Hughes	Governance	Governance	2.2		
29	Income Generation	To provide assurance that budgeted income generation is based on robust assumptions and is being realised		David Hughes	Governance	Governance	2.2		
30			25 September 2019						
31	Internal Audit Progress and Performance	To provide an update on progress for the 2018/19 and 2019/20 audits		David Hughes	Governance	Governance	2.4		
32	Internal Audit Follow Up on Recommendations	To provide an update on where Services are with implementing agreed recommendations		David Hughes	Governance	Governance	2.3		
33	Risk Management Framework	To present the Risk Management Framework		Ronnie McKean	Governance	Governance	Purpose 1.2 Remit 1.1		
34	Corporate Risk Register	To present the Corporate Risk Register		Ronnie McKean	Governance	Governance	Purpose 1.2 Remit 1.1		

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35	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		
36	Information Governance Annual Report	To provide Committee with an annual report on the Council's information governance performance		Caroline Anderson	Business Intelligence and Performance Management	Commissioning	Remit 1.4		
37	Annual External Audit Report	to set out Best Value and Wider Scope aspects of the annual audit.		Andy Shaw	Governance	Governance	3.1		
38	Timesheets and Allowances	To provide assurance that payments are accurate and justified, and that improvements recommended in previous reviews have been fully implemented.		David Hughes	Governance	Governance	2.2		
39	Travel Policy	To provide assurance that the Council has appropriate arrangements in place and that these are being complied with.		David Hughes	Governance	Governance	2.2		
40	Cyber Security	To provide assurance that the controls detailed in the Corporate Risk Register (Corp006) are effective and that Assurance actions are progressing as planned.		David Hughes	Governance	Governance	2.2		
41	Housing Rent	To provide assurance over rent collection and arrears recovery procedures.		David Hughes	Governance	Governance	2.2		
42	Car Parking and Bus Lane Enforcement	To provide assurance that procedures regarding income collection and the management of fines are adequate.		David Hughes	Governance	Governance	2.2		
43	Stock Control	To provide assurance that procedures are adequate and stock movements are adequately accounted for.		David Hughes	Governance	Governance	2.2		
44	Ring Fenced Funding	To provide assurance that the Council has appropriate arrangements in place to ensure that conditions relating to ring-fenced funding contained within Scottish Government Grant are complied with.		David Hughes	Governance	Governance	2.2		

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45	Risk Management	Previous review undertaken in 2015/16. Internal Audit is required by Public Sector Internal Audit Standards to review risk management arrangements on a regular basis. It is proposed to undertake a review to provide assurance over the arrangements that are currently in operation within the Council.		David Hughes	Governance	Governance	2.2		
46			04 December 2019						
47	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		
48	Internal Audit Progress and Performance	To provide an update on progress for the 2018/19 and 2019/20 audits		David Hughes	Governance	Governance	2.4		
49	Internal Audit Follow Up on Recommendations	To provide an update on where Services are with implementing agreed recommendations		David Hughes	Governance	Governance	2.3		
50	Civil Contingencies	To provide assurance that the Council has taken the necessary action and has plans in place to mitigate risks identified in the Corporate Risk Register (Corp004) to ensure that it can deliver on its obligations in the event of an emergency.		David Hughes	Governance	Governance	2.2		
51	Transformation	To provide assurance that the Council is continuing to make progress to ensure the success of its transformational aspirations.		David Hughes	Governance	Governance	2.2		
52	Voids	To provide assurance regarding the process for re-letting void properties and compliance therewith.		David Hughes	Governance	Governance	2.2		
53	Cash Collection	To provide assurance over procedures in operation relating to sample of cash collection locations.		David Hughes	Governance	Governance	2.2		
54	Children's Services	To provide assurance over Fostering and Adoption Allowances being paid.		David Hughes	Governance	Governance	2.2		
55	Risk Management - IJB	To review the process for identifying risks, managing them (including performance measures against each risk), and reporting to the IJB.		David Hughes	Governance	Governance	2.2		
56	Industrial and Commercial Property	To provide assurance over the processes in place for letting, recovering rental income, and managing voids for industrial and commercial premises.		David Hughes	Governance	Governance	2.2		

	A	B	C	D	E	F	G	H	I
1	AUDIT, RISK & SCRUTINY COMMITTEE BUSINESS PLANNER								
	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
57	HR / Payroll System	To provide assurance that there is adequate control over the new CoreHR system and that issues raised in relation to previous system have been addressed.		David Hughes	Governance	Governance	2.2		
58	Investment Strategy and Investment Performance Management - Pensions Fund	To provide assurance over compliance with the pension fund investment strategy and arrangements in place to monitor the performance of investment managers.		David Hughes	Governance	Governance	2.2		
59			February 2020						
60	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		
61	Internal Audit Progress and Performance	To provide an update on progress for the 2018/19 and 2019/20 audits		David Hughes	Governance	Governance	2.4		
62	Internal Audit Follow Up on Recommendations	To provide an update on where Services are with implementing agreed recommendations		David Hughes	Governance	Governance	2.3		
63	Information Governance	To provide assurance that the controls in place for mitigating the risks identified in the Corporate Risk Register (Corp005) are adequate and operating as expected.		David Hughes	Governance	Governance	2.2		
64	SEEMIS	To provide assurance that appropriate control is being exercised over the system in view of the perceived criticality of the system and the significant volume of sensitive personal data held.		David Hughes	Governance	Governance	2.2		
65	School Catering	To provide assurance over income and procurement expenditure relating to school catering operations		David Hughes	Governance	Governance	2.2		
66	Financial Ledger System	To provide assurance over system controls, business continuity and contingency plans.		David Hughes	Governance	Governance	2.2		
67	Gas Servicing Contract	To provide assurance that contractual and operational issues are being complied with		David Hughes	Governance	Governance	2.2		
68									
69									
70			April 2020						

	A	B	C	D	E	F	G	H	I
1	AUDIT, RISK & SCRUTINY COMMITTEE BUSINESS PLANNER 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
71	Internal Audit Progress Report	To provide an update on progress for the 2018/19 and 2019/20 audits		David Hughes	Governance	Governance	2.4		
72	Internal Audit Follow up on Recommendations	To provide an update on where Services are with implementing agreed recommendations		David Hughes	Governance	Governance	2.3		
73	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		
74	Workforce Planning	To provide assurance that the Council has appropriate and adequate plans in place to determine its workforce requirements and that these are in operation throughout the Council.		David Hughes	Governance	Governance	2.2		
75	Procurement	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		
76	Performance Management	To provide assurance that the Council has effective performance management arrangements in place which produce accurate data		David Hughes	Governance	Governance	2.2		
77	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		
78	Commissioned Services	To provide assurance that contract monitoring arrangements relating to Social Care Commissioned Services are adequate.		David Hughes	Governance	Governance	2.2		

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ABERDEEN CITY COUNCIL

COMMITTEE	Audit, Risk and Scrutiny Committee
DATE	30 April 2019
REPORT TITLE	Internal Audit Progress
REPORT NUMBER	IA/19/005
DIRECTOR	N/A
REPORT AUTHOR	David Hughes
TERMS OF REFERENCE	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 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 Planned Audit Status	As at 17 April 2019 by Original Target Committee Date						%age
	Jun 18	Sep 18	Dec 18	Feb 19	Apr 19	Total	
Complete	1	8	4	5	1	19	76.0
Draft Report Issued	0	1	1	0	1	3	12.0
Work in Progress	0	0	0	0	1	1	4.0
(*) Moved to future year	0	0	0	1	1	2	8.0
To Start	0	0	0	0	0	0	0.0
Total	1	9	5	6	4	25	100.0

(*) As agreed by the Audit, Risk and Scrutiny Committee on 14 February 2019

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

Assessment	Outcome
Equality & Human Rights Impact Assessment	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.
Data Protection Impact Assessment	Not required
Duty of Due Regard / Fairer Scotland Duty	Not applicable

9. APPENDICES

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

10. REPORT AUTHOR DETAILS

David Hughes, Chief Internal Auditor
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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 17 April 2019	Red Amber Green	Comment where applicable
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Originally Planned for September 2018 Committee

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	Amber	<i>Delayed at request of Service - developing a new strategy</i>
		Draft report issued	11.03.19		
		Management response due Reminder sent Management response received	25.03.19 09.04.19 TBC	Amber	No response to draft report at time of finalising this Committee report.
		Original target Committee date <i>Revised Committee Date</i> Revised Committee Date	25.09.18 <i>30.04.19</i> 26.06.19	Amber	

SUBJECT / SCOPE	OBJECTIVE	Progress as at 17 April 2019	Red Amber Green	Comment where applicable
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Originally Planned for December 2018 Committee

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.	Draft report due to be issued	22.02.19	Amber	<i>Delayed due to delays with other audits and additional follow up work on recommendations.</i>
		Draft report issued	20.02.19		
		Management response due	06.03.19	Red	
		Reminders sent:	19.03.19 04.04.19		
		Management response received	11.04.19	Green	
		Final draft issued to management Management confirmation received	11.04.19 11.04.19		
Final Report Issued	12.04.19	Green			
Original target Committee date	04.12.18	Amber			
Revised Committee Date	30.04.19				
Actual Submission to Committee	30.04.19				

SUBJECT / SCOPE	OBJECTIVE	Progress as at 17 April 2019	Red Amber Green	Comment where applicable
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Originally Planned for December 2018 Committee (continued)

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 Draft report issued	28.02.19 20.03.19	Amber	<i>There were delays in information being provided by the Service as requested by Internal Audit. Subsequently, the Auditor undertaking this audit left Internal Audit.</i>
		Management response due Management response received	03.04.19 01.04.19	Green	Discussions are ongoing regarding the draft report.
		Original target Committee date <i>Revised Committee Date</i> Revised Committee Date	04.12.18 <i>30.04.19</i> 26.06.19	Amber	

SUBJECT / SCOPE	OBJECTIVE	Progress as at 17 April 2019	Red Amber Green	Comment where applicable
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Originally Planned for February 2019 Committee

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	15.02.19	Amber	<i>Delays with other audits and availability of Internal Audit staff.</i>
		Draft report issued	27.02.19		
		Management response due	13.03.19	Green	
		Management response received	08.03.19		
		Final draft issued to management	12.03.19	Red	
Management confirmation received	17.04.19				
Final Report Issued	17.04.19	Green			
Original target Committee date	14.02.19	Amber			
Revised Committee Date	30.04.19				
Actual Submission to Committee	30.04.19				

Originally Planned for April 2019 Committee

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	Draft report due to be issued	05.03.19	Amber	Delays in completing PEF audit.
		Revised due date	29.03.19		
		Draft report issued	04.04.19		
Management response due	02.05.19	N/A			
Management response received	Not yet due				
Original target Committee date	30.04.19	Amber			
Revised Committee date	26.06.19				

SUBJECT / SCOPE	OBJECTIVE	Progress as at 17 April 2019	Red Amber Green	Comment where applicable
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Originally Planned for April 2019 Committee (continued)

Management of high-risk contracts	To focus on recent identified issues: - 3 rd Don Crossing - Photovoltaic Panels To include data / intelligence used for monitoring and escalation of risk.	Draft report due to be issued	TBC		Work has commenced on this review but there were delays in identifying the appropriate officers to discuss it with.
		Original target Committee date Revised Committee date	30.04.19 26.06.19	Amber	

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	28.02.19	Amber	
		Draft report issued	19.03.19		
		Management response due	02.04.19	Green	
		Management response received	28.03.19		
		Final draft issued to management	02.04.19		
Reminder sent	09.04.19	Amber			
Management confirmation received	12.04.19				
Final Report Issued	12.04.19	Green			
Original target Committee date	30.04.19	Green			
Actual submission to Committee	30.04.19				

SUBJECT / SCOPE	OBJECTIVE	Progress as at 17 April 2019	Red Amber Green	Comment where applicable
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No Planned Reporting to Committee

<p>Interreg Projects where Aberdeen City Council is involved as a Lead Partner and / or Project Partner</p>	<p>To certify required grant claims in accordance with Programme requirements.</p> <p><i>There will be no specific reporting to management or the Audit, Risk and Scrutiny Committee in relation to these grant claims unless a significant issue is identified.</i></p>	<p><u>June 2018:</u> <i>BEGIN Project ACC Partner Claim for period 2 certified.</i> <i>HyTrEc2 Project ACC Partner Claim for period 2 certified</i> <i>HyTrEc2 Overall Project Claim for period 2 certified</i></p> <p><u>August 2018:</u> <i>HeatNet Project ACC Partner Claim for period 3 certified</i></p> <p><u>November 2018:</u> <i>BEGIN Project ACC Partner Claim for period 3 certified</i></p> <p><u>December 2018:</u> <i>HyTrEc2 Project ACC Partner Claim for period 3 certified</i> <i>HyTrEc2 Overall Project Claim for period 3 certified</i></p> <p><u>February 2019:</u> <i>HeatNet Project ACC Partner Claim for period 4 certified</i></p> <p><u>March 2019:</u> <i>SCORE Project ACC Partner Claim for period 2 certified</i></p> <p><u>April 2019:</u> <i>ACE Retrofitting Project ACC Partner Claim for period 4 certified</i></p>		
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ABERDEEN CITY COUNCIL

COMMITTEE	Audit, Risk and Scrutiny Committee
DATE	30 April 2019
REPORT TITLE	Internal Audit Reports – Follow-up of Agreed Recommendations
REPORT NUMBER	IA/19/006
DIRECTOR	N/A
REPORT AUTHOR	David Hughes
TERMS OF REFERENCE	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
Equality & Human Rights Impact Assessment	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.
Data Protection Impact Assessment	Not required
Duty of Due Regard / Fairer Scotland Duty	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 – Customer.
- 9.4 Appendix D – Position with Agreed Recommendations – Operations.
- 9.5 Appendix E – Position with Agreed Recommendations – Resources.
- 9.6 Appendix F – Position with Agreed Recommendations – Health and Social Care Partnership.
- 9.7 Appendix G - Governance.

10. REPORT AUTHOR DETAILS

David Hughes, Chief Internal Auditor
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APPENDIX A – SUMMARY

POSITION WITH AGREED RECOMMENDATIONS AS AT 16 APRIL 2019

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

On 14 February 2019, the Committee was advised that, as at 3 February 2019, there were 40 recommendations which were due to have been completed by 31 December 2018 which were not fully complete. This has reduced to 14.

The total not fully complete, which had an original due date of before 28 February 2019, is 14. 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 31.12.18	Confirmed complete by Service	New in January to February 2019	Confirmed complete by Service	Not fully complete by original due date	Major	Significant	Important
Cross Service	17	3	3	2	2	0	0	0	0
Commissioning	0	0	0	0	0	0	0	0	0
Customer	55	23	23	9	9	0	0	0	0
Operations	69	57	56	4	4	1	1	0	0
Resources	55	46	38	2	2	8	0	5	3
Health & Social Care	70	61	56	0	0	5	0	5	0
Governance	11	7	7	2	2	0	0	0	0
Total	277	197	183	19	19	14	1	10	3

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. Financial Regulations have been consistently breached.
Significant	Addressing this issue will enhance internal controls. An element of control is missing or only partial in nature. The existence of the weakness identified has an impact on a system's adequacy and effectiveness. Financial Regulations have been breached.
Important	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 28.02.19	Confirmed Implemented by Service	Not implemented by original due date	
AC1910	Transformation (Target Operating Model)	September 2018	5	3	3	0	0
AC1918	Health and Safety	February 2019	12	2	2	0	0

APPENDIX C

CUSTOMER

Report Number	Report Title	Date Issued	Number of Recommendations				Grading of overdue recommendations
			Agreed in Report	Due for implementation by 28.02.19	Confirmed Implemented by Service	Not implemented by original due date	
AC1822	YourHR	February 2018	8	6	6	0	0
AC1825	Housing Support Budget	April 2018	8	8	8	0	0
AC1905	Universal Credit and Housing Rent	August 2018	6	5	5	0	0
AC1907	Digital Strategy	February 2019	4	4	4	0	0
AC1909	Timesheets and Allowances	August 2018	7	4	4	0	0
AC1911	Business Rates	November 2018	8	8	8	0	0
AC1917	NPS Housing System	February 2019	14	0	0	0	0

APPENDIX D

OPERATIONS

Report Number	Report Title	Date Issued	Number of Recommendations				Grading of overdue recommendations
			Agreed in Report	Due for implementation by 28.02.19	Confirmed Implemented by Service	Not implemented by original due date	

AC1602 AW	Craft Workers Terms and Conditions	October 2015	9	9	8	1	1 Major
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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 June 2016	<ul style="list-style-type: none"> • Committee advised on 27 September 2016 that this would be complete by December 2016. • Committee advised on 23 February 2017 that this would be complete as soon as possible in 2017. • Committee advised on 22 June 2017 that this would be complete in the near future. • Committee advised on 26 September 2017 that this would be complete by June 2018. • 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. • Committee advised on 4 December 2018 that this would be resolved by April 2019. <p>The latest update from the Service is that a business case which outlines alignment between current working practices and the Craft Workers Agreement will be presented to CMT on 25 April 2019 for approval, followed by Staff Governance Committee on 18 June 2019. This will be followed by a period of staff consultation and an expected implementation date of July / August 2019.</p>

Report Number	Report Title	Date Issued	Number of Recommendations				Grading of overdue recommendations
			Agreed in Report	Due for implementation by 28.02.19	Confirmed Implemented by Service	Not implemented by original due date	
AC1705	Roads Payroll	August 2016	22	21	21	0	0
AC1817	Vehicle Usage	January 2018	8	4	4	0	0
AC1826	Out of Authority Placements	April 2018	6	6	6	0	0
AC1829	Stores Purchasing	April 2018	9	9	9	0	0
AC1830	Internal Transport Tendering	October 2018	8	8	8	0	0
AC1903	Devolved School Management	November 2018	7	4	4	0	0

APPENDIX E

RESOURCES

Report Number	Report Title	Date Issued	Number of Recommendations				Grading of overdue recommendations
			Agreed in Report	Due for implementation by 28.02.19	Confirmed Implemented by Service	Not implemented by original due date	

AC1806	Corporate Landlord Responsibilities	September 2017	9	9	6	3	3 Significant
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The position with the overdue recommendations is as follows:

Chief Officer	Recommendation	Grading / Due Date	Position
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"> Committee advised on 25 September 2018 that this would be complete by October 2018. Committee advised on 14 February 2019 that Internal Audit was awaiting an update on progress from the Service.
		June 2018	
Corporate Landlord	The Service should ensure data regarding its Corporate Landlord Responsibilities is maintained centrally, accurately and up to date (2.3.8)	Significant	<ul style="list-style-type: none"> Committee advised on 25 September 2018 that this would be complete by October 2018. Committee advised on 14 February 2019 that Internal Audit was awaiting an update on progress from the Service.
		June 2018	
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	<ul style="list-style-type: none"> Committee advised on 25 September 2018 that this would be complete by October 2018. Committee advised on 14 February 2019 that Internal Audit was awaiting an update on progress from the Service.
		June 2018	

Report Number	Report Title	Date Issued	Number of Recommendations				Grading of overdue recommendations
			Agreed in Report	Due for implementation by 28.02.19	Confirmed Implemented by Service	Not implemented by original due date	
AC1818	Capital Plan	April 2018	7	7	7	0	0
AC1819	Capital Contracts	February 2018	8	6	6	0	0
AC1823	Fixed Asset Register	August 2018	7	3	3	0	0
AC1901	Creditor Interfaces	August 2018	5	5	5	0	0

Report Number	Report Title	Date Issued	Number of Recommendations				Grading of overdue recommendations
			Agreed in Report	Due for implementation by 28.02.19	Confirmed Implemented by Service	Not implemented by original due date	

AC1902	Debtors System	August 2018	14	14	9	5	2 Significant 3 Important
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The position with the overdue recommendations is as follows:

Chief Officer	Recommendation	Grading / Due Date	Position
Finance	Procedures should be updated as required and issued to appropriate staff (2.1.4)	Significant	<ul style="list-style-type: none"> Committee advised on 14 February 2019 that this would be complete by May 2019.
		December 2018	
Finance	The Service should investigate and clear transactions in the Suspense account on a regular basis (2.6.3)	Significant	<ul style="list-style-type: none"> Committee advised on 14 February 2019 that this would be complete by February 2019.
		December 2018	
Finance	The Service should revise aged debt reports to highlight where recovery action is required (2.7.6)	Important	<ul style="list-style-type: none"> Committee advised on 14 February 2019 that this would be complete by June 2019.
		December 2018	

Report Number	Report Title	Date Issued	Number of Recommendations				Grading of overdue recommendations
			Agreed in Report	Due for implementation by 28.02.19	Confirmed Implemented by Service	Not implemented by original due date	

(AC1902 – Debtors System – Continued)

Chief Officer	Recommendation	Grading / Due Date	Position
Customer Experience	Debtors on payment arrangements should be monitored on a regular basis to ensure payments are being made in line with the arrangement (2.7.10)	Important	<ul style="list-style-type: none"> Committee advised on 14 February 2019 that this would be complete by May 2019.
		December 2018	
Finance	The Service should report the amended 2016/17 collection of Sundry Debtors accounts performance indicator to CIPFA as part of the next return (2.8.2)	Important	<ul style="list-style-type: none"> Committee advised on 14 February 2019 that this would be complete by March 2019.
		November 2018	

AC1906	VAT	August 2018	3	2	2	0	0
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AC1913	VSER Scheme	January 2019	2	2	2	0	0
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APPENDIX F

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 28.02.19	Confirmed Implemented by Service	Not implemented by original due date	

AC1617	Self-Directed Support	October 2016	21	21	20	1	1 Significant
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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 March 2017	<ul style="list-style-type: none"> Committee advised on 22 June 2017 that this would be complete by October 2017. Committee advised on 23 November 2017 that this would be complete by April 2018. Committee advised on 8 May 2018 that this would be complete by September 2018. Committee advised on 25 September 2018 that this would be complete by March 2019. <p>The latest update from the Service is that a Working Group has been taking forward the topic of charging for the Partnership. The Partnership is piloting the equivalency model as a method of resource allocation for self-directed support. The identification of a clients agreed budget allocation via a robust resource allocation system is a pre-requisite to enable the Partnership to move forward with the implementation of the Contributing to Your Care Policy. The policy is now complete and ready to go for committee approval, however, changes to the systems and processes are required to implement the policy which will not be in place until July 2019.</p>

Report Number	Report Title	Date Issued	Number of Recommendations				Grading of overdue recommendations
			Agreed in Report	Due for implementation by 28.02.19	Confirmed Implemented by Service	Not implemented by original due date	
AC1801	Adult Client Transport	September 2017	13	12	12	0	0

AC1813	Financial Assessments	February 2018	15	15	13	2	2 Significant
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The position with the overdue recommendations is as follows:

Chief Officer	Recommendation	Grading / Due Date	Position
Chief Finance Officer (IJB)	The Service should review whether personal allowances and subsequent calculations could be automatically updated each year. The Service agreed that, whilst automation was not currently possible, the CareFirst Team would develop reports to assist the process. (2.2.10a)	Significant	<ul style="list-style-type: none"> Committee advised on 14 February 2019 that this would be complete by March 2020.
		October 2018	
Chief Finance Officer (IJB)	The Service should ensure that up to date benefit figures and allowances are used for all assessments, and a new assessment is completed promptly following known changes (2.2.10b)	Significant	
		October 2018	

Report Number	Report Title	Date Issued	Number of Recommendations				Grading of overdue recommendations
			Agreed in Report	Due for implementation by 28.02.19	Confirmed Implemented by Service	Not implemented by original due date	

AC1828	Care Management	April 2018	13	13	11	2	2 Significant
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The position with the overdue recommendations is as follows:

Chief Officer	Recommendation	Grading / Due Date	Position
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 September 2018	<ul style="list-style-type: none"> Committee advised on 4 December 2018 that this would be complete by April 2019. <p>The latest update from the Service is that the budget setting progress is discussed at every SDS programme board (held monthly). The next SDS board is on the 29th April and the draft assessment paperwork which feeds into the overall process allowing progress will be discussed. The Individual Budget setting process is dependent on the reconfiguration of the CareFirst system and is inextricably linked to the implementation of the Contributing to Your Care Policy. The CareFirst Team has confirmed that the earliest date the system will be reconfigured is the end of June 2019. On that basis the Policy will be submitted to either the Council meeting or the City Growth Committee in June 2019, with a view to implementation on 1st July 2019</p>

Report Number	Report Title	Date Issued	Number of Recommendations				Grading of overdue recommendations
			Agreed in Report	Due for implementation by 28.02.19	Confirmed Implemented by Service	Not implemented by original due date	

(AC1828 – Care Management – Continued)

Chief Officer	Recommendation	Grading / Due Date	Position
Chief Finance Officer (IJB)	The Service should conclude the review of its residential property portfolio in conjunction with Housing (2.3.14)	Significant	<ul style="list-style-type: none"> Committee advised on 4 December 2018 that this would be complete by January 2019. Committee advised on 14 February 2019 that this would be complete by March 2019. <p>The latest update from the Service is that The Partnership is working with ACC colleagues (Corporate Landlord and Communities and Housing) to transfer the maintenance of general fund properties to Housing. The Partnership would continue to pay the maintenance costs and pay a management fee to Housing.</p>
		September 2018	

AC1920	National Care Home Contract	January 2019	8	0	0	0	0
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APPENDIX G

GOVERNANCE

Report Number	Report Title	Date Issued	Number of Recommendations				Grading of overdue recommendations
			Agreed in Report	Due for implementation by 28.02.19	Confirmed Implemented by Service	Not implemented by original due date	
AC1904	General Data Protection Regulation	September 2018	7	7	7	0	0
AC1916	Prevention of Fraud, Bribery and Corruption	February 2019	3	1	1	0	0
AC1921	Bond Governance	February 2019	1	1	1	0	0

ABERDEEN CITY COUNCIL

COMMITTEE	Audit, Risk and Scrutiny Committee
DATE	30 April 2019
REPORT TITLE	Internal Audit Annual Report 2018/19
REPORT NUMBER	IA/19/007
DIRECTOR	N/A
REPORT AUTHOR	David Hughes
TERMS OF REFERENCE	2.3

1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to provide the Committee with Internal Audit's Annual Report for 2018/19.

2. RECOMMENDATIONS

It is recommended that the Committee:

- 2.1 Note the Annual Report for 2018/19;
- 2.2 Note that the Chief Internal Auditor has confirmed the organisational independence of Internal Audit;
- 2.3 Note that there has been no limitation to the scope of Internal Audit work during 2018/19; and
- 2.4 Note the outcome of Internal Audit's self-assessment against the requirements of the Public Sector Internal Audit Standards.

3. BACKGROUND / MAIN ISSUES

- 3.1 It is one of the functions of the Audit, Risk and Scrutiny Committee to review the activities of the Internal Audit function, including its annual work programme. Internal Audit reports interim progress at each meeting of the Committee.
- 3.2 The Internal Audit plan for 2018/19 was agreed by the Audit, Risk and Scrutiny Committee on 22 February 2018. Each of the audits contained in the plan was allocated a certain number of days determined by the perceived complexity of the work, level of testing envisaged and expected outcome of the audit. The plan also included an allocation of time for dealing with additional work requests, providing advice to Services, and for investigations into suspected financial irregularities.

- 3.3 Appendices A and B to this report detail the position with those audits carried forward from 2017/18, along with details relating to audits contained in the original 2018/19 plan. Some 2018/19 audits have been deferred as agreed by the Audit, Risk and Scrutiny Committee on 14 February 2019.
- 3.4 The 2018/19 Internal Audit plan was based on the Internal Audit Section being fully staffed during the year. However, the Section was operating at less than full establishment during the year due to: higher than usual sickness absence; the resignations of three Assistant Auditors all of whom were replaced on temporary contracts. The Section ended the year with one vacancy which was the subject of a recruitment exercise. It is estimated that around 11.5% of the Section's capacity during the year was lost for these staffing reasons.
- 3.5 During 2018/19, a majority of recommendations made by Internal Audit were accepted which, if taken to full implementation, will improve the Council's internal control environment and, in some cases, result in more efficient and effective processes, and financial savings for the Council. Any failure to implement the more significant recommendations can have an impact on the overall Internal Audit opinion expressed in the annual Internal Audit Report and the level of assurance that can be provided to those charged with governance. Internal Audit monitors the implementation of agreed recommendations on a regular basis with the results reported to each meeting of the Audit, Risk and Scrutiny Committee.
- 3.6 It is considered that sufficient work was completed during the year, or was sufficiently advanced by the year-end, on which to base the conclusion drawn in the annual Internal Audit Report. This is attached as Appendix C, and concludes that reasonable assurance can be placed upon the adequacy and effectiveness of the Council's framework of governance, risk management and internal control system in the year to 31 March 2019.
- 3.7 The Public Sector Internal Audit Standards (PSIAS) require that the Chief Internal Auditor report to Senior Management and the Board (the Audit, Risk and Scrutiny Committee) on the outcome of Internal Audit's Quality Assurance and Improvement Plan (QAIP).
- 3.8 For 2018/19, a checklist developed by the Scottish Local Authorities Chief Internal Auditors Group for undertaking external peer reviews was used to undertake the required self-assessment in assessing conformance with the PSIAS and the associated Local Government Application Note.
- 3.9 The checklist is a lengthy document, comprising a range of detailed questions, which leads to an assessment of 13 key areas of the PSIAS. Following completion of the self-assessment, the outcome was that Internal Audit either Fully or Generally Complies with all areas examined. Where General Compliance was recorded, actions have been determined with the intention of moving these areas to Fully Complies. These are detailed in Appendix D to this report.
- 3.10 As part of reporting on the QAIP, there is a requirement to provide the Board with performance data. This has been a matter of great debate amongst practitioners in Scotland with little consensus reached on what should be measured. However, Internal Audit's performance data as it

stands, and as agreed when approving the shared Internal Audit Service, is attached as Appendix E for discussion.

3.11 The Standards also require that Internal Audit confirms to the Board, at least annually, that it is organisationally independent. The organisational independence of Internal Audit is established through Financial Regulations (approved by full Council) and the Internal Audit Charter (approved by the Audit, Risk and Scrutiny Committee). Other factors which help ensure Internal Audit's independence are that: the Internal Audit plan is approved by the Audit, Risk and Scrutiny Committee; and, Internal Audit reports its outputs to Committee in the name of the Chief Internal Auditor. The Chief Internal Auditor considers that Internal Audit is organisationally independent.

3.12 There is also a requirement to report any instances where the scope of Internal Audit's work has been limited. During 2018/19, there have been no such limitations.

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
Equality & Human Rights Impact Assessment	An assessment is not required because the reason for this report is for Committee to consider Internal Audit's annual report. As a result, there will be no differential impact, as a result of the proposals in this report, on people with protected characteristics.
Data Protection Impact Assessment	Not required
Duty of Due Regard / Fairer Scotland Duty	Not applicable

9. APPENDICES

- 9.1 Appendix A – 2017/18 Audit Work carried forward into 2018/19.
- 9.2 Appendix B – 2018/19 Audit Work.
- 9.3 Appendix C – Internal Audit Annual Report for the year ended 31 March 2018.
- 9.4 Appendix D – Internal Audit Improvement Action Plan
- 9.5 Appendix E – Internal Audit Performance Measures.

10. REPORT AUTHOR DETAILS

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 (01467) 537861

APPENDIX A

2017/18 Audit Work carried forward into 2018/19:

Service	Audit Topic	Position
Corporate Governance	Fixed Asset Register	Complete August 2018
	Capital Plan	Complete April 2018
Education and Children's Services	Out of Authority Placements	Complete April 2018
Communities, Housing and Infrastructure	Housing Support Budget	Complete April 2018
	Stores Purchasing	Complete July 2018
	Internal Transport Tendering	Complete October 2018.
Health and Social Care Partnership	Care Management	Complete April 2018

APPENDIX B

2018/19 Audit Work:

Function	Audit Topic	Position
Cross Service	Transformation	Complete September 2018
	Voluntary Severance / Early Retirement Scheme	Complete January 2019
	Timesheets and Allowances	Complete August 2018
	Health and Safety	Complete February 2019
	Compliance with Procurement Legislation and Council Regulations	Complete April 2019
	Prevention of Fraud, Bribery and Corruption	Complete February 2019
	General Data Protection Regulations	Complete September 2018
	Creditors Payments (following Interface)	Complete August 2018
	Digital Bookings, Fees and Charges	Rescheduled to 2020/21 as agreed by the Audit, Risk and Scrutiny Committee on 14 February 2019
Customer	Debtors System	Complete August 2018
	Business Rates	Complete November 2019

Service	Audit Topic	Position
Operations	Music Centre	Draft Report issued April 2019
	Pupil Equity Fund	Complete April 2019
	Devolved Education Management	Complete November 2018
	NPS Housing System	Complete February 2019
	Craft Workers' Terms and Conditions	Rescheduled to 2019/20 as agreed by the Audit, Risk and Scrutiny Committee on 14 February 2019
	Housing Rent (impact of Universal Credit)	Complete August 2018
	Contract Management	Work in Progress
	Interreg Projects	Claims completed as required
Resources	VAT	Complete August 2018
	Data Security in a Cloud-Based Environment	Draft Report issued March 2019
	Digital Strategy	Complete January 2019
Governance	Bond Governance	Complete January 2019
Health & Social care Partnership	Criminal Justice	Complete April 2019
	Charging Policy	Draft Report issued March 2019
	National Care Home Contract	Complete January 2019

Appendix C

Internal Audit Annual Report for the year ended 31 March 2019

As Chief Internal Auditor of Aberdeen City Council, I am pleased to present my annual statement on the adequacy and effectiveness of the Council's framework of governance, risk management and control for the year ended 31 March 2019. The purpose of this statement is to assist the Chief Officer – Finance in forming the required opinion in relation to the Annual Governance Statement to be included in the Annual Accounts.

Opinion

It is my opinion, based on the following, that reasonable assurance can be placed upon the adequacy and effectiveness of the Council's framework of governance, risk management and control in the year to 31 March 2019.

However, as in previous years, some significant issues have been identified throughout the year. Two recommendations graded as "major" were made in reports concluded in the year (compared with one in 2017/18 and five in 2016/17). One related to procurement issues (as in previous years) and one in relation to evidencing compliance with the requirements of the Working Time Directive. The overall number of recommendations made fell from 340 in 2016/17 and 274 in 2017/18 to 159 in 2018/19 and, although most were agreed by management there have been delays with implementing a significant number of these as reported on a regular basis to the Audit, Risk and Scrutiny Committee and, more recently, the Corporate Management Team. However, as at the end of the year significant progress had been made in this area.

In addition to the above, areas of good practice, improvement, and procedural compliance have been identified and these have been detailed in individual assignment reports.

Basis of Opinion

My evaluation of the control environment is informed by a number of sources:

- The audit work completed by Internal Audit during the year to 31 March 2019;
- Progress made by Services with implementing agreed Internal Audit recommendations;
- The assessment of risk completed during the updating of the audit plan;
- Reports issued by the Council's external auditors; and
- Internal Audit's knowledge of the Council's governance, risk management and performance monitoring arrangements.

Respective responsibilities of management and internal auditors in relation to internal control

It is the responsibility of the Council's senior management to establish an appropriate and sound system of internal control and to monitor the continuing effectiveness of that system. It is the responsibility of the Chief Internal Auditor to provide an annual overall assessment of the robustness of the internal control system.

Sound internal controls

The main objectives of the Council's internal control systems are to:

- ensure adherence to management policies and directives in order to achieve the organisation's objectives;
- safeguard assets;
- ensure the relevance, reliability and integrity of information, so ensuring as far as possible the completeness and accuracy of records; and
- ensure compliance with statutory requirements.

Any system of control can only ever provide reasonable and not absolute assurance that control weaknesses or irregularities do not exist or that there is no risk of material errors, losses, fraud, or breaches of laws or regulations.

Accordingly, the Council is continually seeking to improve the effectiveness of its systems of internal control.

The Work of Internal Audit

Internal Audit is an independent appraisal function established by the Council for the review of the Council's framework of governance, risk management and control as a service to the organisation. It objectively examines, evaluates and reports on the adequacy of internal control as a contribution to the proper, economic, efficient and effective use of resources.

The section undertakes an annual programme of work agreed with the Corporate Management Team and the Audit, Risk and Scrutiny Committee. The audit plan is based on a risk assessment process which is revised on an ongoing basis to reflect evolving risks and changes within the Council.

All Internal Audit reports identifying system weaknesses, non-compliance with expected controls, and / or assurance of satisfactory operation are brought to the attention of management and include appropriate recommendations and agreed action plans. It is management's responsibility to ensure that proper consideration is given to Internal Audit reports and that appropriate action is taken on audit recommendations. The Internal Auditor is required to ensure that appropriate arrangements are made to determine whether action has been taken on internal audit recommendations or that management has understood and assumed the risk of not taking action.

David Hughes, Chief Internal Auditor, Aberdeen City Council. 5 April 2019

Appendix D

**INTERNAL AUDIT IMPROVEMENT ACTION PLAN
IDENTIFIED THROUGH COMPLETION OF PSIAS SELF-ASSESSMENT**

IMPROVEMENT	IMPLEMENTATION DATE	ACTION BY
Make minor changes to terminology used in the Internal Audit Charter resulting from the External Quality Assessment undertaken regarding Aberdeenshire Council's Internal Audit arrangements.	June 2019	Chief Internal Auditor
Implement new Aberdeenshire Council Personal Performance Plans across the Internal Audit Team.	September 2019	Chief Internal Auditor / Senior Auditors
Review Internal Audit planning methodology to better demonstrate the consideration of other sources of assurance.	February 2020	Chief Internal Auditor

Appendix D

INTERNAL AUDIT PERFORMANCE MEASURES

PI	Description	Target	Actual 2018/19	Actual 2017/18
1	Percentage of planned audits commenced where the Service was given advance notice of commencement of field work.	100%	100.00%	100.00%
2	Percentage of current year audits (as adjusted through consideration of subsequent year's plan, see Note (1)) where draft report issued by deadline.	90%	60.87	78.57%
3	Percentage of current year audits (as adjusted) completed by end of current year.	65%	66.67	79.31%
4	Percentage of previous year audits (as adjusted) completed by end of current year.	100%	100.00%	100.00%
5	Percentage of current year audits (as adjusted) that were completed in the year within 110% of planned time allocated.	90%	50.00%	52.17%
6	Percentage of previous year audits (as adjusted) that were completed within 110% of planned time allocated.	90%	48.15%	62.14%
7	Percentage of planned time taken for current year audits that were completed in the year.	90 - 110%	106.76%	108.48%
8	Percentage of planned time taken for all previous year audits completed by end of current year.	90 - 110%	109.71%	111.70%

PI	Description	Target	Actual 2018/19	Actual 2017/18
9	Percentage of recommendations accepted by management (See Note (2)).	95%	99.37%	99.66%
10	Where management has not agreed recommendation, percentage who accept risk.	100%	100.00%	100.00%

Notes:

- (1) The adjusted number of audits in the plan for 2017/18 was 29, and for 2018/19 was 27.
- (2) The number of recommendations made by Internal Audit in 2017/18 was 274, and for 2018/19 was 159.

Commentary

There was a reduction in the percentage of draft audit reports being issued by their anticipated deadline. This was caused by a mixture of late information being received from services and a reduction in the Internal Audit resource as reported to the Audit Risk and Scrutiny Committee throughout the year.

The percentage of audits fully completed by 31 March was lower than in the previous year, although all but one audit had been issued to management as a draft report.

The time spent on each individual audit, compared to that originally budgeted, varied in most cases with some being completed more quickly and others taking longer than anticipated. However, the overall amount of time, as a percentage of the budgeted time, reduced slightly.

Efforts are being made within Internal Audit to improve performance against these measures further.

ABERDEEN CITY COUNCIL

COMMITTEE	Audit, Risk and Scrutiny Committee
DATE	30 April 2019
REPORT TITLE	Internal Audit Report AC1915 – Aberdeen City Integration Joint Board Budget Setting, Monitoring and Financial Reporting
REPORT NUMBER	IA/AC1915
DIRECTOR	N/A
REPORT AUTHOR	David Hughes
TERMS OF REFERENCE	2.2

1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to present the outcome of an audit that was included in the Aberdeen City Integration Joint Board Internal Audit plan for 2018/19.

2. RECOMMENDATION

- 2.1 It is recommended that the Committee notes this report.

3. BACKGROUND / MAIN ISSUES

- 3.1 The Aberdeen City Integration Joint Board Audit and Performance Systems Committee agreed on 11 August 2016 that outputs from audits relating to the IJB would be reported, for information, to the Audit Risk and Scrutiny Committee. The Audit and Performance Systems Committee subsequently decided that it wished to receive summary reports from Internal Audit rather than the full report.
- 3.2 The following summary relates to a review of Budget Setting, Monitoring and Financial Reporting that was reported to the Audit and Performance Systems Committee on 12 February 2019. That Committee resolved to note the report.

4. SUMMARY OF INTERNAL AUDIT REPORT

- 4.1 Resources and budgets have been delegated by NHS Grampian and Aberdeen City Council (the Partners) to the Integration Joint Board (IJB). The IJB issues Directions to the Partners with instructions in terms of funding and service delivery to progress the strategic priorities within the Plan. The Aberdeen City Health and Social Care Partnership operationally delivers the services on behalf of the Partners.
- 4.2 Directions issued by the IJB on 27 March 2018 identified a budget of £97.367 million for Aberdeen City Council. NHS Grampian received an allocation of £153.484 million, which included £20.2 million relating to Aberdeen City's share for hosted services. An additional £40.6 million was set aside for large hospital services.
- 4.3 It is the responsibility of the Chief Officer to ensure services necessary to fulfil the Strategic Plan are delivered within the approved budget. The Chief Finance Officer is responsible for financial planning and providing financial advice to the Chief Officer and the IJB in order to do this, in addition to preparing the Partnership's annual accounts.
- 4.4 Budgets are currently monitored on a functional basis, however a timetable has been put in place for implementing locality budgets. This change to the budget structure will change the way the budget is monitored and reported to the IJB.
- 4.5 The Partnership faces the continuing and increasing challenge of an ageing population with complex care needs, coupled with limited funding and rising costs. Budget control and efficient use of resources is therefore one of the most important responsibilities the Partnership has in trying to deliver more integrated and effective health and social care services.
- 4.6 The objective of this audit was to provide assurance that appropriate arrangements are in place regarding IJB budget setting, monitoring and financial reporting. In general, this was demonstrated to be the case, however recommendations have been made and actions agreed with the Chief Finance Officer as follows.
- 4.7 It was not possible, without further explanation, to reconcile the original budget to the revised budget by reference to the virements applied. In order to provide greater assurance over this area it has been agreed that the audit trail will be improved by the start of the new financial year.
- 4.8 The IJB has been using Integration and Change Funding to cover funding gaps in the budget for mainstream services. This could mean a reduction in the delivery of the transformation programme, which is anticipated to generate savings, and may not be sustainable. It has been agreed that the IJB funding and transformation strategies will be reviewed to demonstrate that plans are in place to deliver mainstream health and social care services within budget. This will be achieved through the annual refresh of the Medium Term Financial Strategy.
- 4.9 The Scheme of Integration and the IJB's Financial Regulations require that the Chief Finance Officer receives budget, actual and forecast figures from

the partner organisations each month. Currently, only NHS Grampian figures are received by the Chief Finance Officer on a monthly basis. However, the Partnership is satisfied that the current reporting arrangements are adequate and will amend the Financial Regulations as appropriate.

- 4.10 Working papers are produced as part of the budget monitoring process. Whilst they were considered to be adequate, the assurance that they provide could be increased if they contained evidence of figures used from the ledger along with improved narrative and explanation where amendments have been made or estimates used. The Chief Finance Officer has agreed to ensure that working papers are enhanced as recommended.
- 4.11 There are delays in providing budget monitoring information to the Board, for example, the December 2017 data was presented to the Board on 2 March 2018. This provides little opportunity for the Board to take action if considered necessary to influence the year-end outturn. Management has stated that there are limited opportunities to report budget monitoring information due to the timing of the IJB and Audit & Performance Systems meetings. In order to close this gap, management has stated that they will send a bulletin item to Board members in early February highlighting the financial position to the end of quarter three. Whilst this will assist in providing information, it will not provide an opportunity for discussion and action in response to variances.

5. FINANCIAL IMPLICATIONS

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

6. LEGAL IMPLICATIONS

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

7. MANAGEMENT OF RISK

- 7.1 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.

8. OUTCOMES

- 8.1 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.
- 8.2 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.

9. IMPACT ASSESSMENTS

Assessment	Outcome
Equality & Human Rights Impact Assessment	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.
Data Protection Impact Assessment	Not required
Duty of Due Regard / Fairer Scotland Duty	Not applicable

10. REPORT AUTHOR DETAILS

David Hughes, Chief Internal Auditor
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(01467) 537861

ABERDEEN CITY COUNCIL

COMMITTEE	Audit, Risk and Scrutiny Committee
DATE	30 April 2019
REPORT TITLE	Internal Audit Report AC1914 – Compliance with Procurement Legislation and Council Regulations
REPORT NUMBER	IA/AC1914
DIRECTOR	N/A
REPORT AUTHOR	David Hughes
TERMS OF REFERENCE	2.2

1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to present the planned Internal Audit report on Compliance with Procurement Legislation and Council Regulations.

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 Compliance with Procurement Legislation and Council Regulations.

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

Assessment	Outcome
Equality & Human Rights Impact Assessment	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.
Data Protection Impact Assessment	Not required
Duty of Due Regard / Fairer Scotland Duty	Not applicable

9. APPENDICES

- 9.1 Internal Audit report AC1914 – Compliance with Procurement Legislation and Council Regulations.

10. REPORT AUTHOR DETAILS

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Internal Audit Report

Compliance with Procurement Legislation and Council Regulations

Issued to:

Rob Polkinghorne, Director of Operations
Steven Whyte, Director of Resources
Craig Innes, Head of Commercial and Procurement Services
Jonathan Belford, Chief Officer – Finance
Andrew Howe, Chief Officer – Digital
Fraser Bell, Chief Officer – Governance
Carol Wright, Business and Procurement Improvement Manager
External Audit

EXECUTIVE SUMMARY

The objective of this audit was to provide assurance that the Council has appropriate arrangements in place to ensure compliance with procurement legislation and internal regulations, and that these are being complied with. A review of procurement across the Council including review of on / off contract spend, the contracts register, and the third party spend process (raising of purchase orders) was therefore undertaken.

The majority of contracts reviewed had been entered into with appropriate prior approval, via procurement routes compliant with the Council's and national regulations, and appear on the Council's published contracts register. However, this was not always the case.

The Council's scheme of governance (including procurement regulations, financial regulations, and delegated powers) requires advance approval of procurement by designated Officers or Committees in excess of specified thresholds. These requirements were revised as part of the transition to the Council's Target Operating Model during 2018 and 2019.

Some of the contracts reviewed predate these changes, and because arrangements have not yet been made to renew them, have not obtained approval on a procurement work plan, as required under the current scheme. It was not possible to identify previous approvals for 8 of 50 cases reviewed. Another contract has been entered into in excess of the contract value approved by Committee.

4 of 50 cases reviewed had aggregate spend in excess of national or European procurement thresholds, outside of existing contracts or without compliant procurement exercises having been undertaken.

The Commercial and Procurement Shared Service (CPSS) is working with Services to review their procurement needs, identify potential cost reductions, and promote compliance. Improvements to management of the contracts database and contract award notices have been recommended and agreed with CPSS, as these did not always include sufficiently detailed up to date information on every contract. CPSS will also implement a process to link contract references and business case references to improve the audit trail between contracts and approvals under the scheme of governance.

The Council has a 'no purchase order, no payment' policy in operation, which is reflected in the Financial Regulations: invoices should not be paid unless there is a matching purchase order, raised in advance. The majority of spend with the 50 suppliers reviewed was subject to a purchase order, or as permitted under Financial Regulations a specific exemption is in effect due to the existence of alternative systems in place to provide assurance over this expenditure. However, this was not always the case. Services will be reminded of the requirements, challenged where necessary, and Finance will review whether further exemptions may be appropriate.

1. INTRODUCTION

- 1.1 The Council makes over £600 million of payments per annum to suppliers, grant funded organisations and individuals through its payments system. A substantial proportion of this spend relates to procurement of goods and services.
- 1.2 The objective of this audit was to provide assurance that the Council has appropriate arrangements in place to ensure compliance with procurement legislation and internal regulations, and that these are being complied with. A review of procurement across the Council including review of on / off contract spend, the contracts register, and the third party spend process (raising of purchase orders) was therefore undertaken.
- 1.3 The factual accuracy of this report and action to be taken with regard to the recommendations made have been agreed with Craig Innes, Head of Commercial and Procurement Services; Jonathan Belford, Chief Officer – Finance; and Andrew Howe, Chief Officer – Digital & Technology.

2. FINDINGS AND RECOMMENDATIONS

2.1 Procedures and Guidance

- 2.1.1 Public procurement in Scotland is governed by the Procurement Reform (Scotland) Act 2014, and regulated through The Public Contracts (Scotland) Regulations 2015 and The Procurement (Scotland) Regulations 2016.
- 2.1.2 The Council's Procurement Regulations and Financial Regulations were updated in 2018 and 2019. These, in conjunction with supporting guidance notes, provide a framework for providing management with assurance over compliance with legislative requirements, obtaining best value through procurement, and application of internal control requirements.
- 2.1.3 The Council's Procurement Regulations set out that Procurements shall only be carried out by Delegated Procurers who have been designated as such by the Head of Commercial and Procurement Services (CPS) and who hold relevant Delegated Procurement Authority. A system for designating and delegating such authority has yet to be implemented.

Recommendation

CPS should implement a system for delegated procurement authority.

Service Response / Action

Agreed. The full implementation of the system for designating and delegating officers is impacted by the development of on line training; this is almost complete.

Implementation Date

July 2019

Responsible Officer

Strategic Procurement
Manager (Category
Manager)

Grading

Significant within audited
area

2.2 Contracts Register

- 2.2.1 National Procurement Regulations (see 2.1.1) require publication of a contracts register for all regulated contracts that the Council enters into. Regulated contracts are those in excess of £50,000 for supplies and services, and £2 million for works, over the life of the contract, or over 4 years if not specified. This includes call-off contracts derived from framework agreements.
- 2.2.2 The Council maintains contracts register databases using two systems, due to varying requirements for Care and other contract monitoring, extracts from which are held on its website as the official 'contracts register' for public viewing.
- 2.2.3 A randomly selected sample of 50 suppliers to which payments in excess of £50,000 had been made in 2018/19 was selected, and the contracts register databases interrogated to ensure contracts were in place and had been registered as appropriate. The sample covered payments of over £232 million made over the last four and a half years.
- 2.2.4 The majority of contracts reviewed demonstrated appropriate procurement through local or national frameworks, or were subject to 'light touch' social care commissioning rules.
- 2.2.5 However, details held in the contracts register databases were not always clear and, in some cases, it is not apparent from the contracts register databases that appropriate procurement exercises had taken place, or been appropriately publicised:

2.2.6 In one instance for Software procurement the contracts register database stated that a direct award had been made for a contract in excess of the OJEU threshold. Whilst CPS has stated that a relevant Crown Commercial Services framework was used, there is no reference to it in the contracts register database.

2.2.7 Another payment for Software was made to a supplier which is not directly included within the Crown Commercial Services framework from which the contract was originally derived. CPS has advised that, as the original supplier no longer held the rights to this software, in order to continue using it the Service had to procure it from the original owner. Whilst the legislation allows for direct award of contracts in instances where competition is absent for technical reasons, or to protect intellectual property rights, there is no reference to these changes in the contracts register database, which still references the original framework.

Recommendation

The contracts register database should contain details of the procurement route followed.

Service Response / Action

Agreed; a reminder will be issued for future updates.

Implementation Date

May 2019

Responsible Officer

Business & Procurement
Improvement Manager

Grading

Significant within audited
area

2.2.8 In another instance (Insurance broker services) a separate procurement exercise was not undertaken for costs in excess of Scottish procurement thresholds.

2.2.9 In three areas EU procurement thresholds have been exceeded through the Council's combined spend on similar products and services or across multiple separate orders (aggregate expenditure), and no specific tendered contracts are in place with the suppliers used in these instances. In respect of all three supplies, the Council is in breach of procurement legislation as a result.

Recommendation

Services should be challenged to ensure that there are plans in place to procure goods and services which in aggregate are anticipated to exceed relevant thresholds via a compliant procurement route.

Service Response / Action

Agreed; undertaken as part of both our shift to a commissioning authority with greater focus on prevention and demand. Spend is reviewed council wide; and ongoing third party spend review to consolidate, rationalise and standardise.

Implementation Date

September 2019

Responsible Officer

Business & Procurement
Improvement Manager

Grading

Major at a Service Level

2.2.10 With regards to Agency staff, the Council has alternative pre-tendered framework contracts in place which should be used in the first instance in order to demonstrate best value. In response to a recommendation in Internal Audit report AC1712 that all Services should procure agency staff from contracted suppliers, management agreed and stated that Services should seek advice from C&PS if the contracts did not meet their requirements. The action taken was HR emailing all Services advising them of this in April 2017, and CMT and individual Services were to monitor agency spend which would help reduce the amount of agency staff being procured. Given continued off-contract spend

since this date, this action may not have had the anticipated effect.

Recommendation

Where there is a contract, supplies should be purchased under contract, or alternative contracts set up following competitive tendering.

Service Response / Action

Agreed. In respect of the example of Agency staff, as part of the 2019/20 budget process C&PS identified Agency as a key project area for review. Service Sessions have been held with officers and we are working towards solutions, for example use of a revised national framework. It should be noted that exigencies of the service do result in use of available resource from off framework suppliers.

Implementation Date

September 2019

Responsible Officer

Business & Procurement
Improvement Manager

Grading

Significant within audited
area

- 2.2.11 In total, 10 of the 50 contracts reviewed (over £27 million of expenditure in the last four and a half years), including instances where a contract should have been in place but was not, were not on the register.
- 2.2.12 A further 12 contracts (over £20 million of expenditure) had been amended to extend either the length or the value of the contract, but this had not been reflected on the register. This reduces assurance that the contracts register is complete and accurate.

Recommendation

The contracts database should be updated promptly for all new contracts, and changes to the value and term of contracts.

Service Response / Action

Agreed – reminder to be issued.

Implementation Date

May 2019

Responsible Officer

Business & Procurement
Improvement Manager

Grading

Significant within audited
area

- 2.2.13 Framework agreements are being added to the contracts register database at the point they are adopted for the Council to use. Generally these cover a particular type of supply, which can be obtained on pre-agreed terms from a list of suppliers which have signed up to / competed to join the framework. The terms are available for use from this point, until the framework expiry date, and each differs in terms of whether further competition is required or a direct award can be made to a supplier within the framework. No value is assigned within the contracts register database at this point, as adoption of a framework does not commit the Council to any expenditure. There is no contract until a separate decision is made to use and award a contract to a specific supplier within a framework, for a particular value and duration, and is accepted by the supplier. The duration of a call-off may extend beyond the framework end date, if the terms allow.
- 2.2.14 Call-off contracts of this type are not always being included as separate contracts within the contracts register. Although the Procurement Reform (Scotland) Act states that all regulated contracts must be on the register, and it being included in the Council's Procurement Manual, CPS has stated that it considers that individual lines for call offs are not required, and only contracts subject to further competition require to be registered. As a result the contracts register does not include the full value and extent of all contracts entered into.

- 2.2.15 Over £12 million of expenditure within the sample was part of a call off which had not been registered separately from frameworks which included multiple suppliers but no expenditure committed against any individual supplier. This reduces assurance that the contracts register is complete and accurate.

<u>Recommendation</u> Framework call offs should be registered as separate contracts.		
<u>Service Response / Action</u> Agreed.		
<u>Implementation Date</u> June 2019	<u>Responsible Officer</u> Business & Procurement Improvement Manager	<u>Grading</u> Significant within audited area

- 2.2.16 In two cases (Liquid fuels, and Data hosting) although the Council had included call-off contracts on its own register, there was no record on the Public Contracts Scotland website (the national public procurement portal) of these having been awarded. The Procurement Reform (Scotland) Act 2014 (s23(2)) as implemented through section 7 of The Procurement (Scotland) Regulations 2016 requires contract award notices to be published in a specified manner.

<u>Recommendation</u> All relevant contract awards, including call-offs, should be registered on Public Contracts Scotland.		
<u>Service Response / Action</u> Agreed – a reminder will be issued.		
<u>Implementation Date1</u> May 2019	<u>Responsible Officer</u> Business & Procurement Improvement Manager	<u>Grading</u> Significant within audited area

2.3 Approvals

- 2.3.1 Overall expenditure is approved annually in the Council’s budget. Expenditure on specific projects, programmes, supplies and services is subject to Committee approval. In previous years estimates had to be agreed in advance by service Committees. From April 2018, this has been in the form of business cases and procurement work plans provided to the Strategic Commissioning Committee (and the Integration Joint Board for social care commissioning).
- 2.3.2 In respect of the sample of 50 suppliers, most procurement activity was conducted following Committee approval of either the specific spend, or (as was often the case in the past) as part of estimated expenditure on a wider budget line. The majority are also now included on approved procurement work plans.
- 2.3.3 For the 25 highest expenditure suppliers, additional searches were carried out to identify whether previous approvals were obtained, even where these were superseded by work plans in 2018. It was not possible to find all of the original approvals because Committee are asked to approve Business Cases which include estimates of expenditure and the suggested route to market prior to any award of contract, and therefore the supplier in most cases is not identified.
- 2.3.4 C&PSS hold a record of Business Cases with a unique reference for each and the Committee date approved, but this does not currently link to contracts generated as a

result. Creating an audit trail from contracts back to the original Business Case and Committee approval would provide more assurance that only approved contracts are being entered into, and that the extent (cost and duration) of contracts entered into as a result is within approved limits.

<u>Recommendation</u>		
C&PSS should include the contract reference within the Business Case file to demonstrate the link between contracts and their original Committee approvals.		
<u>Service Response / Action</u>		
Agreed. Work is already progressing in this area.		
<u>Implementation Date</u>	<u>Responsible Officer</u>	<u>Grading</u>
May 2019	Business & Procurement Improvement Manager	Significant within audited area

2.3.5 Payments under one contract for Data centre hosting and storage appears to have exceeded the original Committee approvals. Only part of the annual contract cost (£460,000 for hosting) is covered by the Committee approval. Although the Service has identified that budget was available for the total expenditure, the remainder (£681,000 for storage) does not appear to have been included within the Committee approval. At current cost levels the Committee approval (£2.3 million) may be exceeded by £3.4 million over the contract's 5 year term.

<u>Recommendation</u>		
Where Committee approvals are, or are anticipated to be, exceeded further approval should be sought in advance of continuing to spend.		
<u>Service Response / Action</u>		
Agreed – reminder to be issued to all officers.		
<u>Implementation Date</u>	<u>Responsible Officer</u>	<u>Grading</u>
May 2019	Business & Procurement Improvement Manager and Chief Officer – Finance	Significant within audited area

2.3.6 Whilst many contracts in the sample are not on current work plans, this is generally because the existing contract was either a one-off supply which does not require to be re-procured, or because the contracts (and any extensions) were previously approved and are not anticipated to expire in the near future.

2.3.7 However, for a small number of payments to individual suppliers selected for review, which are likely to represent recurring requirements, it was not possible to identify prior Committee approval, and they do not yet appear on a work plan. These include:

- Catering supplies (average £1.3 million per annum)
- Telephone equipment and maintenance (average £170,000 per annum)
- PC's and accessories (average £650,000 per annum)
- Software (£60,000 per annum; and £50,000 per annum)
- Insurance brokers (est £70,000 per annum)
- Off-framework agency staff (£250,000 per annum)

- Grounds maintenance supplies (£55,000 per annum)

<u>Recommendation</u>		
C&PSS should support and encourage services to ensure all of their requirements are covered by procurement work plans, or alternative agreed strategies are in place.		
<u>Service Response / Action</u>		
Agreed. Reminder to be issued for annual workplans; and focus on putting contracts in place as part of third party spend review.		
<u>Implementation Date</u>	<u>Responsible Officer</u>	<u>Grading</u>
September 2019	Business & Procurement Improvement Manager	Significant within audited area

2.4 Ordering Process

- 2.4.1 The Council has a 'no purchase order, no payment' policy in operation, which is reflected in the Financial Regulations: invoices should not be paid unless there is a matching purchase order, raised in advance. The majority of spend with the 50 suppliers reviewed was subject to a purchase order, or as permitted under Financial Regulations a specific exemption is in effect due to the existence of alternative systems in place to provide assurance over this expenditure.
- 2.4.2 In 6 of 50 instances, including property transactions, legal advice, insurance, agency staff, and payments to employee benefits providers on employees' behalf, there is no specific exemption from the requirement to raise a purchase order, but orders have not been raised. Payments have instead been made on the basis of officer approval of individual invoices.

<u>Recommendation</u>		
Services should ensure that Purchase Orders are raised in advance for all supplies and services unless there is a specific exemption confirmed with Finance in accordance with the Financial Regulations.		
Business Services (Accounts Payable) should implement a process to challenge payment requests not supported by a purchase order, and require a purchase order to be prepared and authorised before payments are made.		
C&PSS and Finance should review the instances identified above and if appropriate update the exemption list.		
<u>Service Response / Action</u>		
Agreed.		
<u>Implementation Date</u>	<u>Responsible Officer</u>	<u>Grading</u>
September 2019	Business & Procurement and Improvement Manager and Business Services Manager	Significant within audited area

- 2.4.3 The majority of care expenditure (adults and children) is exempt from the requirement to raise a purchase order, as it is recorded and paid through the CareFirst system. A minority of payments to suppliers are still being approved retrospectively (after receipt of an invoice) pending conclusion of a project to ensure all services are logged on CareFirst. The Health and Social Care Chief Finance Officer has instructed that all payments must be on CareFirst or have a separate purchase order raised from April 2019. Children's

Services have issued similar instructions and provided training to staff.

- 2.4.4 Operations services using the Total system raise purchase orders through the system itself, which is covered by an approved exemption. However, two instances (of four cases reviewed using this system) were identified where the orders had been raised retrospectively after receipt of invoices (£22,000 for quarry materials and £72,000 for communications equipment). In another, whilst four quotes were sought for a purchase of £15,000 of grounds maintenance materials, only two were returned and the service did not seek approval from CPS to proceed as required by the Council's Procurement Regulations.

Recommendation

Where there are exemptions from raising Purchase Orders, alternative control mechanisms to ensure requirements are specified in advance, supplies and services are received, and costs matched against these, should be in place and applied.

Service Response / Action

Agreed; reminder to be issued.

Implementation Date

May 2019

Responsible Officer

Business & Procurement
Improvement Manager

Grading

Significant within audited
area

- 2.4.5 Purchase orders have been raised and approved for multiple purchases for a new school project via IT / Digital. However, the authoriser indicated that they had been instructed by other officers to approve the orders – rather than having knowledge of the project and requirements themselves. There was no paperwork attached to the order to support the approval.

Recommendation

Officers authorising Purchase Orders should be provided with sufficient information to demonstrate the necessity and appropriateness of the purchase.

Service Response / Action

Agreed. Reminder to be issued.

Implementation Date

May 2019

Responsible Officer

Business & Procurement
Improvement Manager

Grading

Significant within audited
area

AUDITORS: D Hughes
C Harvey

Appendix 1 – Grading of Recommendations

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

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ABERDEEN CITY COUNCIL

COMMITTEE	Audit, Risk and Scrutiny Committee
DATE	30 April 2019
REPORT TITLE	Internal Audit Report AC1922 – Pupil Equity Fund
REPORT NUMBER	IA/AC1922
DIRECTOR	N/A
REPORT AUTHOR	David Hughes
TERMS OF REFERENCE	2.2

1. PURPOSE OF REPORT

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

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 the Pupil Equity Fund.

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

Assessment	Outcome
Equality & Human Rights Impact Assessment	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.
Data Protection Impact Assessment	Not required
Duty of Due Regard / Fairer Scotland Duty	Not applicable

9. APPENDICES

- 9.1 Internal Audit report AC1922 – Pupil Equity Fund.

10. REPORT AUTHOR DETAILS

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(01467) 537861



Internal Audit Report

Operations

Pupil Equity Fund

Issued to:

Rob Polkinghorne, Chief Operating Officer
Graeme Simpson, Chief Officer – Integrated Children’s and Family Services
Eleanor Shepherd, Chief Education Officer
Fraser Bell, Chief Officer – Governance
Jonathan Belford, Chief Officer – Finance
External Audit

EXECUTIVE SUMMARY

Pupil Equity Funding is additional funding from the Scottish Government's £750 million Attainment Scotland Fund, allocated directly to schools and targeted at closing the poverty related attainment gap. This funding is to be spent at the discretion of Head Teachers (HTs) working in partnership with each other and their local authority. In 2017/18 Aberdeen City schools received a total of £2.745 million and the allocation for 2018/19 increased to £2.845 million. The allocation per school was based on £1,200 per pupil, in primary 1 to secondary 3, registered for free school meals (FSM) under the national eligibility criteria.

The objective of this audit was to provide assurance that schools are spending in accordance with their plans, and these were developed as required, to close the poverty related attainment gap.

Whilst Pupil Equity Fund (PEF) local guidance was issued to Head Teachers for 2018/19, this was after the start of the financial year in June 2018, increasing the risk of inappropriate or delayed expenditure at the start of the financial year. Integrated Children's and Family Services (IC&FS) has agreed to issue the 2019/20 local guidance in a timely manner for 2019/20.

The level of financial details in the 2018/19 PEF plans varied. The Cluster has addressed this matter by issuing a template as part of the 2019/20 planning process which provides guidance as to the level of detail required.

A number of exceptions were noted in relation to compliance with Procurement Regulations, including: schools failing to raise purchase orders; expenditure exceeding £50,000 not being reported to Committee on a work plan with a related business case; competitive tendering not taking place as expected; and contracts not being included on the contracts register. A recommendation has already been made in report AC1623 Compliance with Procurement Legislation relating to procurement compliance and the Cluster intends to address these issues by October 2019.

PEF funding has been used to pay suppliers (sole traders) where the off-payroll working rules (IR35) could potentially apply. However, none of these suppliers had been assessed to determine if the rules applied and none of the schools visited were aware of the rules. People and Organisation has agreed to issue guidance for Functions regarding Off Payroll Working (IR35) and IC&FS has agreed to ensure that this is cascaded within the Cluster once received.

As at 31 January 2019, the total PEF spend in 2018/19 was £2.436 million, out of a revised budget of £4.463 million, leaving an underspend of £2.027 million. The revised 2018/19 budget included an underspend of £1.619 million from 2017/18. Schools are maintaining a financial record of their planned expenditure however they do not maintain any ongoing forecast of spend against each item in their plan and the expected timescale for any underspends to be addressed. Schools have agreed to maintain forecasts in future.

All the schools visited were using some form of spreadsheet to record and track attainment of all pupils. It was confirmed that pupil data in these spreadsheets is not always passed to a pupil's new school when they move on from their primary (new primary / academy). The Cluster has agreed to review and formalise arrangements in this area.

1. INTRODUCTION

1.1 Pupil Equity Funding is additional funding from the Scottish Government's £750 million Attainment Scotland Fund, allocated directly to schools and targeted at closing the poverty related attainment gap. This funding is to be spent at the discretion of Head Teachers (HTs) working in partnership with each other and their local authority. In 2017/18 Aberdeen City schools received a total of £2.745 million and the allocation for 2018/19 increased to £2.845 million. The allocation per school was based on £1,200 per pupil, in primary 1 to secondary 3 registered for free school meals (FSM) under the national eligibility criteria.

1.2 Pupil Equity Funding is allocated to schools on the basis of the estimated number of children and young people in P1-S3 registered for free school meals under the national eligibility criteria. The 2018/19 funding allocation was calculated using the most recently available Healthy Living Survey and Pupil Census data and is based on:

- The estimated number of P1-P3 pupils who would be registered for free school meals using the national eligibility criteria. This will be done by taking the proportion of pupils registered for free school meals in primary schools in 2014 and then applying those to the 2017 school rolls for P1 to P3.
- The estimated number of P4-P7 and S1-3 pupils who are registered for free school meals.
- The estimated number of special school pupils in the P1-S3 age range registered for free school meals.

The approach to estimating free school meal registrations will be kept under review as the Government seeks to improve the quality of data for identifying children living in households affected by poverty. Funding for 2018/19 was paid by the Government to local authorities by means of a ring-fenced grant which indicated the amounts that should be allocated directly to each school.

1.3 The key principals for the funding as detailed in the Scottish Government's National Operational Guidance are:

- Head Teachers must have access to the full amount of the allocated Pupil Equity Funding.
- Pupil Equity Funding must enable schools to deliver activities, interventions or resources which are clearly additional to those which were already planned.
- Head Teachers should work in partnership with each other, and their local authority, to agree the use of the funding. Schools must take account of the statutory responsibilities of the authority to deliver educational improvement, secure Best Value, and the authority's role as employer. Local Guidance will set out more detail on how this will operate.
- The operation of the Pupil Equity Funding should articulate as closely to existing planning and reporting procedures as possible – e.g. through School Improvement Planning and Standards and Quality reports.
- Parents and carers, children and young people and other key stakeholders should be involved in the planning process.
- Funding must provide targeted support for children and young people affected by poverty to achieve their full potential. Although the Pupil Equity Funding is allocated on the basis of free school meal eligibility, Head Teachers can use their professional judgement to bring additional children in to the targeted interventions and

approaches.

- Head Teachers must develop a clear rationale for use of the funding, based on a clear contextual analysis which identifies the poverty related attainment gap in their schools and plans must be grounded in evidence of what is known to be effective at raising attainment for children affected by poverty.
- Schools must have plans in place at the outset to evaluate the impact of the funding. These plans should outline clear outcomes to be achieved and how progress towards these, and the impact on closing the poverty related attainment gap, will be measured. If, as a result of this ongoing monitoring, the plans are not achieving the results intended, these plans should be amended.

1.4 The objective of this audit was to provide assurance that schools are spending in accordance with their plans, and these were developed as required, to close the poverty related attainment gap. Testing was carried out on a random sample of 15 schools in receipt of PEF funding, including primary, secondary and special schools. For the financial year 2018/19 funding within the sample ranged from £7,200 to £154,800.

1.5 The factual accuracy of this report and action to be taken regarding the recommendations made has been agreed with Eleanor Sheppard, Chief Education Officer, and Lynn Scanlon, Quality Improvement Manager.

2. FINDINGS AND RECOMMENDATIONS

2.1 Written Guidance

- 2.1.1 As part of the Scottish Government's roll out of the Pupil Equity Fund (PEF), National Operational Guidance was issued in February 2018, intending "to help schools plan how they will most effectively invest their Pupil Equity Funding allocation to improve the educational outcomes of children affected by poverty. Local authorities will issue complementary guidance about how the funding will operate locally".
- 2.1.2 In June 2018, Integrated Children's and Family Services issued Pupil Equity Funding guidance for Head Teachers, which used the national guidance as its basis but added in local considerations such as salary costs and procurement. Whilst the 2017/18 guidance included a template for the preparation of the spending plan, the 2018/19 guidance did not, with schools expected to incorporate the details in the Standards and Quality Report / Improvement Plan (SQIP) in accordance with the National Operational Guidance. A timeline was included but did not indicate what had to be completed by those dates for their submission to Quality Improvement Officers (QIOs) for review.
- 2.1.3 PEF funding for 2018/19 was available to spend from 1 April 2018 however the local guidance was not issued until June 2018, increasing the risk of inappropriate or delayed expenditure at the start of the financial year.

Recommendation

Local guidance should be updated and issued in a timely manner once the national guidance has been published.

Service Response / Action

Agreed. PEF Guidance for 2019/20 is on schedule to be distributed to schools by April 2019.

Implementation Date

April 2019

Responsible Officer

Service Manager -
Closing the Poverty Gap

Grading

Important within audited
area

- 2.1.4 As part of the guidance issued, a template for Planned Pupil Equity Fund Expenditure (QI 1.5 Management of resources to promote equity) was to be sent out to schools for completion and return by 31 August 2018, to allow tracking of the spend. These templates were not issued as part of the SQIP and none of the schools visited had seen or submitted one. Further detail on financial planning is covered in subsequent paragraphs of the report.

2.2 Plans

- 2.2.1 As with the issue of the local guidance, the SQIPs were not required to be submitted to QIOs until July 2018, almost 4 months after that financial year's PEF budget was available to spend. The Cluster indicated that draft plans for 2019/20 are expected with QIOs by the end of April 2019.
- 2.2.2 While the 2017/18 template required a detailed breakdown of the planned expenditure, the SQIP did not require this detail, even though a template was due to have been issued, as per para 2.1.4. Five of the sample tested had included financial information within the SQIP. During visits to the sampled schools it was established that each maintained their own local financial breakdown, although the detail of the information varied between schools. However, an appropriate template covering financial planning was issued as part of the SQIP process in February 2019.

2.2.3 Completed plans were required to be submitted to Quality Improvements Officers (QIO) for review and where appropriate any feedback provided according to the guidance timeline. The plans were then filed electronically in the Cluster network drives. The Quality Improvement Manager (QIM) confirmed plans had been received for all schools in 2017/18 and SQIPs were present for all schools in 2018/19.

2.3 Staffing

2.3.1 The National Operational Guidance states *'Where schools identify the need to recruit additional staff for an appropriate intervention or activity, they should work closely with the Local Authority (as the employer) to ensure that the job remit and specifications are clearly tied to the aims of the intervention. Head Teachers need to take full account of local HR policies and procedures and that staffing costs include not just salaries but also on-costs such as pensions, sick leave, maternity cover and also potentially recruitment costs. Local guidance should provide further clear details of these costs. Any teachers recruited through Pupil Equity Funding will be excluded from the authority's contribution to any national teacher numbers and / or ratio commitment, which means it is essential to fill core staffing posts first before recruiting additional teachers.'*

2.3.2 As at 31 January 2019, fixed term PEF posts totalled 32 FTE split between 10.5 FTE teaching, 12.8 FTE PSA and 8.7 FTE Administrative. The total PEF staffing cost from 1 April 2018 to 31 January 2019 was £832,500 incurred by 66 staff, of which £500,000 related to fixed term staff, and the remainder to hours claimed by timesheet.

2.3.3 Any new posts being set up for PEF were required to go through the Council's normal workforce planning process, which required a workforce form to be completed by the school and authorised within the Cluster by a QIO, before being passed for subsequent authorisation to the Workforce Change Team in People and Organisation. For a sample of twenty tested, all had a form present authorised within the Cluster.

2.3.4 Once a post has been set up, a recruitment and selection process should be followed. Of the posts tested, sixteen had evidence of the process being followed, as held in the personnel files of the staff recruited. When contacted, the schools indicated each had undertaken an internal recruitment process, requiring notes of interest and then interviews when required; each held the resulting documentation within the school.

2.3.5 Para 1.71 of the Scottish Negotiating Committee for Teachers (SNCT) handbook states *'Where a teacher has occupied a promoted post, on a temporary basis, for two or more consecutive school years and that temporary appointment ceases, then the teacher shall receive a three-year period of cash conservation.'* Testing identified seventeen current staff seconded into promoted posts to facilitate improvement plans. Each had been employed on a fixed term basis which did not exceed the two years.

2.3.6 Non-teaching staff have no such conservation should they exceed two years on a fixed / temporary appointment. However, they do become entitled to redundancy payments after two years.

2.3.7 At the time of testing none of the fixed term contracts extended beyond these periods. However, should schools extend these contracts to the end of the life of the Scheme, estimated to be the end of the current Parliament in May 2021, then schools will have to pay particular attention to the extra cost which will be incurred from redundancy and cash conservation costs.

2.3.8 The Quality Improvement Manager stated People and Organisation provided reports of all those staff to himself and he reviewed and passed the reports on to the affected Head Teacher. He also regularly reminded Head Teachers that all acting posts must not be

allowed to run past 23 months, no matter where the funding was coming from. A review of the report of fixed term posts as at 29 February 2019 showed no PEF posts were nearing their end date.

2.4 Procurement

- 2.4.1 The National Guidance states *“Purchase of resources, equipment or services must comply with existing local authority procurement procedures. This will be particularly important when buying ICT resources or, for example, services from third sector partners. Schools should liaise with their relevant local authority finance partners to ensure compliance with procurement policies and legislation.”*
- 2.4.2 In the period 1 April 2018 to 31 December 2019, schools had spent £1.71 million of PEF funding with 331 suppliers, with a further £42,000 of purchase orders (POs) outstanding. Financial Regulation 5.12.2 requires *“Purchase Orders must be issued for all supplies, Services and works, or such other expenditure as the Chief Officer - Finance may require.”* Within this expenditure, 23 schools had failed to raise POs for 82 invoices to 49 suppliers.
- 2.4.3 Procurement Regulation 4.1.1.2 requires all *“Contracts with an estimated value of above £50,000 (for supplies/Services) or above £250,000 (works) shall be listed on the work plan to be submitted by the relevant Director or Chief Officer in accordance with Procurement Regulation 14.6. Each individual contract will also require a Business Case (conforming to a template approved by the Head of Commercial and Procurement Services) to be submitted by the relevant Chief Officer to the Strategic Commissioning Committee. The approval of that Committee is required prior to the procurement being undertaken.”* For the financial year 2018/19 there were five suppliers where expenditure on PEF exceeded £50,000. None of these have been reported to Committee on a work plan or business case.
- 2.4.4 Procurement Regulation 4.4.1 requires *“Where any contract has an estimated value of between £50,000 and the EU Threshold (for supplies/services) or between £250,000 and the EU Threshold (works), or is otherwise exempt from the full application of EU Procurement Rules, competitive tendering shall be undertaken.”* For the five suppliers noted in para 2.4.3 no such process had been undertaken.
- 2.4.5 Procurement Regulation 4.3.2 requires *“For any contract with a total estimated value below £50,000 (for supplies and services) or £250,000 (for works), the Delegated Procurer shall follow Procurement Guidance Note 4a (supplies and services) and 4b (works) and obtain written quotations to ensure the demonstration of best value to the Council in the sourcing decision. If quotations cannot be obtained the Delegated Procurer shall complete a Quotation Exemption Form (included in Procurement Guidance Note 4a (supplies and services) and 4b (works)) explaining why this is the case and submit it to the relevant Chief Officer for approval.”* Twenty-five payments exceeded £10,000 between April and December 2018. Of these twenty-one had a quote exception form attached, although only two of these had been completed without C&PS requesting one to be completed after the order had been raised without one. Of these, five had been approved by the Head Teacher, three by the Quality Improvement Manager, and the remainder by the Chief Education Officer. Therefore, none had been approved by a Chief Officer as required by Procurement Regulation 4.3.2. Whilst many of the General Delegations to Chief Officers under the Powers Delegated to Officers had been sub-delegated, including the approval of purchase orders and authorisation of payments, the requirement of Procurement Regulations for a Chief Officer to authorise Quotation Exception Forms has not been sub-delegated.

Recommendation

The sub-delegation of quotation exception form approval arrangements should be formalised.

Service Response / Action

Agreed.

Implementation Date

Implemented

Responsible Officer

Chief Officer – Integrated
Children’s and Family
Services

Grading

Important within audited
area

- 2.4.6 Procurement Regulation 13.1 states “It is the responsibility of the Delegated Procurer to ensure that details of all contracts are included within the Contracts Register and that copies of all concluded contracts are available to Commercial and Procurement Services as required.” The Council use the BOrganised web-based database to record all such contracts. A review of the twenty suppliers, where over £10,000 had been spent in 2018/19 to date, found only five had any contract details recorded on BOrganised. When a sample of schools was contacted regarding the database, they stated they were unaware of this requirement.
- 2.4.7 Procurement Regulation expenditure thresholds were exceeded in a number of cases due to aggregate expenditure relating to a number of years or a number of schools. During the school visits it became evident Head Teachers were unaware of the requirement to look at the whole life cost of a procurement rather than any single purchase order raised. The Cluster, as part of the PEF guidance, had included a number of third sector providers who were listed as providing possible interventions. The schools had assumed a contract or framework agreements had been put in place and they simply had to raise purchase orders for those services, however, this was not the case.
- 2.4.8 In 2017/18 and 2018/19, the QIO check did not include any financial review of the planned expenditure to ensure compliance with the Council’s Scheme of Governance and the plans were not submitted to Finance for budget monitoring purposes for any such review. As schools only have sight of their own expenditure within the financial ledger system there requires to be a process which will capture these instances and ensure the correct regulations are followed. A recommendation has already made in report AC1623, Compliance with Procurement Legislation, to ensure spend on supplies likely to be used by more than one school is forecast in order to comply with Procurement Regulations. The Cluster has advised that this will be addressed by the development of work plans and business cases with an implementation date of October 2019.
- 2.4.9 The Chief Education Officer advised that procurement guidance was issued to schools both within PEF guidance and at a subsequent Head Teacher meeting. More detailed procurement guidance will now be issued within the 2019/20 PEF guidance and ongoing meetings with procurement will be established to identify risk areas where expenditure thresholds are being breached cumulatively across many schools.

2.5 Off-Payroll Working (IR35)

- 2.5.1 From 6 April 2017, public sector bodies, agencies or other third parties are responsible for operating the tax rules which apply to off-payroll working in the public sector. The off-payroll working rules (IR35) were introduced to make sure people who would have been an employee if they were providing their services directly, pay similar amounts of income tax and National Insurance (NI), whether they are employed directly or through an intermediary, such as their own limited company. In most circumstances individuals are

employed directly and their PAYE is deducted from their income at source. This is also usually the case if they are employed via an employment agency. However, a worker sourced through an agency will not always be on the payroll of the agency and it will be the responsibility of the contracting manager to ensure appropriate checks are undertaken. If a worker is engaged using a personal services company (PSC), or other intermediary vehicle, the Council must decide whether the off-payroll working rules apply. HMRC provide an online interactive self-assessment tool to enable authorities to determine worker employment status. This online tool must be used in all instances where a check is required.

- 2.5.2 Analysis of the suppliers used during 2018/19 found ten, with a total spend of £52,000, that might be designated as sole traders. None of these suppliers had been assessed using the online employment status tool, and none of the schools visited were aware of the requirements of IR35.

<u>Recommendation</u>		
People and Organisation should issue guidance to Functions regarding Off Payroll Working (IR35).		
<u>Cluster Response/ Action</u>		
People and Organisation will work with Governance colleagues to provide guidance.		
Integrated Children's and Family Services will ensure that the guidance is disseminated to all relevant staff.		
<u>Implementation Date</u>	<u>Responsible Officer</u>	<u>Grading</u>
August 2019	Policy and Performance Officer Service Manager - Closing the Poverty Gap	Significant within audited area.

2.6 Compliance

- 2.6.1 To ensure the expenditure against the PEF allocations was in accordance with school plans, the 15 plans selected at random were compared to the actual invoices, and staff costs charged against them. All staffing costs related to staff forming part of the plan. With the exception of a small number of supplies / services, which have been reallocated to per capita since the audit, all procurement being charged to school PEF budgets was included within the plan.
- 2.6.2 The guidance suggests Cluster spend should form part of any initial planning carried out by schools. During discussions with the Head Teachers in the sample it was noted that very few collaborative projects were being undertaken, although on occasion schools had sent staff to training sessions being held at other schools.

2.6.3 One of the key principals states “*Head Teachers must develop a clear rationale for use of the funding, based on a clear contextual analysis which identifies the poverty” related attainment gap in their schools and plans must be grounded in evidence of what is known to be effective at raising attainment for children affected by poverty*” Where spend is easily identifiable as targeted to raise attainment in numeracy and literacy, then the rationale can be easily followed. However, in other areas where health and wellbeing is being targeted to improve attainment or other objectives, e.g. yoga, mindfulness training, musical instruments, coffee machines, it is important that the rationale is fully documented and available should any justification be required. Quality Improvement Officers and Managers are ensuring that such information is available during their regular quality assurance visits.

2.7 Budget Monitoring

2.7.1 The allocation provided by the Scottish Government to each school was provided as a lump sum payment to Aberdeen City Council. Finance then applied the individual allocations as budgets at school level within the financial ledger using specific cost centres for each school to ensure expenditure could be monitored and reported separately from normal per capita funds.

2.7.2 The national guidance states for unspent funds “*Where schools are unable to spend their full allocation during the financial year, any underspent funds can be carried forward to the new financial year. We would expect that, other than in exceptional circumstances, it should be spent within the current academic year. Schools should liaise closely with their authority to agree arrangements for carrying forward the funding into the new financial year (and, in exceptional circumstances, into the new academic year). Pupil Equity Funding should be considered separately from other funding within the devolved school management budget.*” For the sample tested, eight of the schools stated they were basing their spend / budget on the school, rather than financial, year. By budgeting to the school year, this increases the risk that unexpected underspends will be realised 4 months later than if budgets were prepared to the end of the financial year, preventing budget from being reallocated before the academic year end.

2.7.3 As at 31 July 2018, 51 schools still had unspent 2017/18 funds ranging from £400 to £56,000, and totalling £471,000, which carried forward to the next school year. QIOs carried out a review of the underspends with Head Teachers and received explanations from forty-two schools.

2.7.4 In the current financial year to 31 January 2019, the total spend in the financial year was £2.436 million, out of a revised budget of £4.463 million, leaving an underspend of £2.027 million. The revised 2018/19 budget included the underspend of £1.619 million from 2017/18. The QIOs are currently undertaking a review of the underspends in 2018/19 in a similar manner to 2017/18. As at the end of February 2019 they had responses from twenty-seven schools.

2.7.5 PEF budgets had not been included in the regular devolved school management budget monitoring cycle, with summarised “actual v budget” reports being issued on a monthly basis. This has now been addressed by Finance who have now included the PEF codes within this process. Finance is also now issuing full transactional level reports to allow the schools to identify any miscodings.

2.7.6 As the budget forecast held within the ledger is based on an even monthly allocation of the budget for the remaining months of the year, entered by Finance, these monitoring reports do not show how spend against individual interventions is anticipated to progress throughout the year, and if the budget will be fully spent by the financial or school year end.

2.7.7 Schools are maintaining a financial record of their planned expenditure however they do not maintain any ongoing forecast of spend against each item in their plan and the expected timescale for any underspends to be addressed.

Recommendation

Schools should maintain PEF forecasts.

Cluster Response/Action

The Cluster will make amendments to the financial template issued within the SQIP.

Implementation Date

April 2019

Responsible Officer

Service Manager - Closing
the Poverty Gap

Grading

Significant within audited
area.

2.8 Measuring Improvement

- 2.8.1 The National Operational Guidance states *“At a school level, it is essential that Head Teachers continue to make best use of the data they have access to locally to understand which children and young people would benefit from targeted support and to monitor and track learners’ progress over time. Schools should articulate clearly defined outcomes to enable progress and impact to be measured. Where appropriate, consideration should be given to defining short, medium and long-term outcomes to enable progress to be measured over time and to ensure that plans are resulting in improvements. Improving nationally the confidence and accuracy of teacher professional judgement of achievement of Curriculum for Excellence levels is a key factor in measuring progress.”*
- 2.8.2 The plan templates required each school to detail how they would identify the pupils, measure the impact, and how they would report the data when required. The level of detail varied between schools, with method, system used, and frequency of such reviews being recorded in detail in only four school plans, while the remainder provided less detail. While the plans may not fully document all the details of the tracking being undertaken, the visits indicated processes were in place to carry out the work. Due to the specialised nature of pupil improvement, QIOs carry out reviews of the tracking and monitoring of pupil attainment as part of their quality assurance visits.
- 2.8.3 All the schools visited were using some form of spreadsheet to record and track attainment of all pupils. These spreadsheets are either located on Google Drive or the school local servers. These have been included on the Information Asset Register
- 2.8.4 It was confirmed that pupil data in these spreadsheets is not passed to a pupil’s new school when they move on from their primary (new primary / academy). While SEEMIS records automatically move across, and the pupil’s personal record (paper file) is passed as part of the leaving process, the information on the spreadsheet regarding the PEF interventions and any measurements is not. The information recorded in these spreadsheets is potentially beneficial to a pupil’s future attainment at a new establishment.

Recommendation

The Cluster should formalise arrangements in relation to data held in attainment spreadsheets relating to pupils moving to new schools.

Cluster Response/Action

Interaction between Primary and Secondary often takes place at the transition phase and this covers PEF. The transfer of information between schools will be reviewed and formalised.

Implementation Date

June 2019

Responsible Officer

Service Manager - Closing
the Poverty Gap

Grading

Important within audited area.

AUDITORS: D Hughes, A Johnston and G Flood

Appendix 1 – Grading of Recommendations

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

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ABERDEEN CITY COUNCIL

COMMITTEE	Audit, Risk and Scrutiny Committee
DATE	30 April 2019
REPORT TITLE	Internal Audit Report AC1919 – Criminal Justice
REPORT NUMBER	IA/AC1919
DIRECTOR	N/A
REPORT AUTHOR	David Hughes
TERMS OF REFERENCE	2.2

1. PURPOSE OF REPORT

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

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 Criminal Justice.

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

Assessment	Outcome
Equality & Human Rights Impact Assessment	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.
Data Protection Impact Assessment	Not required
Duty of Due Regard / Fairer Scotland Duty	Not applicable

9. APPENDICES

- 9.1 Internal Audit report AC1919 – Criminal Justice.

10. REPORT AUTHOR DETAILS

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Internal Audit Report

Adult Social Work

Criminal Justice

Issued to:

Sandra Ross, Chief Officer, Aberdeen City Health & Social Care Partnership
Alex Stephen, Chief Finance Officer, Aberdeen City Health & Social Care Partnership
Jonathan Belford, Chief Officer – Finance
Fraser Bell, Chief Officer – Governance
Lesley Simpson, Service Manager, Criminal Justice Social Work
Claire Duncan, Lead Social Work Officer
External Audit

EXECUTIVE SUMMARY

Criminal justice social work services aim to reduce reoffending, increase social inclusion of offenders and ex-offenders and enhance public protection. Scottish local authorities have a legal duty to provide criminal justice social work services.

Aberdeen City Health and Social Care Partnership is the main provider of criminal justice social work services in the city, working in partnership with other statutory and voluntary agencies to provide these services.

Contact with Criminal Justice Social Work Services is normally as a result of report requests, court orders or supervision following release from prison, and additional support may be provided under relevant sections of the Social Work (Scotland) Act.

For 2018/19 the main costs of the Service are funded by a Section 27 grant from the Scottish Government (£4.6 million).

The objective of this audit was 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.

In general, this is the case, however weaknesses were identified in the application of procedures for documenting and authorising low value regular expenditure provided to meet service users' immediate needs, including: petty cash, pre-paid shopping vouchers and bus tickets. The Service has agreed to reinforce existing procedures, and review where Service-specific processes could be improved.

Financial Regulations have been breached in respect of issuing purchase orders in advance of making payment for goods and services. The Service will remind teams of the requirements, which have also been reiterated by the Health and Social Care Partnership's Chief Finance Officer.

A small amount of income is generated through the Unpaid Work team, for items that have been crafted that are then sold for donations. Controls over receipt and use of this income require improvement in order to demonstrate that the income is complete and has been accounted for appropriately. The Service is implementing a new process to address these findings.

1. INTRODUCTION

- 1.1 Criminal justice social work services aim to reduce reoffending, increase social inclusion of offenders and ex-offenders and enhance public protection. Scottish local authorities have a legal duty to provide criminal justice social work services.
- 1.2 Aberdeen City Health and Social Care Partnership is the main provider of criminal justice social work services in the city, working in partnership with other statutory and voluntary agencies to provide these services.
- 1.3 Section 27 of the Social Work (Scotland) Act 1968 sets out the duty of local authorities to provide specific Criminal Justice Social Work services with funding ring-fenced for the delivery of statutory services. Such services are primarily the preparation of reports for courts and parole board, supervision of offenders subject to court orders (primarily Community Payback Orders) and release licences (parole, non-parole, life, orders of lifelong restriction etc.), prison throughcare and voluntary aftercare.
- 1.4 The Management of Offenders (Scotland) Act 2005 established the Multi Agency Public Protection Arrangements (MAPPA) within which CJSW is a Responsible Authority.
- 1.5 Contact with Criminal Justice Social Work Services is normally as a result of report requests, court orders or supervision following release from prison, and additional support may be provided under relevant sections of the Social Work (Scotland) Act.
- 1.6 For 2018/19 the main costs of the Service are funded by a Section 27 grant from the Scottish Government (£4.6 million).
- 1.7 The objective of this audit was 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.
- 1.8 The factual accuracy of this report and action to be taken with regard to the recommendations made have been agreed with Lesley Simpson, Service Manager, Criminal Justice Social Work.

2. FINDINGS AND RECOMMENDATIONS

2.1 Written Procedures

2.1.1 There are standard Council procedures in place which cover how to deal with income, expenditure and procurement.

2.1.2 Internal Audit AC1701: Adult Social Work / Integration Joint Board Purchasing and Creditors highlighted the absence of procedures in respect of the purchase, handling and issue of pre-paid store cards, and new procedures were rolled out in May 2017 as a result. Whilst records of the issue of cards to service users are being retained, the teams contacted within Criminal Justice for the current audit were not aware of these procedures, and are therefore not applying them in full. Over £1,500 had been spent by the Service on these cards in the financial year to October 2018.

Recommendation

The Service should ensure all appropriate teams are aware of and applying relevant procedures.

Service Response / Action

Agreed. Procedures are already in place, and the Service will create a practice note to be issued to staff.

Implementation Date

July 2019

Responsible Officer

Service Manager
(Criminal Justice)

Grading

Significant within audited
area

2.1.3 Within the same Internal Audit report, improvements to controls over vouchers for bus travel were also agreed, and implemented in respect of staff use. However, there is currently no guidance covering distribution of bus vouchers to service users. Records are currently insufficient to provide assurance over the value of vouchers held and distributed. Over £8,000 had been spent by the Service on these cards in the financial year to October 2018.

Recommendation

The Service should implement procedures to cover holding, issuing and reconciliation of bus vouchers.

Service Response / Action

Agreed. The Service will review current practice, then consider and refresh guidance for all teams to follow.

Implementation Date

June 2019

Responsible Officer

Service Manager
(Criminal Justice)

Grading

Significant within audited
area

2.2 Income

2.2.1 The majority of income received is in the form of grants from the Scottish Government. For 2018/19, £4.6 million was approved for the S27 grant, and this funds the Criminal Justice service, including specific projects and general expenditure. Progress reports are provided by the Service as appropriate, and supporting financial information is reviewed by Finance before it is submitted to the Scottish Government, in line with the funding agreement.

2.2.2 A small amount of income is generated through the Unpaid Work team, for items that have been crafted that are then sold for donations. The items are made available at various Council establishments, with a donation box used to collect money from members of the public in return. The funds are stored until they can be collected by a member of the Unpaid Work team. The money is not counted until it is received in the office, where an administrator will complete a form detailing the amount of donations received. There are no checks in place to ensure that the correct person is collecting the funds, and no register of the timing, values or persons involved when funds pass between officers and locations. Whilst the values recorded on final receipt are low, there is therefore minimal assurance over their completeness and accuracy.

2.2.3 Although the donations are being collected for charity, and customers are advised of this, there are no specific agreements in place – a charity is selected at the end of the financial year. The VAT officer has noted that in the absence of a formal agreement, this income should be subject to deductions for VAT – which have not to date been applied. In addition, due to delays in selecting a charity for the last year’s donations, funds have been subsumed within the Service budget rather than being distributed as planned. Although the amounts involved are small (£600) there is a risk of penalties if VAT is not appropriately recorded, and reputational impact if funds are not used as stated.

Recommendation

The Service should review controls over donations received for the Unpaid Work team.

Service Response / Action

Agreed. The Service is currently working on a new process which is being put in place with the Unpaid Work team. The new process will ensure that all income is consistently logged and banked, and is distributed to charity before the end of each financial year.

Implementation Date

June 2019

Responsible Officer

Unpaid Work Manager

Grading

Significant within audited area

2.3 Expenditure

2.3.1 The Council’s Financial Regulations require purchase orders to be raised in advance of committing expenditure. The Council therefore has a ‘no purchase order, no payment’ policy in operation – subject to specified exemptions where alternative controls are in place.

2.3.2 From a sample of 10 items of expenditure, whilst one was exempt from the requirement, and another had been processed by another Service, six had been paid without a purchase order. The remaining two items had purchase orders raised on or before the invoice / despatch date.

2.3.3 Failure to raise purchase orders is a breach of Financial Regulations, and reduces assurance over prior authorisation, and adherence to other procurement and purchasing rules. The Health and Social Care Chief Finance Officer has also instructed teams that from the beginning of the next financial year all social care payments need to either be on Carefirst or have a purchase order, otherwise they should not be paid. Once goods and services have been obtained, there is limited opportunity to challenge the price and terms applied by the supplier.

Recommendation

The Service should ensure that purchase orders are raised in compliance with the Financial Regulations.

Service Response / Action

Agreed. Teams will be reminded of the requirements of raising purchase orders at the correct point in the procurement process in order to adhere to Financial Regulations.

Implementation Date

August 2019

Responsible Officer

Service Manager
(Criminal Justice)

Grading

Significant within audited
area

- 2.3.4 In one case the Service has been paying for broadband, outside of the corporate contract, for a location that had not been used for the last three years. The Service has confirmed that the annual payment of £540 had already been highlighted by IT / Digital and is being addressed.
- 2.3.5 Petty cash is intended to cover the purchase / reimbursement of small, relatively low value items, where other means of facilitating such a purchase would be inefficient. Imprests are held at various establishments, payments are made out of these as and when required, receipts and records should be retained, and the imprest reimbursed periodically – at which point the expenditure is coded and charged to the Service via the financial ledger system. A review was undertaken of eight petty cash reimbursements charged to Criminal Justice during 2018/19.
- 2.3.6 The Service was unable to find the corresponding paperwork for one payment. The Service stated that this was because a potential duplicate imprest reimbursement form had been identified and was being reviewed by Finance.
- 2.3.7 The petty cash procedures require all transactions to have prior authorisation. Whilst there may be emergency circumstances where it is not possible to wait for authorisation, this should then be sought as soon as possible afterwards. There was no evidence of prior authorisation being sought for any of the payments reviewed. This included the example at 2.3.9 below (where an officer authorised the imprest form and had received funds from petty cash), and another case where supplies had been delivered to an employee's home address. Control over the use of cash is reduced as a result.

Recommendation

The Service should ensure prior authorisation is given to all uses of petty cash.

Service Response / Action

The Service will review and implement appropriate procedures, however, there requires to be a level of flexibility as it is not always reasonable to ensure prior authorisation due to the nature of the service.

Implementation Date

July 2019

Responsible Officer

Service Manager
(Criminal Justice)

Grading

Significant within audited
area

- 2.3.8 Only one of the imprest reimbursement forms was dated when authorised. This reduces assurance that the transactions have only been processed following the date of approval.
- 2.3.9 One imprest form had been authorised by someone who had used petty cash that was recorded on that form. As per the Financial Regulations *Calculation, checking and recording of sums due shall be separated from the duty of collecting or disbursing such sums and Officers charged with the duty of examining and checking the accounts of cash transactions shall not themselves be participants or beneficiaries in any of these transactions.* Therefore, this person should not have authorised this imprest form and in doing so was in breach of Financial Regulations.

Recommendation

The Service should ensure all forms are appropriately authorised and dated.

Service Response / Action

Agreed. There is already a procedure in place and the Service will ensure that all teams are reminded of this.

Implementation Date

May 2019

Responsible Officer

Service Manager
(Criminal Justice)

Grading

Significant within audited
area

- 2.3.10 Petty cash is generally used for travel, food / drinks for meetings with service users, financial assistance to individual service users, or supplies for activities undertaken by teams.
- 2.3.11 Only five of the seven available sets of transactions were recorded in the standard log book, which includes a record of who had used the petty cash, the reason for the use, the value, the date of use, and evidence of who had handed out the cash and who had received it. In the other two cases, the transaction details were not consistently recorded. If the standard log book is not used, there is a less complete audit trail, and less assurance over the use of cash.

Recommendation

The Service should ensure the standard log book is used for petty cash.

Service Response / Action

Agreed. This will be incorporated into the revised procedures as agreed in action 2.3.7. Standard log books will be used and this will be audited on a quarterly basis

Implementation Date

July 2019

Responsible Officer

Service Manager
(Criminal Justice)

Grading

Significant within audited
area

2.4 System Files / Client Data

- 2.4.1 Where support is being provided, details should be held on the CareFirst system. If financial assistance is given, this must be supported by a financial assistance form and a record on the system.
- 2.4.2 For a sample of individuals with whom the Service has recently worked, there were CareFirst records to demonstrate their use of the Service, and where required there were records of payments made to them. However, in two of these instances neither the financial assistance form nor the CareFirst records showed sufficient detail of the reason for providing the approved level of financial assistance. Without this detail it will be difficult to demonstrate that assistance is only provided where necessary and appropriate.

Recommendation

The Service should ensure there are sufficient records of all financial assistance provided.

Service Response / Action

Agreed. The practice note for financial assistance payments will be reissued to staff

Implementation Date

June 2019

Responsible Officer

Service Manager
(Criminal Justice)

Grading

Important within audited
area

2.5 Reporting

- 2.5.1 Criminal Justice is included within the Chief Social Worker's annual report, and there are a small number of national performance indicators which will be monitored as part of the Partnership's wider suite of performance monitoring information. Financial monitoring, including Criminal Justice, is consolidated for review by the Integration Joint Board and Audit and Performance Systems Committee.

AUDITORS: D Hughes
C Harvey
R Brand

Appendix 1 – Grading of Recommendations

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

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ABERDEEN CITY COUNCIL

COMMITTEE	Audit, Risk and Scrutiny
DATE	30 April 2019
EXEMPT	No
CONFIDENTIAL	No
REPORT TITLE	Audit, Risk and Scrutiny Committee Annual Effectiveness Report
REPORT NUMBER	GOV/19/236
CHIEF OFFICER	Fraser Bell
REPORT AUTHOR	Karen Finch
TERMS OF REFERENCE	GD 7.5

1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to present the annual report of the Audit, Risk and Scrutiny Committee.

2. RECOMMENDATION

That Committee:-

- 2.1 note the annual report.

3. BACKGROUND

Annual Reports on Committee Terms of Reference

- 3.1 The Governance Review of 2017/18 was initiated as part of the Council's work with the Chartered Institute of Public Finance and Accountancy (CIPFA) and the aim to secure that organisation's accreditation in governance excellence. As part of CIPFA's interim assessment of the Council's governance arrangements, CIPFA recommended that each Committee should annually review its effectiveness, including its information and reporting needs, to ensure that it is following its Terms of Reference and operating as effectively as possible. When approving the new Terms of Reference in March 2018, the Council agreed that each Committee would be required to review their own effectiveness against their Terms of Reference through an annual report and approved the proposed template for those reports.
- 3.2 CIPFA reviewed the approved template and in general terms stated:

A committee effectiveness report has the potential to support the improvement journey by accounting for the ways that committees support a quality improvement culture with quality assurance of services and feedback loops. A template that goes beyond tick box and more clearly offers the opportunity to address some current and historic issues and, importantly give a clear signal that good governance is taken seriously. It could therefore provide support to a number of the developments that Aberdeen City Council seeks in its journey towards achieving the excellence in governance mark.

3.3 The first annual report for 2018/2019 is appended for the Committee's consideration. Following consideration by the Committee, the report will be submitted to Council on 24 June 2019 for noting.

4. FINANCIAL IMPLICATIONS

4.1 There are no direct financial consequences from the recommendation.

5. LEGAL IMPLICATIONS

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

6. MANAGEMENT OF RISK

	Risk	Low (L), Medium (M), High (H)	Mitigation
Financial	None	N/A	N/A
Legal	None	N/A	N/A
Employee	None	N/A	N/A
Customer	None	N/A	N/A
Environment	None	N/A	N/A
Technology	None	N/A	N/A
Reputational	None	N/A	N/A

7. OUTCOMES

Design Principles of Target Operating Model	
	Impact of Report
Organisational Design	The report reflects recognition of the process of organisational design and provides assurance through scrutiny of committee effectiveness. The review of the Committee will support the redesign of

	the organisation and ensure that the Committee discharges its role in accordance with the Scheme of Governance.
Governance	The committee effectiveness report enhances transparency and understanding of the Committee as well as help to address any areas for improvement.

8. IMPACT ASSESSMENTS

Assessment	Outcome
Equality & Human Rights Impact Assessment	Not required
Data Protection Impact Assessment	Not required
Duty of Due Regard / Fairer Scotland Duty	Not applicable

9. BACKGROUND PAPERS

None.

10. APPENDICES

Audit, Risk and Scrutiny Committee Annual Effectiveness Report 6 March 2018 to 29 April 2019

11. REPORT AUTHOR CONTACT DETAILS

Karen Finch
 Committee Services Officer
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Audit, Risk and Scrutiny Committee

Annual Effectiveness Report



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1. INTRODUCTION

- 1.1 I would like to thank members of the committee and staff who have helped to support the committee. I believe the committee has taken a constructive approach to the way it conducts the business and look forward to building on this through the course of 2019-2020.



Councillor Stephen Flynn
Convener, Audit, Risk and Scrutiny Committee

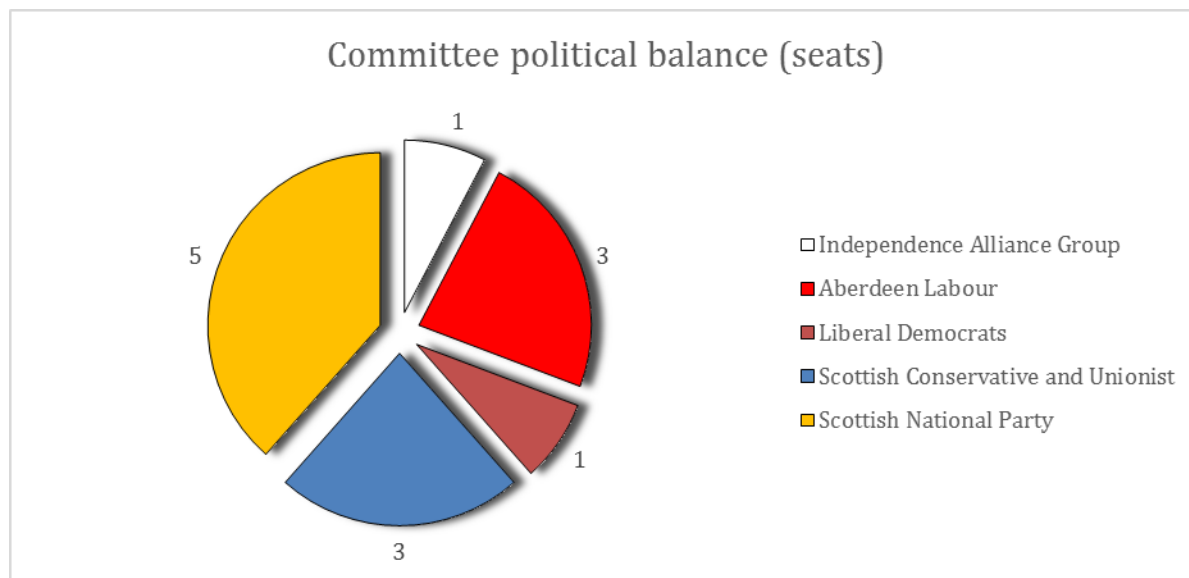
2. THE ROLE OF THE COMMITTEE

The purpose of the Audit, Risk and Scrutiny Committee is to provide assurance to the Council that it has in place robust arrangements in place for good governance, maintaining an effective control environment and financial and performance reporting. It monitors compliance with these arrangements through, for example, the receipt of reports from internal and external auditors. It completes the process by ensuring that recommendations flowing from internal and external audits are implemented where appropriate.

The Terms of Reference for the Committee as approved by Council on 5 March 2018 that applied to the committee's business during 2018/2019 are appended to the report.

3. MEMBERSHIP OF THE COMMITTEE DURING 2018/2019

- 3.1 The Audit, Risk and Scrutiny Committee has 9 members and the composition is presented below



4. MEMBERSHIP CHANGES

4.1 There were no membership changes to the Committee during the reporting period.

5. MEMBER ATTENDANCE

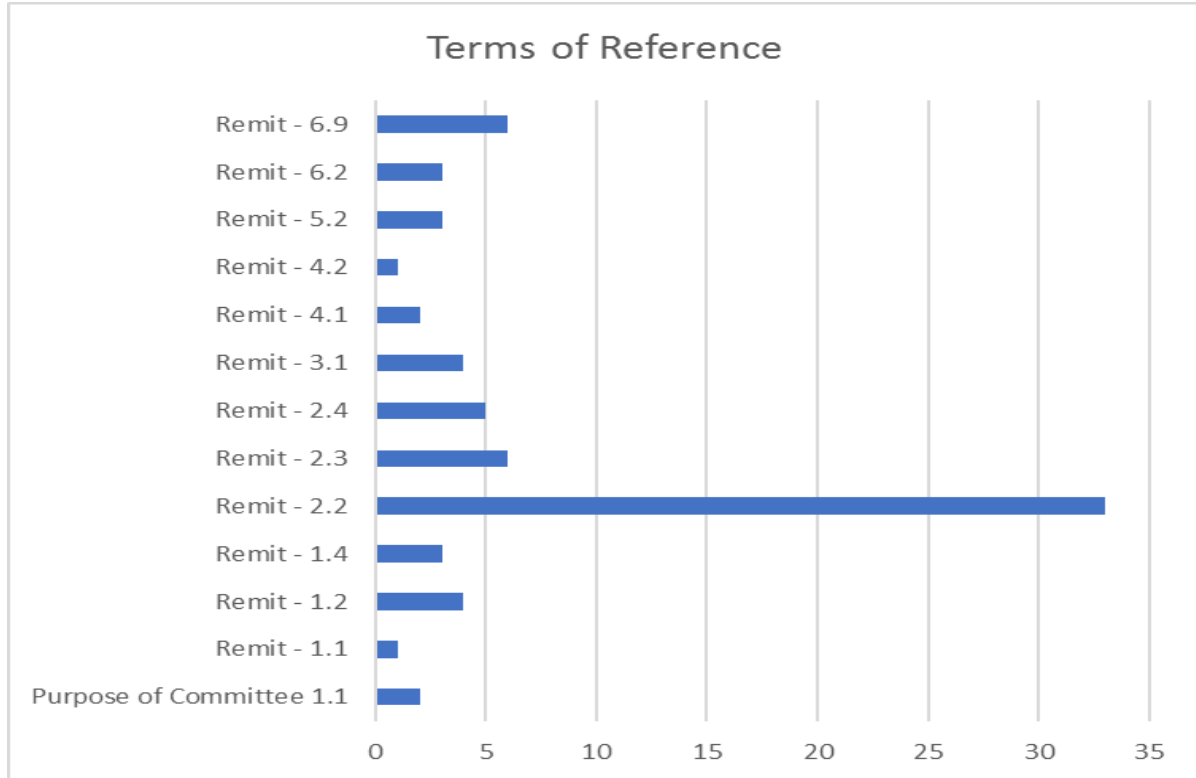
Member	Total Anticipated Attendances	Total Attendances	Nominated Substitute
Flynn	5	5	0
Yuill	5	5	0
Allard	5	3	2
Duncan	5	4	1
Graham	5	5	0
Lumsden	5	3	2
Avril MacKenzie	5	5	0
Reynolds	5	3	2
Townson	5	5	0

6. MEETING CONTENT

6.1 During the 2018/2019 reporting period (6 March 2018 to 29 April 2019) the Committee had 5 meetings and considered a total of 74 reports.

6.2 Terms of Reference

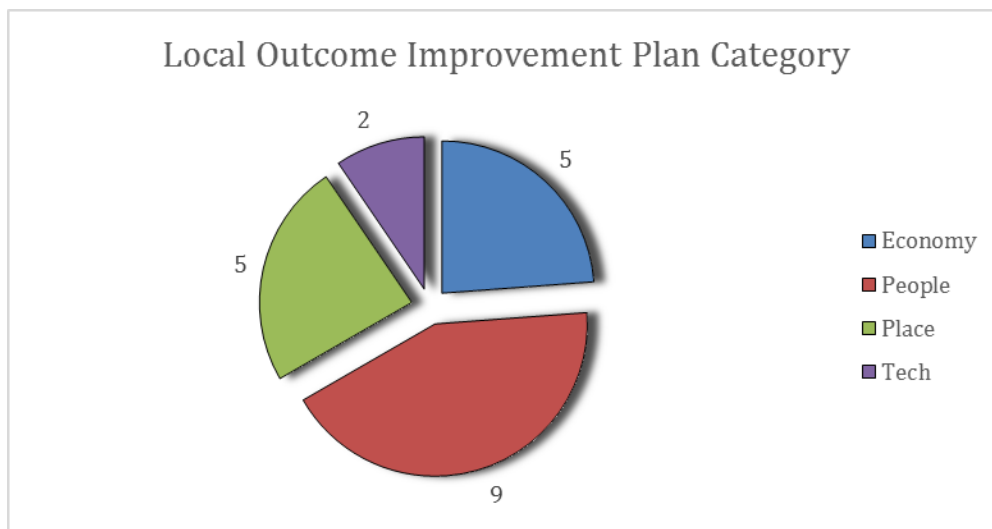
Of the 74 reports received the following table details how the reports aligned to the Terms of Reference for the Committee.



All sections of the committee’s terms of reference were discharged through the course of the reporting period with reports from internal audit forming most of the business of the committee. This would indicate that the committee has discharged the role set by Full Council.

6.3 Local Outcome Improvement Plan

The following table details of the 74 reports how many had a link to the themes of the Local Outcome Improvement Plan.



6.4 Reports and Committee Decisions

The following table details the outcome of the Committee's consideration of the 74 reports presented to it throughout the year.

	Total	% Total Reports
Confidential	0	0.0%
Exempt	2	2.7%
Number of reports where the Committee has amended officer recommendations	1	1.4%
Number and percentage of reports approved unanimously	73	98.6%
Number of reports requested by members during the consideration of another report to provide additional assurance and not in forward planner	1	N/A
Service update requested	1	N/A
Number of decisions delayed for further information	0	0.0%
Number of times the Convener has had to remind Members about acceptable behaviour and the ethical values of Public Life	0	0.0%
Number of late reports received by the Committee (i.e. reports not available for inspection by members of the public at least three clear days before a meeting)	0	0.0%
Number of referrals to Council, or other Committees in terms of Standing Order 33.1	0	0.0%

6.5 Notices of Motion, Suspension of Standing Orders, Interface with the Public

	Total
Number of notices of motion	0
Number of times Standing Orders were suspended and the specific Standing Orders suspended	0
Standing order number (ref)	N/A
Number of deputations	0
Number of petitions considered	0
Number of Members attending meetings of the committee as observers	1
Number of Meetings held by the Convener with other Conveners, relevant parties, to discuss joint working and key issues being raised at other Committee meetings	Monthly

7. TRAINING REQUIREMENTS AND ATTENDANCE

- 7.1 There was no specific training for members of the Audit, Risk and Scrutiny Committee during the course of the reporting period. Training has been requested by members in respect of fraud, bribery and corruption and this will be addressed by the executive lead. Any other specific requests for development opportunities should be made to the executive lead.
- 7.2 The following specific Scheme of Governance training which is related to the operation of all Committees was provided:
- Scheme of Governance Effective Decision Making on 23, 27 and 28 March 2018
 - Financial and Procurement Regulations on 23 and 29 March 2018”
- 7.3 Training on the Councillors’ Code of Conduct was provided in January and February 2018.

8. CODE OF CONDUCT – DECLARATIONS OF INTEREST

- 8.1 5 declarations of interest were made by Councillors during the reporting period. We measure this information to evidence awareness of the requirements to adhere to the Councillors’ Code of Conduct and the responsibility to ensure fair decision making.

9. CIVIC ENGAGEMENT

- 9.1 The committee’s focus, by its very nature, has largely been on compliance with the Council’s governance framework. It has done this in partnership with outside bodies such as the Council’s Arm’s Length External Organisations (ALEOs) through the ALEO Assurance Hub and external audit. Through the course of the year, consideration will be given to enhancing civic engagement in the discharge of the committee’s remit.

10. OFFICER SUPPORT TO THE COMMITTEE

Officer	Total Anticipated Attendances	Total Attendances	Substitute Attendances
Fraser Bell	5	4	1
David Hughes	5	4	1
Andy Shaw	5	5	0
Sandra Buthlay	1	1	0
Jonathan Belford	4	4	0
Steve Whyte	4	4	0

11. EXECUTIVE LEAD'S COMMENTS

- 11.1 One of the Council's transformation projects is to deliver the CIPFA Mark of Excellence in Good Governance. As part of this project, CIPFA recommended that each committee should annually review its effectiveness, including its information reporting needs. This would help ensure that each committee is following its terms of reference, is operating effectively and to identify any training needs or improvements to the Council's decision making structures.
- 11.2 The committee would appear to be working effectively noting that:
- No decisions required to be delayed;
 - All sections of the terms of reference were engaged; and
 - The vast majority of business was approved/noted unanimously.
- 11.3 It is noted that the vast majority of business was able to be considered in public.
- 11.4 It is also worth noting that the total number of recommendations made by the Council's internal auditors following the delivery of their annual internal audit programme continues to reduce as follows:
- 2016-17: 340;
- 2017-18: 274; and
- 2018-19: 159.
- 11.5 Although it is acknowledged that different areas of the Council are looked at each year, this is a positive trend.
- 11.6 Furthermore, it is noted that the number of outstanding internal audit recommendations fell from 45 on 28 February 2018 to 17.

12. NEXT YEAR'S FOCUS

- 12.1 Council on 4 March 2019 approved new Terms of Reference and a further review will be reported to Council in March 2020. Throughout the next reporting year, we will review the Terms of Reference in line with the business submitted to the Committee and reflect on whether any areas require refinement moving forward to ensure the efficient operation of the Committee.

- 12.2** The committee recently approved an internal audit plan for 2019-2020 and it is expected that as per the reporting period, a significant part of the committee's business will be the receipt of internal audit reports. The reports will cover matters such as the Council's shut down on non-essential spend during 18-19 and income generation. Learning from these audits will contribute to the Council's ability to deliver the budget decisions made by Full Council on 5 March 2019.
- 12.3** The focus on any outstanding internal audit actions will be maintained with the Council taking a risk based approach to further reducing the number of outstanding actions.

Appendix 1 – Previous version of the Audit, Risk and Scrutiny Committee Terms of Reference approved by Council on 5 March 2018

AUDIT, RISK AND SCRUTINY COMMITTEE

PURPOSE OF COMMITTEE

1. To provide a high-level assurance that the Council has robust arrangements for:
 - 1.1 Good governance including information governance, surveillance, fraud, bribery and corruption;
 - 1.2 Maintaining an effective control environment through an effective approach to risk management; and
 - 1.3 Reporting on financial and performance reporting.
2. To monitor the effectiveness of the Internal Audit function and the Council's implementation of its recommendations.
3. To monitor the Council's implementation of the recommendations of its external auditors.

REMIT OF COMMITTEE

1. Risk Management

The Committee will:

- 1.1 receive an annual review of the system of risk management and an annual report on the corporate risk register and related action plans;
- 1.2 receive reports from the ALEO Assurance Hub on the monitoring and mitigation of risks to the Council associated with its ALEOs;
- 1.3 receive reports from providers of independent assurance; and
- 1.4 receive reports to provide assurance on the Council's information governance.

2. Internal Audit

The Committee will:

- 2.1 Contribute to and approve the Internal Audit Annual Plan;
- 2.2 consider reports issued by Internal Audit;
- 2.3 monitor compliance with Internal Audit recommendations; and
- 2.4 ensure that there is an adequately resourced Internal Audit service and monitor its

performance.

3. External Audit

The Committee will:

- 3.1** consider reports prepared by the Council's External Auditor;
- 3.2** monitor the Council's relationship with the external Auditor; and
- 3.3** monitor compliance with External Audit recommendations.

4. Annual Reports and Accounts

The Committee will:

- 4.1** consider and approve the Council's Annual Report and Annual Accounts; and
- 4.2** consider and approve the annual governance statement.

5. Legal obligations

The Committee will:

- 5.1** seek assurance on the effectiveness of the whistleblowing policy; and
- 5.2** monitor and seek assurance on the effectiveness of the Council's compliance with its statutory obligations relating to surveillance, information governance, bribery, corruption and fraud.

6. Scrutiny

The Committee will:

- 6.1** where appropriate, review minuted actions from all Committees with the exception of the Planning Development Management and Licensing Committees and the Appeals Sub Committee to ensure good practice; it will not prevent any decision being taken, will only review the effectiveness of decision making or monitoring and may make recommendations to Council;
- 6.2** consider any previously unscrutinised issue, process or practice provided that the matter has been the subject of a report to Council or Committee and the consideration of the subject matter concluded by Council or said Committee;
- 6.3** on occasion, and as it sees fit, seek information from partner organisations, contractors or other stakeholders such as Community Councils or groups of interest on any particular issue;
- 6.4** oversee the Council's continued commitment and adherence to the key elements of good governance;

- 6.5** oversee the implementation of the Council's ALEO Assurance Framework;
- 6.6** oversee the Council's Code of Corporate Governance;
- 6.7** provide independent assurance on the integrity of financial reporting and annual governance processes and oversee the effectiveness of internal control functions;
- 6.8** request, where appropriate and in terms of any contract or agreement, representatives of external organisations to attend and contribute to meetings; and
- 6.9** receive reports from regulatory bodies and those providing external assurance such as the Scottish Public Services Ombudsman and Inspector of Crematoria, ensure that the Council responds appropriately and monitor compliance with recommendations.

JOINT WORKING WITH OTHER COMMITTEES:

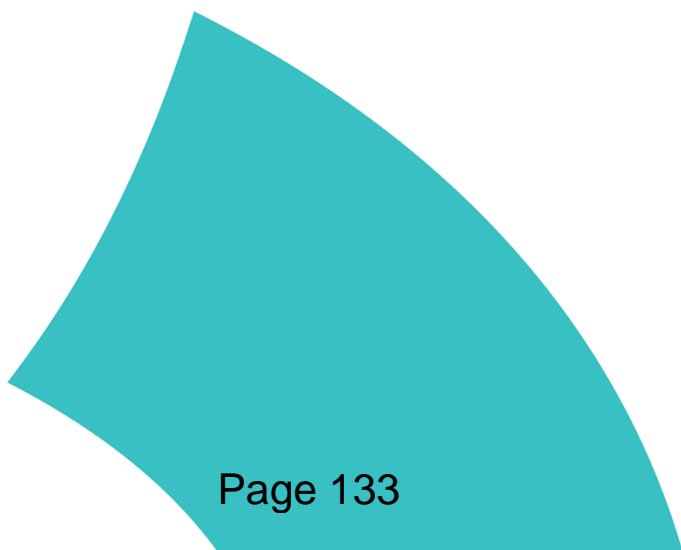
The Committee will maintain an awareness of issues of mutual interest arising through the work of other committees of the Council, through lead officers, conveners and vice conveners working together, and attending other committees as observers. Areas of mutual interest may include, but will not be restricted to:

- 1.** a relationship with the Public Protection Committee in terms of the systems in place to manage the public protection risks; and
- 2.** a relationship with the Staff Governance Committee in terms of the system in place to manage the health and safety risks.

JOINT WORKING WITH NON COUNCIL BODIES:

The Committee, through its lead officers, will work jointly with external regulatory bodies to ensure that Council benefits from external review and assurance.

Executive Lead: Chief Officer – Governance



ABERDEEN CITY COUNCIL

COMMITTEE	Audit, Risk & Scrutiny
DATE	30 April 2019
EXEMPT	No
CONFIDENTIAL	No
REPORT TITLE	RIPSA - Quarterly Report – Quarter 1 2019
REPORT NUMBER	GOV.19.232
DIRECTOR	Chief Executive
CHIEF OFFICER	Fraser Bell- Chief Officer
REPORT AUTHOR	Alan Thomson
TERMS OF REFERENCE	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.

3. 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 RIPSAs, are required to undertake training prior to being able to make an application under RIPSAs.
- 3.3 Various Council services use RIPSAs 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 RIPSAs.

QUARTER 1- 2019

- 3.4 In the period from January until March 2019, there has been three authorisations for Directed Surveillance.
- 3.5 One Directed Surveillance application was from the Corporate Investigations Team investigating an allegation of an offence of the wrongful use of disabled person's badge, under section 117 of the Road Traffic Regulation Act 1984, sometimes known as blue badge fraud.
- 3.6 The next application for Directed Surveillance was from the Trading Standards team. The surveillance was for Tobacco and Nicotine Vapour Products Test Purchasing. 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
- 3.7 Both were cancelled within the statutory three-month period. The authorisations were executed in accordance with the Council's policy on covert surveillance and RIPSAs and have been audited by the Governance team- Legal Services as is normal practice.
- 3.8 The most recent Directed Surveillance application was from the Trading Standards team investigating suspected counterfeit goods offences under section 92 of the Trade Marks Act 1994.
- 3.9 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.

- 3.10 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.
- 3.11 There have been no further applications for covert surveillance made or approved within this quarter.
- 3.12 There have been no changes to the Protocol and it remains fit for purpose.

TRAINING

- 3.13 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.
- 3.14 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. There have been no training sessions delivered this quarter.
- 3.15 At the end of April, there will be a quarterly meeting with Authorising Officers. In April, 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 RIPSA activity by elected members provides assurance that the Council’s use of RIPSA 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 RIPSA activity was something which was commended by the Commissioner in his inspection in 2017. The reporting of RIPSA activity to Committee provides another level of scrutiny and assurance on the use of RIPSA.

6. MANAGEMENT OF RISK

	Risk	Low (L), Medium (M), High (H)	Mitigation
Financial	There are no financial risks arising from this report.	L	
Legal	Reporting on the use of RIPSA 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 RIPSA activity and the related policy to members, mitigates the risks highlighted in this section.
Employee	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
Customer	Failure to report to and update Committee on RIPSA activity means that it would undermine public confidence in the Council and how it operates.	L	
Environment	There are no environmental risks arising from this report.		

Technology	There are no technological risks arising from this report		
Reputational	Failure to not update Committee on RIPSA activity would mean that the Council would be at risk of negative reputational damage when this is raised by the Surveillance Commissioner in their inspection.		External inspections on RIPSA activity operate every 3-4 years. This provides external assurance to the Committee of the Council's compliance with RIPSA. The Inspection Report is shared with Committee and any Action Plan created, endorsed and approved by Committee.

7. OUTCOMES

Local Outcome Improvement Plan Themes	
	Impact of Report
Prosperous Economy	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.
Prosperous Place	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.

Design Principles of Target Operating Model	
	Impact of Report
Governance	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
Equality & Human Rights Impact Assessment	The purpose of this report is to update Committee on the Council's use of RIPSAs. This report does not propose or endorse any changes to the Council's policy on RIPSAs not its procedure and as such, an EHRA is not required.
Data Protection Impact Assessment	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.
Duty of Due Regard / Fairer Scotland Duty	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

Name: Alan Thomson

Title: Solicitor,

Email Address: alathomson@aberdeencity.gov.uk

Tel: 01224 52 3249

ABERDEEN CITY COUNCIL

COMMITTEE	Audit, Risk and Scrutiny
DATE	30 April 2019
EXEMPT	No
CONFIDENTIAL	No
REPORT TITLE	Inspection Report of Aberdeen Crematorium by the Inspector of Crematoria
REPORT NUMBER	OPE/19/196
DIRECTOR	Rob Polkinghorne
REPORT AUTHOR	Graham Keith
TERMS OF REFERENCE	6.9

1. PURPOSE OF REPORT

At its meeting on 1 November 2016, the Communities, Housing and Infrastructure Committee resolved to present resulting reports of audits of Aberdeen Crematorium to the Audit, Risk and Scrutiny Committee for assurance purposes. This report provides the Committee with the Inspector of Crematoria's Inspection Report carried out by the Inspector of Crematoria on 23 January 2019.

2. RECOMMENDATION(S)

That the Committee:-

- 2.1 notes the inspection report

3. BACKGROUND

3.1 On 1 November 2016, the Communities, Housing and Infrastructure Committee approved a suite of compliance measures with the aim of improving arrangements at the Aberdeen Crematorium. One of these assurance measures was that the Inspector of Crematoria's annual inspection report be presented to the Audit, Risk and Scrutiny Committee.

3.2 The Inspector of Crematoria's Inspection Report is attached as Appendix 1.

3.3 The Inspectors report refers to the Bereavement Services team relocating "from its current location within Aberdeen Council Headquarters to a newly created office within the Crematorium". The Bereavement Services completed their move from Marischal College to Aberdeen Crematorium on 6 February 2019.

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
Financial	None identified	L	Not applicable
Legal	None identified	L	Not applicable
Employee	None identified	L	Not applicable
Customer	None identified	L	Not applicable
Environment	None identified	L	Not applicable
Technology	None identified	L	Not applicable
Reputational	None identified	L	Not applicable

7. OUTCOMES

Local Outcome Improvement Plan Themes	
	Impact of Report
Prosperous People	People and communities are protected from harm

8. IMPACT ASSESSMENTS

Assessment	Outcome
Equality & Human Rights Impact Assessment	Full EHRIA not required

Privacy Impact Assessment	Not required
<u>Children's Rights Impact Assessment/Duty of Due Regard</u>	Not applicable

9. BACKGROUND PAPERS

Aberdeen City Council Report to Communities, Housing and Infrastructure Committee
Aberdeen Crematorium Performance Indicators (CHI/16/251)
<http://committees.aberdeencity.gov.uk/ieListDocuments.aspx?CId=503&MId=3877&Ver=4>

10. APPENDICES (if applicable)

Appendix 1 - Inspection Report (Jan 2019) - Aberdeen Crematorium

11. REPORT AUTHOR CONTACT DETAILS

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Inspector of Crematoria Scotland

Robert Swanson QPM

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Inspection of Crematoria

Name and Address of Crematorium: Aberdeen Crematorium Skene Road Aberdeen AB15 8PT	
Name of Cremation Authority: Aberdeen City Council	Date of Inspection: Wednesday 23 rd January 2019
Undertaken by: Robert Swanson QPM HM Inspector of Crematoria Scotland	In the presence of: Graham Keith Performance & Development Manager Angus Beacom Crematorium Manager

1. Cremation Fees (Mon – Fri)

Excluding Surcharges

Cremation Only (without service) £653
Children (up to the age of 18 yrs) No Charge
Adult Cremation Fee.....£693 (45 min. time slot)

2. Staffing levels

Staff certificated to carry out cremations:
7 members of staff qualified to carry out cremations

3. Office Management

Administration Procedure:

Now that major refurbishment to the Crematorium has been completed the administration office is to re-locate from its current location within Aberdeen Council Headquarters to a newly created office within the Crematorium.

This is viewed as a welcoming change, bringing all staff under the one roof, and providing members of the public and funeral directors with improved parking and facilities.

The move will be of particular benefit to funeral directors as they will no longer need to make the double journey to Council Headquarters and the Crematorium.

The administration procedure and process was examined from point of first intimation to dispersal of the ashes, with random checks carried out on a selection of paperwork and computer records.

All were found to be of a high standard with a number of safeguards in place to ensure compliance with the instructions of the applicant.

Computer System:

BACAS

4. Total Number of Cremations Carried Out 2018

Breakdown by category	
Adult:	1921
Under 1 year old:	12
Aged 1 -16 years:	0
Stillbirth:	10
Pregnancy Loss:	
Individual:	165
Shared:	1086
Body Parts:	9
Total:	3203

5. Cremation / Identity Card Process

The only noted change since the date of the last inspection relates to the change of use from poly urns to cardboard caskets.

The process and all related documentation was examined and demonstrated from point of arrival of the coffin, throughout all stages including cremation, cooling, cremulation, storage and dispersal of the ashes, subsequent updating of computer records and storage of documentation.

All were found to be of a high standard with noted attention to detail, with safeguards to ensure total compliance with the instructions of the applicant, measures to minimise the risk of mislabelling ashes, and continuity of identification throughout.

6. Recovery of Ashes

Ashes have been recovered from all cremations.

7. Ashes Policy (retain / scatter / inter / storage)

Details of process:

Like a number of other Crematoria, Aberdeen have moved from using Poly Urns to Cardboard Caskets for holding ashes.

Ashes are dispersed in accordance with the instructions of the applicant.

Ashes can be either scattered in the Garden of Remembrance, interred in the cemetery, retained pending a decision from the applicant, or collected by the applicant or representative / funeral director.

A check of the disposal instructions on a random sample of documentation was found to accurately reflect the disposal outcome.

There is provision for a change of instruction by the applicant prior to dispersal.

Ashes awaiting collection are stored in a secure room with clear identification and instructions affixed.

8. Cremators

Number of cremators: 4

Make (s): FT3

Size (s): Large

9. Sample of Cremation Register

<p>Category: Shared Pregnancy Loss</p> <p>Cremation number: F6329</p> <p>Result: All documentation and records examined and found to be in order. The cremation was carried out on 21st November 2018 with the ashes scattered within the Garden of Remembrance at Hazlehead on 30th November 2018.</p>	<p>Category: Individual Pregnancy Loss</p> <p>Cremation number: F6356</p> <p>Result: All documentation and records examined and found to be in order. The cremation was carried out on 17th January 2019, with the ashes retained, pending collection by the applicant's partner. The ashes were seen to be stored in accordance with current policy.</p>
<p>Category: Adult</p> <p>Cremation number: 151315</p> <p>Result: All documentation and records examined and found to be in order. The cremation was carried out on 16th November 2018 with the ashes collected by the funeral director on 19th November 2018.</p>	<p>Category: Adult</p> <p>Cremation number: 151016</p> <p>Result: All documentation and records examined and found to be in order. The cremation was carried out on 7th September 2018 with the ashes collected by the funeral director on 11th September 2018.</p>
<p>Category: Adult</p> <p>Cremation number: 151394</p> <p>Result: All documentation and records examined and found to be in order. The cremation was carried out on 10th December 2018 with the ashes collected by the applicant on 22nd December 2018.</p>	

10. Use of Baby Tray

Number / Source: 4 - FT

11. Pregnancy Loss Policy / Procedure

NHS / Shared:

There has been no change to the policy since the date of the last inspection.

The Cremation Authority continue to have an agreement with NHS Grampian for cremation of shared and individual pregnancy loss.

Ashes from cremation of shared pregnancy loss are scattered within the Garden of Remembrance.

Ashes from individual cremation of pregnancy loss are dispersed in accordance with the instructions of the applicant.

Individual:

The policy and procedure for cremation of individual pregnancy loss does not differ from that of an infant.

12. Metal Extraction

Policy:

Unless otherwise instructed by the applicant all metal extracts are sensitively re-cycled in accordance with the policy of the Cremation Authority as part of the ICCM Scheme.

The monies accrued on an annual basis (several thousand pounds) are donated to a nominated charity.

There have been no issues in respect of any aspect of the process.

13. Code of Practice, Cremation Practice Guidance and Policy Statement (on website / displayed)

The Inspection confirmed that the procedures in place at Aberdeen Crematorium are in accordance with the Scottish Government Policy Statement on Infant Cremation.

Staff are fully aware of current and proposed legislative and guidance changes and have ready access to hard copy and computer held material.

The Cremation Authority website was seen to provide comprehensive information on relevant matters, with links to a number of associated reports.

14. General Observations

All public and private areas seen during the course of the inspection were found to be clean and tidy, and with the major refurbishment programme now complete, staff and visitors have a much improved facility and workplace.

Given the scale of the refurbishment and the need for services on site (prior to cremation) to be suspended for several months during the renovation, it is with great credit to staff that the number of cremations carried out during 2018 was only slightly down on previous years.

Services which would be likely to have been conducted at the Crematorium had it not been for the ongoing refurbishment were facilitated in local churches and other local premises.

This arrangement worked well with no major issues reported.

The near completion of all sections of the AWPR is likely to be welcomed by the Cremation Authority, as it will provide a more direct and timeous route to the Crematorium for many.

Whilst it was seen that the crematorium did not have a defibrillator on-site the Inspector was advised that one is to be acquired in the near future.

15. Overall Assessment

The inspection found there to be no shortcomings in any aspect of the cremation process, with good practice observed throughout.

Attention to detail was noted at all stages with safeguards in place to ensure continuity of identification from point of arrival of the coffin to dispersal of the ashes, and total compliance with the instructions of the applicant.

As was noted during a previous inspection, there was evidence of regular audit and

service updates provided by management, ensuring that high standards are maintained.

Overall, the inspection found Aberdeen Crematorium to be a well-run Crematorium staffed by an experienced, highly motivated and enthusiastic team who have an excellent working relationship with stakeholders, attendees and each other.

Signed: Robert Swanson QPM
HM Inspector of Crematoria Scotland

Date: 4th February 2019