

# Public Document Pack



To: Councillor Alex Nicoll, Convener; Councillor Yuill, Vice Convener; and Councillors Jackie Dunbar, Duncan, Graham, Lumsden, MacKenzie, Mennie and Reynolds.  
Town House,  
ABERDEEN, 1 October 2020

## **AUDIT, RISK AND SCRUTINY COMMITTEE**

The Members of the **AUDIT, RISK AND SCRUTINY COMMITTEE** are requested to meet remotely on **THURSDAY, 8 OCTOBER 2020 at 2.00pm.**

FRASER BELL  
CHIEF OFFICER - GOVERNANCE

In accordance with UK and Scottish Government guidance, meetings of this Committee will be held remotely as required. In these circumstances the meetings will be recorded and thereafter published on the Council's website at the following [link](#)

### **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 Where Requested

## **MINUTE OF PREVIOUS MEETING**

- 5.1 Minute of Previous Meeting of 12 February 2020 (Pages 7 - 14)

## **COMMITTEE PLANNER**

- 6.1 Committee Business Planner (Pages 15 - 26)

## **NOTICES OF MOTION**

- 7.1 There are none at this time

## **COMMITTEE BUSINESS**

### **Risk Management**

- 8.1 Corporate Risk Register and Assurance Maps - COM/20/139 (Pages 27 - 58)
- 8.2 ALEO Assurance Hub - COM/20/138 (Pages 59 - 76)
- 8.3 Information Governance Annual Report - CUS/20/135 (Pages 77 - 92)

### **Internal Audit**

- 8.4 2019/20 Internal Audit Summary Report - IA/20/007 (Pages 93 - 108)  
The full reports are available in the [web library](#)
- 8.5 Internal Audit Progress Report - IA/20/005 (Pages 109 - 122)
- 8.6 Internal Audit Follow-up on Agreed Recommendations - IA/20/006 (Pages 123 - 160)
- 8.7 Internal Audit Annual Report 2019/20 - IA/20/008 (Pages 161 - 172)
- 8.8 Bank Reconciliations - IA/AC2101 (Pages 173 - 180)

### **Legal Obligations**

- 8.9 RIPSA Activity Report (Q1 -Q3) and IPCO Inspection 2020 - COM/20/137  
(Pages 181 - 230)

## **Scrutiny**

- 8.10 Scottish Public Services Ombudsman Decisions and Inspector of Cremations Complaint Decisions - CUS/20/136 (Pages 231 - 240)
- 8.11 Best Value Audit - COM/20/177 (Pages 241 - 244)
- 8.12 Annual Effectiveness Report 2019/20 - COM/20/140 (Pages 245 - 262)

## **EXEMPT/CONFIDENTIAL BUSINESS**

- 9.1 There are no items of exempt business at this time

EHRIAs related to reports on this agenda can be viewed [here](#)  
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Website Address: [www.aberdeencity.gov.uk](http://www.aberdeencity.gov.uk)

Should you require any further information about this agenda, please contact Karen Finch, tel 01224 522723 or email [kfinch@aberdeencity.gov.uk](mailto:kfinch@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, 12 February 2020. Minute of Meeting of the AUDIT, RISK AND SCRUTINY COMMITTEE. Present:- Councillor Yuill, Vice-Convenor; and Councillors Jackie Dunbar, Duncan, Graham, Houghton (as substitute for Councillor Avril MacKenzie), Lumsden, Mennie, Alex Nicoll and Reynolds.

The agenda and reports associated with this minute can be found <https://committees.aberdeencity.gov.uk/ieListDocuments.aspx?CId=507&MId=7198>

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.

**The Committee resolved:-**

to note that no declarations of interest were intimated.

### MINUTE OF PREVIOUS MEETING OF 4 DECEMBER 2019

2. The Committee had before it the minute of their previous meeting of 4 December 2019.

**The Committee resolved:-**

to approve the minute as a correct record.

### COMMITTEE BUSINESS PLANNER

3. The Committee had before it the Committee Business Planner as prepared by the Chief Officer - Governance.

**The Committee resolved:-**

- (i) to note that the Chief Internal Auditor was confident that the audit reports identified as being deferred until the May meeting of this Committee would be submitted; and
- (ii) to otherwise note the content of the business planner.

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**INTERNAL AUDIT PROGRESS REPORT - IA/20/001**

4. The Committee had before it a report by the Chief Internal Auditor which advised on progress against the 2018/19 and 2019/20 Internal Audit plans.

**The report recommended:-**

That the Committee -

- (a) approve the removal of the audit relating to Craft Workers Terms and Conditions from the 2019/20 Internal Audit Plan; and
- (b) review, discuss and comment on the issues raised within this report and the attached appendix.

**The Committee resolved:-**

- (i) to approve the recommendations contained in the report; and
- (ii) to otherwise note the content of the report.

**INTERNAL AUDIT FOLLOW UP ON RECOMMENDATIONS - IA/20/002**

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

**The report recommended:-**

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

In response to a question regarding audit AC1909 (Timesheets and Allowances), the Chief Officer - Customer Experience advised that various options were being considered to ensure the correct information was added to the payroll system and that this had been discussed and agreed by Internal Audit.

In response to a question regarding audit AC1912 (Data Security in a Cloud-based Environment), the Chief Internal Auditor advised that he had received an update in relation to the audit and that the cluster had requested an extension to May 2020 to complete the outstanding recommendations.

In response to a question regarding audit AC1817 (Vehicle Usage), the Chief Officer - Operations and Protective Services advised that the Fleet Manager was reviewing the tenders to identify reasons why some of them were higher than expected and that it was still expected that the contract would be awarded on schedule.

In response to a question regarding audit AC1925 (Music Service), the Chief Officer - Integrated Children's and Family Services advised that the digital system was partially complete with parents able to access the system and make payments for tuition. He

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further advised that work was in progress for the reconciliation of payments made through the digital system against pupils in receipt of music tuition and that work should be complete by August 2020.

In response to a question regarding audit AC1806 (Corporate Landlord Responsibilities), the Chief Officer - Corporate Landlord advised that there were some operational issues with the matrix and that he would meet with Internal Audit.

**The Committee resolved:-**

- (i) to note the responses provided to questions from members relating to individual outstanding audit recommendations; and
- (ii) to otherwise note the content of the report.

### **INTERNAL AUDIT CHARTER - IA/20/004**

6. The Committee had before it a report by the Chief Internal Auditor which sought agreement to amend the Internal Audit Charter as outlined at appendix A with effect from 12 February 2020.

**The report recommended:-**

That the Committee approve the Internal Audit Charter for implementation from 12 February 2020.

**The Committee resolved:-**

to approve the recommendation contained in the report.

### **INTERNAL AUDIT PLAN 2020/21 - IA/20/003**

7. The Committee had before it a report by the Chief Internal Auditor which presented the Internal Audit Plan for 2020/21 for approval.

**The report recommended:-**

That the Committee approve the Internal Audit Plan for 2020/21.

**The Committee resolved:-**

to approve the recommendation contained in the report.

### **VOIDS - HOUSING REPAIRS - IA/AC/2010**

8. The Committee had before it a report by the Chief Internal Auditor which presented an audit in relation to Housing Repairs – Voids which was undertaken to

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provide assurance regarding the process for re-letting void properties and compliance therewith.

### **The report recommended:-**

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

In response to a question regarding who undertakes the pre-termination inspection, the Locality Inclusion Manager advised that where possible the Housing Officer and a member from the Building Services team would undertake the inspection. He further advised that any repairs required to be carried out by the tenant would be identified and they would be notified.

In response to a question relating to whether locks were changed for every property and whether these locks could be re-used, the Locality Inclusion Manager advised that the locks were changed for all properties by Building Services as there was not always a guarantee that all keys had been returned and that the locks weren't currently re-used. He further advised that officers would identify whether they could be used for other properties in a different part of the city.

In response to a question regarding what officers were doing to reduce delays in repairs to void properties, the Locality Inclusion Manager advised that an action plan had been developed which would capture all of the repairs required and timelines for completion and that the action plan would be monitored and managed closely to ensure repairs were carried out in a timely manner.

Members asked questions in relation to what was being done to ensure new tenants or those tenants moving via an exchange were not charged for any works carried out due to the exiting tenant not completing them prior to leaving. The Locality Inclusion Manager advised that work had been completed in this area and that charges would be recovered from the previous tenant.

In response to a question regarding whether kitchens, doors and other improvements to properties installed by the previous tenant were automatically removed, or tenant asked to remove/replace them, the Locality Inclusion Manager advised that where the installations were fit for purpose they could remain in the property and that this would be logged in the Housing System.

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

- (i) that officers investigate the possibility of re-using locks and keys removed from properties;
- (ii) to note the responses provided to questions from members; and
- (iii) to otherwise endorse the recommendations for improvement and agreed by the relevant function.

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**INCOME GENERATION - IA/AC/2001**

9. The Committee had before it a report by the Chief Internal Auditor which presented an audit in relation to Income Generation which was undertaken to provide assurance that budgeted income generation was based on robust assumptions and was being realised.

**The report recommended:-**

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

In response to a question relating to recommendation 2.1.8 and how the implementation of the recommendation would be monitored, the Chief Officer – Finance advised that as part of the review of the Financial Regulations that a new process for virements would be implemented to ensure all material changes to the budgets were reported.

**The Committee resolved:-**

- (i) to note the response provided to the question from a member; and
- (ii) to otherwise endorse the recommendations for improvement as agreed by the relevant function.

**SCHOOL CATERING INCOME AND EXPENDITURE - IA/AC/2013**

10. The Committee had before it a report by the Chief Internal Auditor which presented an audit in relation to School Catering Income and Expenditure which was undertaken to provide assurance over income and procurement expenditure relating to school catering operations.

**The report recommended:-**

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

In response to a question regarding the cost of teacher and kitchen staff meals compared to those for children, the Chief Officer - Customer Experience advised that the meals for adults were the same price with VAT added.

In response to a question regarding the cashless catering system contract and the risk to the Council, the Chief Officer – Customer Experience advised that she was working with colleagues in Commercial and Procurement Services to procure a new system and that there was a contract in place with the existing provider therefore any risks to the council were being managed.

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In response to a question regarding the accurate figures for children entitled to free school meals and how this was monitored, the Chief Officer – Customer Experience advised that checks were made by the Revenue and Benefits team to ensure the entitlement to free school meals was applied and monitored.

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

- (i) that Officers circulate by email details regarding the low figure presented in relation to free school meals taken within specialist schools explaining why the figure differed significantly from other local authorities;
- (ii) to note the responses provided to questions from members; and
- (iii) to otherwise endorse the recommendations for improvement as agreed by the relevant function.

### **CUSTOMER ACCESS POINTS AND SERVICE CENTRE - IA/2/2012**

11. The Committee had before it a report by the Chief Internal Auditor which presented an audit in relation to Customer Access Points and Service Centre which was undertaken to provide assurance over procedures in operation relating to a sample of cash collection locations and included consideration of whether all income sources, income handling procedures and inventories were adequately controlled and completed.

#### **The report recommended:-**

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

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

to endorse the recommendations for improvement as agreed by the relevant function.

### **TIMESHEETS AND ALLOWANCES - IA/AC/2023**

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

#### **The report recommended:-**

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

In response to a question relating to training for staff using digital systems, the Chief Officer – Customer Experience advised that training was being delivered for all staff using digital systems.



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In response to a question relating to whether only authorised signatories were now signing off timesheets, the Chief Officer – Customer Experience advised that this was in progress and that the list of authorised signatories were being checked to ensure they were correct.

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

- (i) to note the responses provided to questions from members; and
- (ii) to otherwise endorse the recommendations for improvement as agreed by the relevant function.

### **TRAVEL POLICY - IA/AC/2009**

**13.** The Committee had before it a report by the Chief Internal Auditor which presented an audit in relation to the Council's Travel Policy which was undertaken to provide assurance that the Council had appropriate arrangements in place.

### **The report recommended:-**

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

In response to a question relating to how often Committee would receive post-trip evaluation reports, the Chief Officer – Finance advised that a report relating to Foreign Travel would be submitted to Committee which would include an evaluation of travel already taken and to look at future travel to ensure best value was being applied.

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

- (i) to note the response provided to questions from members; and
- (ii) to otherwise endorse the recommendations for improvement as agreed by the relevant function.

### **EXTERNAL AUDIT STRATEGY**

**14.** The Committee had before it a report by the External Auditor which presented the planned external audit work for 2019/20.

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

- (i) to note the thanks provided to Mr Shaw, External Auditor for his work during his time at KPMG and as the Council's External Auditor;
- (ii) to welcome Mr Wilkie as the new External Audit Engagement Leader for the Council; and
- (iii) to otherwise note the content of the External Audit Strategy.

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**RIPSA ANNUAL REPORT - GOV/20/042**

**15.** The Committee had before it a report by the Chief Officer – Governance which advised that it was a requirement under paragraph 3.29 of the Scottish Government's Code of Practice for Covert Surveillance and Property interference, that elected members consider a statement on the Council's Regulation of Investigatory Powers (Scotland) Act 2000 (RIPSA) policy and statistical information on relevant activity on an annual basis.

**The report recommended:-**

That the Committee -

- (a) note the content of the report; and
- (b) approve the Corporate Protocol and Procedure on Covert Surveillance as attached at Appendix A to the report.

**The Committee resolved:-**

to approve the recommendations contained in the report.

**SCOTTISH PUBLIC SERVICES OMBUDSMAN DECISIONS AND INSPECTOR OF CREMATIONS COMPLAINT DECISIONS - CUS/20/023**

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

**The report recommended:-**

That the Committee note the content of the report.

**The Committee resolved:-**

to approve the recommendation contained in the report.

- **COUNCILLOR IAN YUILL, Vice Convener**

	A	B	C	D	E	F	G	H	I
1	<b>AUDIT, RISK &amp; SCRUTINY COMMITTEE BUSINESS PLANNER</b>								
2	<b>Report Title</b>	<b>Minute Reference/Committee Decision or Purpose of Report</b>	<b>Update</b>	<b>Report Author</b>	<b>Chief Officer</b>	<b>Directorate</b>	<b>Terms of Reference</b>	<b>Delayed or Recommended for removal or transfer, enter either D, R, or T</b>	<b>Explanation if delayed, removed or transferred</b>
3	<b>08 October 2020</b>								
4	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.	Original Date 6 May Executive Summary has been provided in the Internal Audit Executive Summary Report	Colin Harvey	Governance	Governance	2.2		
5	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.	Original Date 6 May Executive Summary has been provided in the Internal Audit Executive Summary Report	Colin Harvey	Governance	Governance	2.2		
6	Financial Ledger System	To provide assurance over system controls, business continuity and contingency plans.	Original Date 6 May Executive Summary has been provided in the Internal Audit Executive Summary Report	Colin Harvey	Governance	Governance	2.2		
7	Gas Servicing Contract	To provide assurance that contractual and operational issues are being complied with	Original Date 6 May Executive Summary has been provided in the Internal Audit Executive Summary Report	Colin Harvey	Governance	Governance	2.2		
8	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.	Original Date 6 May Executive Summary has been provided in the Internal Audit Executive Summary Report	Colin Harvey	Governance	Governance	2.2		

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9	Transformation	To provide assurance that the Council is continuing to make progress to ensure the success of its transformational aspirations.	Original Date 6 May Executive Summary has been provided in the Internal Audit Executive Summary Report	Colin Harvey	Governance	Governance	2.2		
10	Risk Management - IJB	To review the process for identifying risks, managing them (including performance measures against each risk), and reporting to the IJB.	Original Date 6 May Executive Summary has been provided in the Internal Audit Executive Summary Report	Colin Harvey	Governance	Governance	2.2		
11	Industrial and Commercial Property Rental Income and Void Control	To provide assurance over the processes in place for letting, recovering rental income, and managing voids for industrial and commercial premises.	Original Date 6 May	Colin Harvey	Governance	Governance	2.2	D	This audit report has been delayed. The report is expected in December 2020.
12	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.	Original Date 6 May Executive Summary has been provided in the Internal Audit Executive Summary Report	Colin Harvey	Governance	Governance	2.2		
13	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.	Original Date 6 May Executive Summary has been provided in the Internal Audit Executive Summary Report	Colin Harvey	Governance	Governance	2.2		
14	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	Original Date 6 May Executive Summary has been provided in the Internal Audit Executive Summary Report	Colin Harvey	Governance	Governance	2.2		
15	Procurement Compliance	To provide assurance that the Council has appropriate arrangements in place, that are being complied with, to ensure compliance with procurement legislation and internal regulations.	Original Date 6 May Executive Summary has been provided in the Internal Audit Executive Summary Report	Colin Harvey	Governance	Governance	2.2		

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16	Performance Management	To provide assurance that the Council has effective performance management arrangements in place which produce accurate data	Original Date 6 May Executive Summary has been provided in the Internal Audit Executive Summary Report	Colin Harvey	Governance	Governance	2.2	D	Internal Audit met Cluster to discuss draft report in August and September 2020. The report is expected in December 2020.
17	Social Care Commissioned Services Contract Management	To provide assurance that contract monitoring arrangements relating to Social Care Commissioned Services are adequate.	Original Date 6 May Executive Summary has been provided in the Internal Audit Executive Summary Report	Colin Harvey	Governance	Governance	2.2		
18	Car Parking and Bus Lane Enforcement	To provide assurance that procedures regarding income collection and the management of fines are adequate.	Original Date 6 May Executive Summary has been provided in the Internal Audit Executive Summary Report	Colin Harvey	Governance	Governance	2.2		
19	Fostering and Adoption Payments	To provide assurance over Fostering and Adoption Allowances being paid.	Original Date 6 May Executive Summary has been provided in the Internal Audit Executive Summary Report	Colin Harvey	Governance	Governance	2.2		
20	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.	Original Date 6 May	Colin Harvey	Governance	Governance	2.2	D	There were delays in obtaining initial access to information and the system; thereafter the assigned auditor has had sickness absences which have delayed progress. Report expected in December 2020
21	Internal Audit Progress Report	To provide an update on progress for the 2018/19 and 2019/20 audits	A report is on the agenda	Colin Harvey	Governance	Governance	2.4		
22	Internal Audit Annual Report	To provide the Committee with Internal Audit's Annual Report for 2019/20	A report is on the agenda	Colin Harvey	Governance	Governance	2.4		
23	2019/20 Internal Audit Summary Reports	To present the summaries for reports completed and issued since the last Committee meeting in February 2020	A report is on the agenda	Colin Harvey	Governance	Governance	2.2		
24	Internal Audit Follow up on Recommendations	To provide an update on where Services are with implementing agreed recommendations	A report is on the agenda	Colin Harvey	Governance	Governance	2.3		

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25	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.	Original dates 6 May and 30 June - data has been combined into one report	Lucy McKenzie	Customer Experience	Customer	6.4		
26	Unaudited Annual Accounts	To present the unaudited annual accounts for ACC and registered charities for 2019/20	Original Date 6 May	Lesley Fullerton	Finance	Resources	4.1	R	was considered by the Urgent Business Committee in May 2020
27	RIPSA Quarterly Report	to present the quarterly Ripsa report	Original dates 6 May and 30 June - data has been combined into one report	Jessica Anderson	Governance	Governance	5.2		
28	Committee Annual Effectiveness Report for 2019/20	To present the annual effectiveness report for the Committee.	A report is on the agenda	Karen Finch	Governance	Governance	GD 8.5		
29	Audit Scotland - Scotland's City Region and Growth Deals	To present Audit Scotland's report	Original date 6 May	Julie Wood	City Growth	Place	6.4	R	A Service update will be provided due to the time lapse since the Audit Scotland report was issued.
30	Cluster Assurance Maps	To present the Cluster Assurance Maps	Original date 6 May	Ronnie McKean	Governance	Governacne	1.1	D	With the revised Corporate Assurance Maps being reported at this meeting, the Cluster Assurance Maps will be presented in February 2021 to ensure that they have been fully updated.
31	External Audit Annual Audit Report	to present External Audit's final position in relation to the audit of the annual accounts.	Original date 30 June	Michael Wilkie	Governance	Governance	3.1	R	Was considered at Urgent Business Committee on 30 June
32	Audited Annual Accounts 2019/20	To present the Audited Annual Accounts for ACC and registered charities	Original date 30 June	Lesley Fullerton	Finance	Resources	4.1 and 4.2	R	Was considered at Urgent Business Committee on 30 June

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33	Vehicle Usage	To provide assurance that adequate procedures are in place to effectively manage the Council's vehicle fleet and to include a review of non-business use, including the business case for such use and authorisation thereof.	Original Date 30 June	Colin Harvey	Governance	Governance	2.2	D	Audit commenced 5/6/2020; the assigned auditor has had sickness absences which have delayed progress.
34	Bank Reconciliations	to provide assurance that the Council's main bank accounts are reconciled on a regular and timely basis and that the methodology is robust	A report is on the agenda	Colin Harvey	Governance	Governance	2.2		
35	Information Exchange between Housing and IJB (Adult Protection)	to provide assurance regarding the flow of data regarding the customer journey through Council systems and consider possible misunderstanding relating to the requirements of GDPR.	The Urgent Business Committee on 6 May 2020 approved an amended Internal Audit Plan which included audits being moved to reserve list that would be progressed during the year where possible	Colin Harvey	Governance	Governance	2.2	D	This audit report has been included in the reserve list.
36	Information Governance Annual Report	to present the annual report for the Council's Information Governance.	A report is on the agenda	Caroline Anderson	Business Intelligence and Performance Management	Commissioning	1.3		
37	Academy System - Revenues and Benefits	to provide assurance over system controls - to include access controls, system security and backups, business continuity and contingency plans.		Colin Harvey	Governance	Governance	2.2	D	The Cluster lead for the audit is unavailable due to sickness absence.
38	Garden Waste Income	to provide assurance that payments received through on-line only option are adequately managed and controlled.	The Urgent Business Committee on 6 May 2020 approved an amended Internal Audit Plan which included audits being moved to reserve list that would be progressed during the year where possible	Colin Harvey	Governance	Governance	2.2	D	This audit report has been included in the reserve list.
39	Treasury Management	to provide assurance that the Council's Treasury Management procedures follow best practice and are being complied with.		Colin Harvey	Governance	Governance	2.2	D	Commencement delayed at request of Finance and assigned auditor had sickness absences delaying progress.

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40	Consilium System - HRA Building Maintenance System	to provide assurance over the system controls - to include access controls, system security and backups. Interfaces, business continuity and contingency plans.		Colin Harvey	Governance	Governance	2.2	D	Not yet commenced; the assigned auditor has had sickness absences which have delayed progress.
41	Contributing to Your Care Policy	to provide assurance that the Contributing to Your Care Policy has been implemented and that the requirements of the Policy are being complied with.	The Urgent Business Committee on 6 May 2020 approved an amended Internal Audit Plan which included audits being moved to reserve list that would be progressed during the year where possible	Colin Harvey	Governance	Governance	2.2	D	This audit report has been included in the reserve list.
42	Bon Accord Care - Budget Monitoring	to provide assurance over Bon Accord Care's budget monitoring procedures including monitoring of savings programme.		Colin Harvey	Governance	Governance	2.2	D	Not yet commenced; the assigned auditor has had sickness absences which have delayed progress.
43	AILEO Assurance Hub	To present the findings of the latest ALEO Assurance Hub.	A report is on the agenda	Vikki Cuthbert	Governance	Governance	1.2		
44	Corporate Risk Register and Assurance Maps	To present the annual report on the Corporate Risk Register and associated Assurance Maps.	A report is on the agenda	Ronnie McKean	Governance	Governance	1.1		
45	Best Value Audit	To provide an update on the forthcoming Best Value audit of Aberdeen City Council	A report is on the agenda	Vikki Cuthbert	Governance	Governance	6.4		
46	<b>09 December 2020</b>								
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 McKenzie	Customer Experience	Customer	6.4		



	A	B	C	D	E	F	G	H	I
48	Internal Audit Progress Report	To provide an update on progress for the 2018/19 and 2019/20 audits		Colin Harvey	Governance	Governance	2.2		
49	Internal Audit Follow Up on Recommendations	To provide an update on where Services are with implementing agreed recommendations		Colin Harvey	Governance	Governance	2.3		
50	RIPSA Quarterly Report	to present the quarterly Ripisa report		Jess Anderson	Governance	Governance	5.2		
51	Climate Change	To provide assurance that the Council is taking appropriate measures to comply with its statutory obligations in addressing climate change and that progress is being monitored.		Colin Harvey	Governance	Governance	2.2		
52	Agency Staff - Procurement of Agency Staff	To provide assurance that agency staff are being appointed through appropriate channels and that arrangements for their induction are robust.	The Urgent Business Committee on 6 May 2020 approved an amended Internal Audit Plan which included audits being moved to reserve list that would be progressed during the year where possible	Colin Harvey	Governance	Governance	2.2	D	This audit report has been included in the reserve list.
53	Teachers Payroll	to provide assurance that all aspects of payroll administration are adequately controlled and that payment is being made accurately to bona fide employees.		Colin Harvey	Governance	Governance	2.2	D	The Urgent Business Committee on 6 May 2020 approved an amended Internal Audit Plan. This audit report was changed to be presented in May 2021.
54	Licensing Income	to provide assurance over the processes in place for controlling income from licensing applications.	The Urgent Business Committee on 6 May 2020 approved an amended Internal Audit Plan which included audits being moved to reserve list that would be progressed during the year where possible	Colin Harvey	Governance	Governance	2.2	D	This audit report has been included in the reserve list.

	A	B	C	D	E	F	G	H	I
55	Mental Health and Substance Abuse	to provide assurance that appropriate processes are in place to manage and record support arrangements and that expenditure is adequately controlled, including approval/management of discretionary support		Colin Harvey	Governance	Governance	2.2		
56	Fraud, Bribery, Corruption Money Laundering Policy			Carol Smith	Governance	Governance	5.2		
57	Business Continuity Policy	To present a revised Business Continuity Policy.		Ronnie McKean	Governance	Governance	1.1		
58	Risk Appetite Statement	To present a risk appetite statement for the Council.		Ronnie McKean	Governance	Governance	1.1		
59			<b>24 February 2021</b>						
60	Internal Audit Progress Report	To provide an update on progress for the 2019/20 audits		Colin Harvey	Governance	Governance	2.2		
61	Internal Audit Follow Up on Recommendations	To provide an update on where Services are with implementing agreed recommendations		Colin Harvey	Governance	Governance	2.3		
62	Internal Audit Plan 2021/22	To present the Internal Audit Plan for 2021/22.		Colin Harvey	Governance	Governance	2.1		
63	RIPSA Quarterly Report	to present the quarterly Ripsa report		Jess Anderson	Governance	Governance	5.2		
64	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 McKenzie	Customer Experience	Customer	6.4		

	A	B	C	D	E	F	G	H	I
65	Financial Sustainability	To provide assurance that the controls and assurance actions detailed in the Corporate Risk Register are operating as expected in ensuring that the identified risk is adequately mitigated.		Colin Harvey	Governance	Governance	2.2		
66	Housing Benefit and Council Tax Reduction	to provide assurance that entitlement is being calculated correctly based on appropriate documentary evidence and recorded accurately for subsidy purposes.		Colin Harvey	Governance	Governance	2.2		
67	Recruitment of Teachers	to provide assurance that appropriate processes are being employed in the recruitment of teaching staff and that arrangements are in place to address the risks identified in the Operations Risk Register (ICFS005)	The Urgent Business Committee on 6 May 2020 approved an amended Internal Audit Plan which included audits being moved to reserve list that would be progressed during the year where possible	Colin Harvey	Governance	Governance	2.2	D	This audit report has been included in the reserve list.
68	Vehicle Replacement Policy and Procurement	to provide assurance that the Council has an appropriate vehicle replacement policy and that procurement complies with policy and procurement regulations/governance.		Colin Harvey	Governance	Governance	2.2		
69	School/Pupil Security	to provide assurance that the Council has adequate arrangements regarding school security.		Colin Harvey	Governance	Governance	2.2		
70	Sale of Land and Property	to provide assurance over the processes in place for the sale of land and property assets.	The Urgent Business Committee on 6 May 2020 approved an amended Internal Audit Plan which included audits being moved to reserve list that would be progressed during the year where possible	Colin Harvey	Governance	Governance	2.2	D	This audit report has been included in the reserve list.

	A	B	C	D	E	F	G	H	I
71	Planning and Building Standards Fee Income	to provide assurance that there are adequate systems in place to control fee income and that they are being complied with.	The Urgent Business Committee on 6 May 2020 approved an amended Internal Audit Plan which included audits being moved to reserve list that would be progressed during the year where possible	Colin Harvey	Governance	Governance	2.2	D	This audit report has been included in the reserve list.
72	<b>12 May 2021</b>								
73	Internal Audit Progress Report	To provide an update on progress for the 2019/20 audits		Colin Harvey	Governance	Governance	2.2		
74	Internal Audit Follow Up on Recommendations	To provide an update on where Services are with implementing agreed recommendations		Colin Harvey	Governance	Governance	2.3		
75	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 McKenzie	Customer Experience	Customer	6.4		
76	RIPSA Quarterly Report	to present the quarterly RipSA report		Jess Anderson	Governance	Governance	5.2		
77	Timesheets and Allowances	To provide assurance that payments are accurate and justified and that improvements recommended in previous reviews have been fully implemented.		Colin Harvey	Governance	Governance	2.2		
78	Housing - Waiting List and Allocations	To provide assurance that the Housing Waiting List is maintained efficiently and allocations are made in accordance with policy.		Colin Harvey	Governance	Governance	2.2		

	A	B	C	D	E	F	G	H	I
79	Health and Safety - Operations and Protective Services	to provide assurance that appropriate processes are being employed in managing health and safety within the Cluster.		Colin Harvey	Governance	Governance	2.2		
80	Capital Project Management	to provide assurance that the management and reporting of on-going capital projects is adequate and that appropriate post completion reviews are completed so that lessons learned can be recorded and acted upon.		Colin Harvey	Governance	Governance	2.2		
81	<b>TBC</b>								
82	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."	Audit, Risk and Scrutiny 30 April 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. In the Interim, where there have been significant developments in the project, Service Updates will be submitted.	Neil Carnegie	Early Intervention and Community Empowerment	Customer	6.2		
83	<b>Reserve List</b>								

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## ABERDEEN CITY COUNCIL

<b>COMMITTEE</b>	Audit, Risk and Scrutiny Committee
<b>DATE</b>	8 <sup>th</sup> October 2020
<b>EXEMPT</b>	No
<b>CONFIDENTIAL</b>	No
<b>REPORT TITLE</b>	Corporate Risk Register and Corporate Assurance Map
<b>REPORT NUMBER</b>	COM/20/139
<b>CHIEF OFFICER</b>	Fraser Bell
<b>REPORT AUTHOR</b>	Vikki Cuthbert
<b>TERMS OF REFERENCE</b>	1.1

### 1. PURPOSE OF REPORT

To present the Corporate Risk Register and Assurance Map to provide assurance on the Council's system of risk management.

### 2. RECOMMENDATION(S)

That the Committee:-

- 2.1 note the Corporate Risk Register set out in Appendix A; and
- 2.2 note the Corporate Assurance Map provided at Appendix B.

### 3. BACKGROUND

#### Corporate Risk Register

- 3.1 The Audit, Risk and Scrutiny Committee is responsible for overseeing risk management on behalf of the Council and for receiving assurance that the Extended Corporate Management Team (ECMT) are effectively identifying and managing risks. Assurance on the strength of the system of risk management is a key role for the Committee.
- 3.2 The Council's Corporate Risk Register (CRR) captures the risks which pose the most significant threat to the achievement of our organisational outcomes and have the potential to cause failure of service delivery and is a tool with which risk is managed by Clusters and Functions.

- 3.3 The CRR is scrutinised by ECMT each month after being updated by risk managers and owners. The CRR was last reported to the Committee in September 2019 and the Council's Risk Management Framework requires the CRR should also be reported here annually. An updated version is attached to the report at Appendix A.
- 3.4 Committee is asked to note the updated format of the risk register to include the Current and Target risk scores and the control actions required to achieve the Target risk score. The summary page includes a list of risks contained within the register and the current risk scores are listed and illustrated on the risk matrix.
- 3.5 Committee is asked to note that the risks contained in the CRR are those which ECMT considers the most significant at the time of writing. Risks are also monitored and managed through Cluster Risk Registers and may be escalated to the CRR where deemed necessary. Where ECMT is sufficiently assured that significant risks are being managed, they will agree to de-escalate them back to Cluster level.
- 3.6 The CRR provides the organisation with the detailed information and assessment for each risk identified including;
- **Current risk score** – this is current assessment of the risk by the risk owner and reflects the progress percentage of control actions required in order to achieve the target risk score.
  - **Target risk score** – this is the assessment of the risk by the risk owner after the application of the control actions
  - **Control Actions** – these are the activities and items that will mitigate the effect of the risk event on the organisation.
  - **Risk score** – each risk is assessed using a 4x6 risk matrix as detailed below.

The 4 scale represents the impact of the risk and the 6 scale represents the likelihood of the risk event.

Impact	Score						
Very Serious	4	4	8	12	16	20	24
Serious	3	3	6	9	12	15	18
Material	2	2	4	6	8	10	12
Negligible	1	1	2	3	4	5	6
Score		1	2	3	4	5	6
Likelihood		Impossible	Almost Very Low	Low	Significant	High	Very High

- 3.7 Development and improvement of the CRR and associated processes has



continued since the CRR was last reported to the Committee:

- The Council’s Risk Management Policy was updated and approved by committee in December 2019
- Risk Management Guidance – complementary documentation which supports the Risk Management Policy was approved by the Corporate Management Team (CMT) in December 2019.
- Work is underway to produce a Risk Appetite Statement (RAS) for the Council. This will be reported to the Committee in December.
- The format of the Council’s risk registers has been and updated. This has created a single register, including corporate, Cluster and operational level risks, which can be escalated and de-escalated as appropriate. Risks are also categorised in accordance with the Risk Management Policy (compliance, operational, strategic, financial, reputational, climate/environmental, EU Exit, COVID-19) and are each also defined as risks relating to the Place, the Institution or Strategy. This alignment allows for whole system review of our risks, using live data, and provides a sophisticated risk profile for the organisation. Cluster level risks and assurance maps are to be reported in the next Committee cycle.
- The Corporate Risk Lead has provided support to Risk Owners and Managers to review, update and consolidate Risk Registers and Corporate, Cluster and Operational level to improve monitoring and reporting across the organisation.

## Assurance Map

3.8 The Assurance Map provides a visual representation of the sources of assurance associated with each of the risks contained within the CRR. This evidences the breadth and depth of assurance sources, so that the Committee and Corporate Management Team can determine where these are insufficient, whereas the Corporate Risk Register demonstrates how effectively risk is being managed through the controls which flow out of those sources of assurance.

3.9 The Assurance Map provides a breakdown of the “three lines of defence”, the different levels at which risk is managed. Within a large and complex organisation like the Council, risk management takes place in many ways. The Assurance Map is a way of capturing these and categorising them, thus ensuring that any gaps in sources of assurance are identified and addressed:

First Line of Defence “Do-ers”	Second Line of Defence “Helpers”	Third Line of Defence “Checkers”
The control environment; business operations performing day to day risk management activity; owning and managing risk as part of business as usual; these are the business owners, referred to as the “do-ers” of	Oversight of risk management and ensuring compliance with standards, in our case including ARSC as well as CMT and management teams; setting the policies and procedures against which risk is managed by the do-ers,	Internal and external audit, inspection and regulation, thereby offering independent assurance of the first and second lines of defence, the “do-ers” and “helpers”, referred to as the “checkers” of risk management.

risk management	referred to as the “helpers” of risk management.	
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3.10 Clusters will continue to review and update assurance maps to support their risk registers and these will be reported to the operational committees later in the year.

#### 4. FINANCIAL IMPLICATIONS

4.1 There are no direct financial implications arising from the recommendations of this report. The report deals with the highest level of risk and this process serves to identify controls and assurances that finances are being properly managed.

#### 5. LEGAL IMPLICATIONS

5.1 There are no direct legal implications arising from the recommendations of this report. The Corporate Risk Register serves to manage many risks with implications for the legal position and statutory responsibilities of the Council.

#### 6. MANAGEMENT OF RISK

6.1 The report provides information on the Council’s system of risk management and the improvements designed to make the system robust and fit for the changing social, political and economic environment in which we exist. The system ensures that all risks attaching to the Council’s business and strategic priorities are identified, appropriately managed and are compliant with the Council’s duties under the Equalities Act. Whilst the Corporate Risk Register records the most significant risks to the Council, the Committee is provided with assurance that from this there are effective controls identified. There are no risks arising from the recommendations in the report.

Category	Risk	Low (L) Medium (M) High (H)	Mitigation
<b>Strategic Risk</b>	The council is required to have a management system in place to identify and mitigate its risks	H	The council’s risk management system requires that risks are identified, listed and managed via risk registers
<b>Compliance</b>	As above	H	As above
<b>Operational</b>	As above	H	As above
<b>Financial</b>	As above	H	As above

<b>Reputational</b>	As above	H	As above
<b>Environment/Climate</b>	As above	H	As above

## 7. OUTCOMES

7.1 The recommendations within this report have no direct impact on the Council Delivery Plan however, the risks contained within the Council's risk register could impact on the delivery of organisational objectives.

## 8. IMPACT ASSESSMENTS

<b>Assessment</b>	<b>Outcome</b>
<b>Equality &amp; Human Rights Impact Assessment</b>	Full EHRIA not required
<b>Data Protection Impact Assessment</b>	Not required

## 9. BACKGROUND PAPERS

None.

## 10. APPENDICES (if applicable)

Appendix A – Corporate Risk Register  
Appendix B – Corporate Assurance Map

## 11. REPORT AUTHOR CONTACT DETAILS

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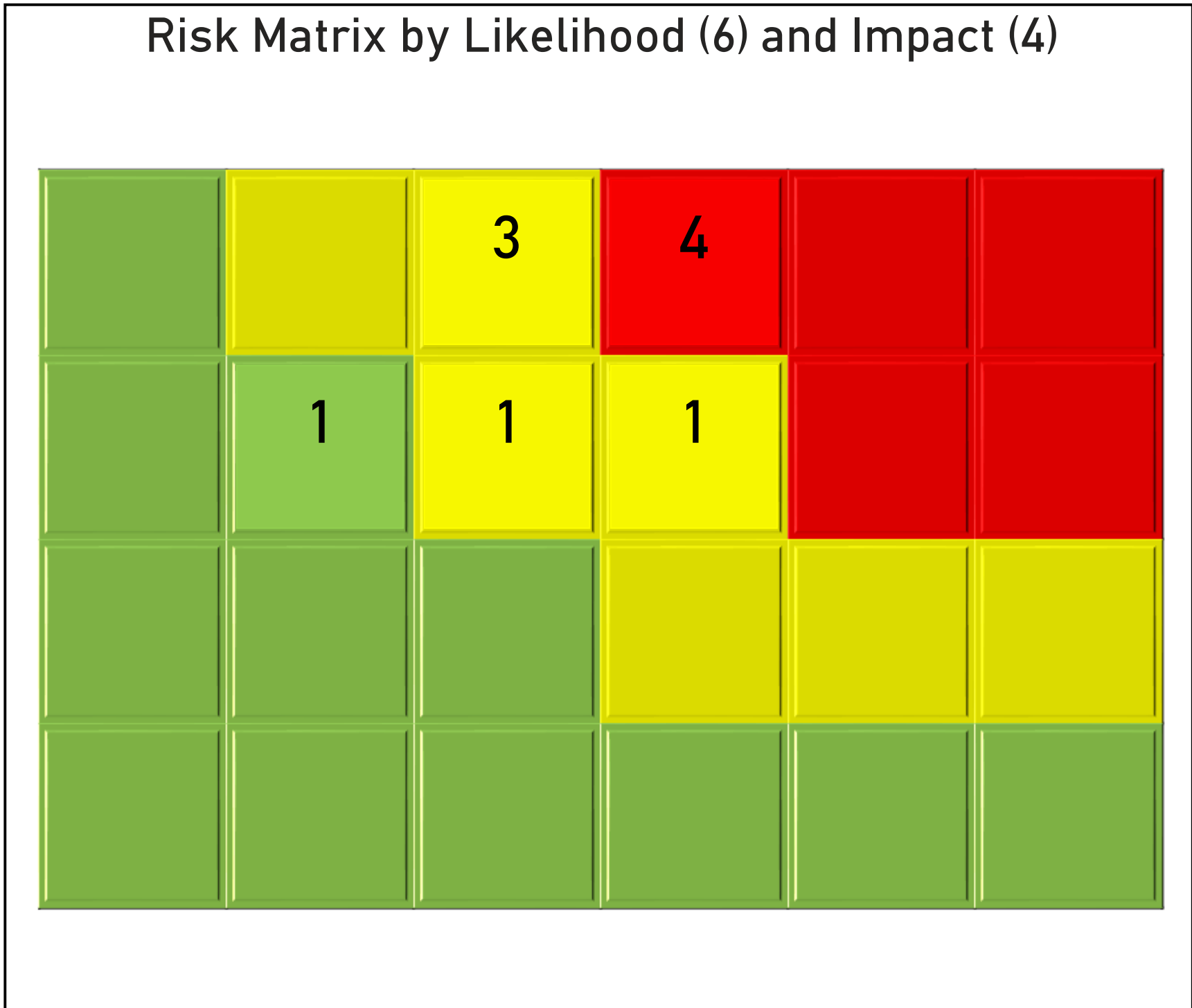


# Corporate Risk Register

CURRENT CORPORATE RISKS	CURRENT RISK SCORE
Civil Contingencies	12
Climate Change	16
Contract Management	9
Cyber Security	16
EU Exit (Economy)	16
EU-Exit (Institutional)	16
Financial Sustainability	12
Health & Safety Compliance	12
Information Governance	12
Workforce Capacity and Capability	6

Number of Corporate Risks

# 10



FUNCTION	CLUSTER	RISK OWNER	RISK LEAD
Customer	Digital & Technology	David Gammie	Norman Hogg

RISK TITLE	RISK DESCRIPTION	CONTROL ACTIONS	% COMPLETE	TARGET RISK SCORE	CURRENT RISK SCORE	CURRENT LIKELIHOOD	CURRENT IMPACT	TARGET COMPLETION DATE
Cyber Security	Risk that Cyber security threats are not sufficiently mitigated against to protect the Council, its essential functions and customer data	<p>Implementation of Phase 1 of the Identity and Access Management project to standardise account management and automation of account creation.</p> <p>Work to remove vulnerabilities due to some software which is beyond support.</p>	60	12	16	4	4	30 June 2021

FUNCTION	CLUSTER	RISK OWNER	RISK LEAD
Commissioning	Governance	Fraser Bell	Vikki Cuthbert

RISK TITLE	RISK DESCRIPTION	CONTROL ACTIONS	% COMPLETE	TARGET RISK SCORE	CURRENT RISK SCORE	CURRENT LIKELIHOOD	CURRENT IMPACT	TARGET COMPLETION DATE
Health & Safety Compliance	Risk of non-compliance with Health and Safety legislation and practices resulting in harm to the workforce and/or members of the public	<p>Review supplementary health and safety policies and procedures to align with the Corporate Health and Safety Policy and to ensure that there are clear lines of responsibility between the Corporate H&amp;S team for corporate policies/procedures and Clusters for service specific policies procedures.</p> <p>Training on Health and Safety requirements is available, promoted and reviewed to improve understanding and compliance within the relevant Clusters.</p> <p>Provision of adequate governance and Health and Safety reporting arrangements through :  - Assurance 365 to provide visibility to all Chief Officers on near-live H&amp;S data  - Reporting to external bodies (HSE, Scottish Fire and Rescue Service and the Care Inspectorate)  - Corporate incident and near miss reporting system for all managers  - Reporting to CMT on significant incidents and resulting actions to completion</p> <p>Development of a corporately agreed process on Lone Working incorporating controls which have been introduced as a result of COVID-19 related homeworking.</p> <p>Systems and processes to ensure protection of the workforce and members of the public against risk of infection of COVID-19:  - Workplace risk assessments for critical services  - Workplace risk assessments for reinstated services</p>	70	8	12	3	4	30 March 2021



FUNCTION	CLUSTER	RISK OWNER	RISK LEAD
Commissioning	Governance	Fraser Bell	Vikki Cuthbert

RISK TITLE	RISK DESCRIPTION	CONTROL ACTIONS	% COMPLETE	TARGET RISK SCORE	CURRENT RISK SCORE	CURRENT LIKELIHOOD	CURRENT IMPACT	TARGET COMPLETION DATE
Civil Contingencies	The Council must ensure that it puts in place adequate training, planning and testing for civil contingency events and other incidents.	<p>Training and development programme for Duty Emergency Response Co-ordinators (DERCs). Including regular refresher training and testing of activation packs, exercising such as; no notice activations of an IMT and the LRP.</p> <p>Training and development programme for operational staff who are likely to have to play a key role in emergency response.</p> <p>Testing of resilience structures and emergency plans, including input to plans which are pan-Grampian and overseen by the LRP and insituational arrangements which dovetail with LRP plans and the Council's Generic Emergency Plan.</p> <p>Embed CONTEST priorities of Prepare and Prevent within the capability of ACC.</p> <p>Review of Emergency Plans to ensure preparedness and ability of ACC to carry out our duties as a Category 1 responder.</p>	70	8	12	4	3	31 December 2020



FUNCTION	CLUSTER	RISK OWNER	RISK LEAD
Commissioning	Governance	Fraser Bell	Ronnie McKean

RISK TITLE	RISK DESCRIPTION	CONTROL ACTIONS	% COMPLETE	TARGET RISK SCORE	CURRENT RISK SCORE	CURRENT LIKELIHOOD	CURRENT IMPACT	TARGET COMPLETION DATE
EU-Exit (Institutional)	The Council must ensure that it has effective plans in place to mitigate potential impacts of UK exit from EU where possible.	<p>Establish an ACC EU-Exit Group that will identify, plan and manage impacts of EU-Exit.</p> <p>Monitoring of and create scenario planning for National Planning Assumptions.</p> <p>Monitoring and tracking of legislative changes.</p> <p>Establish links with LRP to ensure that ACC activities complements Local Resilience Partnership Working Group activities.</p> <p>Surveillance and horizon scanning of EU-Exit related matters.</p> <p>Establishment of an internal and external communications plan.</p>	50	12	16	4	4	31 December 2020

FUNCTION	CLUSTER	RISK OWNER	RISK LEAD
Customer	Data & Insights	Martin Murchie	Helen Cannings

RISK TITLE	RISK DESCRIPTION	CONTROL ACTIONS	% COMPLETE	TARGET RISK SCORE	CURRENT RISK SCORE	CURRENT LIKELIHOOD	CURRENT IMPACT	TARGET COMPLETION DATE
Information Governance	Risk that information governance protocols and processes do not provide the appropriate framework to facilitate optimum information management in support of decision making and resource allocation based on a Business Intelligence culture.	Long Term Preservation of Digital Records	40	8	12	3	4	31 December 2020

FUNCTION	CLUSTER	RISK OWNER	RISK LEAD
Commissioning	Strategic Place Planning	Gale Beattie	David Dunne

RISK TITLE	RISK DESCRIPTION	CONTROL ACTIONS	% COMPLETE	TARGET RISK SCORE	CURRENT RISK SCORE	CURRENT LIKELIHOOD	CURRENT IMPACT	TARGET COMPLETION DATE
Climate Change	Risk of non compliance with public bodies duties under the Climate Change (Scotland) Act 2009; to reduce emissions to contribute to national targets, adapt to climate change in contribution to the national adaptation programme and report annually on this work. Failure of the Council to address risks from climate change, including; an increase in the severity and frequency of severe weather events, in Aberdeen (heavy winter rainfall, flooding, a rise in sea level, reduction summer rainfall, higher temperatures).	<ol style="list-style-type: none"> <li>1. Develop, establish and implement governance for a Council Energy and Climate Plan (covering emission reduction and adaptation - Council assets and operations).</li> <li>2. Integration of climate change in key policies, strategies and plans.</li> <li>3. Integration of relevant climate risks in the ACC Risk Management Framework.</li> <li>4. Develop and implement city net zero and climate resilience plans (within the scope of the Council's influence); and establish governance for this partnership work.</li> <li>5. Data collation and performance monitoring for climate change, to support statutory reporting requirements.</li> <li>6. Increase staff awareness, understanding of climate change: and provide information accessible for the public.</li> </ol>	45	12	16	4	4	31 December 2024

FUNCTION	CLUSTER	RISK OWNER	RISK LEAD
Commissioning	Commercial & Procurement	Craig Innes	Graeme Craig

RISK TITLE	RISK DESCRIPTION	CONTROL ACTIONS	% COMPLETE	TARGET RISK SCORE	CURRENT RISK SCORE	CURRENT LIKELIHOOD	CURRENT IMPACT	TARGET COMPLETION DATE
Contract Management	Risk that contracts are not managed effectively with poor supplier relationship management which may lead to poor performance & compliance, increased costs and/or savings not achieved and potential for reputational/legal risks.	<ol style="list-style-type: none"> <li>1. Social Care Contracts and Commissioning Team has a contract management framework, including detailed contract monitoring procedures.</li> <li>2. ACC Procurement Regulations - Regulation 13.1-13.3 set requirements in relation to contract management.</li> <li>3. Implementation of effective contract management procedures across the organisation clearly stating the need for proper contract administration, relationship management and review of contract performance.</li> <li>4. Ensuring that contract managers have effective contract management skills and they have full training where pertinent on the Councils internal procurement regulations.</li> <li>5. Clarity on who is the contract manager for a particular contract.</li> <li>6. Ensuring that consideration is given to how performance will be monitored e.g. outcomes and KPIs, as part of the co-development of specifications.</li> <li>7. Contract Registers</li> </ol>	90	6	9	3	3	30 October 2020

FUNCTION	CLUSTER	RISK OWNER	RISK LEAD
Resources	People & Organisation	Steve Whyte	Isla Newcombe

RISK TITLE	RISK DESCRIPTION	CONTROL ACTIONS	% COMPLETE	TARGET RISK SCORE	CURRENT RISK SCORE	CURRENT LIKELIHOOD	CURRENT IMPACT	TARGET COMPLETION DATE
Workforce Capacity and Capability	The Council must ensure that it has a workforce with the capability and capacity to deliver our Strategic Outcomes.	<p>Capacity</p> <ul style="list-style-type: none"> <li>- Internal movement of staff (Re.cr.uit scheme) including temporary movement relating to Covid-19 emergency response</li> <li>- Develop our young workforce to provide internship &amp; apprenticeship opportunities in key hard to fill areas to support our workforce for the future, including internships for Care Experienced Young People</li> <li>- Development of flexible options for increasing capacity in core operational areas for example through the development of relief pools</li> <li>- Mental Health Action Plan including specific activity relating to Covid-19 response</li> </ul> <p>Capability</p> <ul style="list-style-type: none"> <li>- Learning and development available covering all elements of the capability framework</li> <li>- Leadership and Management development</li> <li>- Development of digital adoption techniques to support increased adoption of technology across the organisation</li> <li>- Refresh of the end to end induction and onboarding process for all staff</li> <li>- Refresh of the mandatory training requirements for staff including reporting and alerts</li> <li>- Working towards achievement of Equally Safe at Work Accreditation</li> <li>- Equipping the workforce to adapt effectively to Scottish Government guidance regarding Covid-19</li> </ul>	60	4	6	2	3	03 March 2021

FUNCTION	CLUSTER	RISK OWNER	RISK LEAD
Resources	Finance	Steve Whyte	Jonathan Belford

RISK TITLE	RISK DESCRIPTION	CONTROL ACTIONS	% COMPLETE	TARGET RISK SCORE	CURRENT RISK SCORE	CURRENT LIKELIHOOD	CURRENT IMPACT	TARGET COMPLETION DATE
Financial Sustainability	Failure to deliver financial sustainability due to: Failure to align resources to commissioning intentions and service standards Inadequate financial reporting and planning Failure to respond to external factors Failure of partners, businesses or the 3rd sector Failure of transformation plans, projects or service redesigns Inadequate financial stewardship or capability	21-23 and longer term financial planning Covid:Business Grants and liquidity for businesses; supply chain finance support Covid:Financial Support to Citizens Covid:Balance sheet/going concern and valuations analysis Covid:Revenue and Capital programme implications additional assurance Covid:Financial stewardship of operational changes and controls Covid:Reporting and responding to consultations and data collection Covid:Review financial support to ALEOs Digital programme for financial stewardship and use of resources Integrated real time data and decision making Improvements to financial transaction stewardship Capability framework	70	8	12	3	4	30 June 2021



FUNCTION	CLUSTER	RISK OWNER	RISK LEAD
Commissioning	City Growth	Richard Sweetnam	Julie Richards-Wood

RISK TITLE	RISK DESCRIPTION	CONTROL ACTIONS	% COMPLETE	TARGET RISK SCORE	CURRENT RISK SCORE	CURRENT LIKELIHOOD	CURRENT IMPACT	TARGET COMPLETION DATE
EU Exit (Economy)	The council and its external stakeholders must ensure that it has effective plans and resources in place to support City Economy and businesses respond to any negative impacts and opportunities resulting from EU-Exit	<p>Work with Stakeholders to coordinate any responses to EU-Exit, with the Regional Economic Strategy Group, or, at the city level, engage with the Business Resilience Group, created in response to the Covid-19 crisis, on a call-off basis.</p> <p>Within City Growth, deliver inward investment, employability and energy transition priorities and actively manage external funding plan in response to changes in funding programmes.</p> <p>Surveillance and horizon scanning of EU-Exit related matters.</p> <p>Work in conjunction with and co-ordinate activities with the ACC EU-Exit Group</p>	50	12	16	4	4	31 December 2020

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**Aberdeen City Council – Assurance Map**

Risk Description and Score	First Line of Defence (Do-ers)	Second Line of Defence (Helpers)	Third Line of Defence (Checkers)
<p><b>Cyber Security</b></p> <p>Risk that Cyber security threats are not sufficiently mitigated against to protect the Council, its essential functions and customer data</p>	<ul style="list-style-type: none"> <li>• Mandatory Information Governance Staff Training and IT Security Staff Training</li> <li>• Operational procedures and guidance notes including Cyber Security Incident Management Procedure</li> <li>• Procedures to implement ICT policies</li> <li>• ICT System Risk Assessments</li> <li>• Data Privacy Impact Assessments</li> <li>• Investigation into incidents and breaches</li> <li>• IT audits</li> </ul>	<ul style="list-style-type: none"> <li>• Corporate Management Team (CMT) Stewardship undertakes monthly review of Cyber Security Risk.</li> <li>• Senior Management Team (SMT) undertakes review of Cluster Operational Risk Register</li> <li>• Audit, Risk and Scrutiny Committee oversight of risk management system</li> <li>• Information Governance Group led by Senior Information Risk Owner (SIRO)</li> <li>• Policy documentation including, Information and Communication Technology (ICT) Acceptable Use Policy and ICT Access Control Policy</li> </ul>	<ul style="list-style-type: none"> <li>• Annual Internal Audit Plan approved and overseen by Audit Risk and Scrutiny Committee</li> <li>• Cyber Essentials testing and accreditation</li> <li>• Reports from Scottish Governance Cyber Resilience</li> <li>• External Penetration testing</li> <li>• Cyber Group under North Regional Resilience Partnership.</li> </ul>
Target Risk Score	<b>12</b>		

Risk Description and Score	First Line of Defence (Do-ers)	Second Line of Defence (Helpers)	Third Line of Defence (Checkers)
<p><b>Health &amp; Safety Compliance</b></p> <p>The Council must ensure compliance with Health and Safety Legislation to prevent harm to employees or members of the public</p>	<ul style="list-style-type: none"> <li>• Risk assessments</li> <li>• Staff training and development on health and safety</li> <li>• Operational Safe Systems of Work</li> <li>• RIDDOR reporting (Reporting of Injuries, Diseases and Dangerous Occurrences Regulations)</li> <li>• Compliance checks</li> <li>• Physical verification checks</li> <li>• Function Health and Safety Groups</li> <li>• Health and Safety Improvement Plans</li> <li>• Investigations into incidents and breaches</li> <li>• Operational procedures and guidance notes to implement Corporate Health and Safety Policy and ancillary corporate policies</li> </ul>	<ul style="list-style-type: none"> <li>• Extended Corporate Management Team (ECMT) Stewardship undertakes monthly review of health and safety risk compliance risk</li> <li>• Corporate Health and Safety Policy</li> <li>• Senior Management Team review of health and safety performance data</li> <li>• ECMT Stewardship oversight of health and safety contraventions</li> <li>• Performance reports to Staff Governance Committee</li> <li>• Trade Union/Director weekly meetings at which health and safety matters can be raised</li> <li>• Audit, Risk and Scrutiny Committee oversight of risk management system</li> </ul>	<ul style="list-style-type: none"> <li>• Health and Safety Executive (HSE) visits and reports - RIDDOR require ACC to report identified injuries to be reported to HSE. These reports can lead to HSE interventions where they meet their requirements.</li> <li>• Scottish Fire and Rescue audits – conduct annual fire safety audits of care establishments; also 6 monthly walk around audits of multi-storey housing blocks</li> <li>• Care Inspectorate audits – programme of inspection visits to care homes in Scotland</li> <li>• Internal Audit Plan approved and overseen by Audit, Risk and Scrutiny Committee, covers health and safety arrangements</li> <li>• Her Majesty’s Inspectorate of Education reports – use a sampling strategy for inspections across all early learning establishments and schools.</li> </ul>
<p><b>Target Risk Score</b></p>	<p><b>8</b></p>		

Risk Description and Score		First Line of Defence (Do-ers)	Second Line of Defence (Helpers)	Third Line of Defence (Checkers)
<p><b>Civil Contingencies</b></p> <p>The Council must ensure that it puts in place adequate training, planning and testing for civil contingency events and other incidents.</p>		<ul style="list-style-type: none"> <li>• Emergency Plans</li> <li>• Operational response procedures</li> <li>• Risk assessments within services</li> <li>• Business Continuity Plans</li> <li>• Training for emergency response including exercising, testing and validation</li> <li>• Performance reporting following incidents and emergency through de-briefs</li> <li>• Duty Emergency Response Co-ordinator procedures</li> </ul>	<ul style="list-style-type: none"> <li>• Business Continuity Policy</li> <li>• Organisational Resilience Group</li> <li>• Business Continuity Sub-Group</li> <li>• Extended Corporate Management Team undertakes monthly review of Civil Contingencies risk</li> <li>• Senior Management Teams horizon scanning for new and emerging risks</li> <li>• CONTEST Framework Strategy for Scotland</li> <li>• Resilience Direct information sharing portal</li> <li>• Public Protection Committee oversight of resilience arrangements.</li> <li>• Risk assessment across resilience partners</li> <li>• Audit, Risk and Scrutiny Committee oversight of risk management system</li> </ul>	<ul style="list-style-type: none"> <li>• North Regional Resilience Partnership</li> <li>• Grampian Local Resilience Partnership</li> <li>• Internal Audit Plan approved and overseen by Audit, Risk and Scrutiny Committee, covers civil contingency arrangements</li> <li>• Scottish Government / Cabinet Office guidance</li> <li>• Testing of multi-agency emergency plans at partner level.</li> </ul>
Target Risk Score	<b>8</b>			

## Aberdeen City Council – Assurance Map

Risk Description and Score	First Line of Defence (Do-ers)	Second Line of Defence (Helpers)	Third Line of Defence (Checkers)
<p><b>EU Exit (Institutional)</b></p> <p>The Council must ensure that it has effective plans in place to mitigate potential impacts of UK exit from EU where possible.</p> <p><b>EU Exit (Economy)</b></p> <p>The council and its external stakeholders must ensure that it has effective plans and resources in place to support City Centre Economy and local Businesses with the negative impacts and opportunities resulting from EU-Exit</p>	<ul style="list-style-type: none"> <li>• Risk assessments by services</li> <li>• EU Exit Group, cross-service meetings held to review risks and mitigations against national planning assumptions</li> <li>• Assessment and review of workforce dependencies</li> <li>• Review of critical supplier plans</li> <li>• Communication and information plan for citizens</li> <li>• Workforce flexible approach in areas of demand</li> <li>• Budget planning for anticipated impacts</li> <li>• Horizon scanning (on-going by all services)</li> <li>• Resilience Direct data portal</li> </ul>	<ul style="list-style-type: none"> <li>• Corporate Management Team review and monitoring of EU Exit risk.</li> <li>• ALEO (Arms-Length External Organisations) Assurance Hub oversight of risk to ALEOs.</li> <li>• Audit, Risk and Scrutiny Committee oversight of risk management system</li> </ul>	<ul style="list-style-type: none"> <li>• National Planning Assumptions</li> <li>• North Regional Resilience Partnership</li> <li>• Grampian Local Resilience Partnership</li> </ul>

### Aberdeen City Council – Assurance Map

Target Risk Score	12			
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**Aberdeen City Council – Assurance Map**

Risk Description and Score	First Line of Defence (Do-ers)	Second Line of Defence (Helpers)	Third Line of Defence (Checkers)
<p><b>Information Governance</b></p> <p>Risk that information governance protocols and processes do not provide the appropriate framework to facilitate optimum information management in support of decision making and resource allocation based on a Business Intelligence culture.</p>	<ul style="list-style-type: none"> <li>• Mandatory Information Governance Staff Training</li> <li>• Procedures to implement Corporate Information Policy</li> <li>• Operational procedures and guidance notes including Corporate Information and Information Asset Owner Handbooks</li> <li>• Investigations into Data Breach</li> </ul>	<ul style="list-style-type: none"> <li>• Corporate Management Team (CMT) undertakes monthly review of Information Governance Risk Register and Quarterly Information Governance Assurance reports</li> <li>• Policy documentation including Corporate Information Policy</li> <li>• Information Governance Group led by Senior Information Risk Owner (SIRO)</li> <li>• Audit Risk and Scrutiny oversight of Information Governance including annual Information Governance Assurance Statement</li> <li>• Data Forums</li> </ul>	<ul style="list-style-type: none"> <li>• Annual Internal Audit Plan approved and overseen by Audit Risk and Scrutiny Committee</li> <li>• Reports from Information Commissioners Office and National Records of Scotland</li> </ul>
Target Risk Score	<b>8</b>		

## Aberdeen City Council – Assurance Map

Risk Description and Score	First Line of Defence (Do-ers)	Second Line of Defence (Helpers)	Third Line of Defence (Checkers)
<p><b>Climate Change</b></p> <p>Risk of non-compliance with public bodies duties under the Climate Change (Scotland) Act 2009; to reduce emissions to contribute to national targets, adapt to climate change in contribution to the national adaptation programme and report annually on this work. Failure of the Council to address risks from climate change, including; an increase in the severity and frequency of severe weather events, in Aberdeen (heavy winter rainfall, flooding, a rise in sea level, reduction summer rainfall, higher temperatures).</p>	<ul style="list-style-type: none"> <li>• Council Energy and Climate Oversight Group meetings and thematic sub groups on – leadership and governance; awareness and behaviour change; buildings; transport; and other operations.</li> <li>• Staff training and development.</li> <li>• Operational plans and guidance including Climate Risk Guidance. Environmental risks (including climate risks) incorporated in business cases, committee reporting and guidance.</li> <li>• Climate Risk Assessments.</li> <li>• Weather Impact Assessment.</li> <li>• Monitoring and reducing emissions from ACC estate and services; including from buildings, transport and waste.</li> </ul>	<ul style="list-style-type: none"> <li>• Corporate Management Team (CMT) Stewardship undertakes monthly review of Climate Change risk.</li> <li>• Senior Management Team (SMT) undertakes review of Cluster Operational Risk Register</li> <li>• Council Energy and Climate Plan Routemap, covering Council assets and operations.</li> <li>• Strategic plans including: Net Zero Vision for Aberdeen and supporting Strategic Infrastructure Plan, Sustainable Energy Action Plan (Powering Aberdeen); North East Flood Risk Management Plan and Strategy; and Aberdeen Adapts: Climate Adaptation Framework.</li> <li>• Audit, Risk and Scrutiny Committee oversight of risk management system.</li> <li>• City Growth and Resources Committee oversight of climate change reporting.</li> <li>• Inclusion in plans, programmes, strategies including those for planning, transport, housing.</li> </ul>	<ul style="list-style-type: none"> <li>• Statutory annual Climate Change Report (Public Bodies Climate Change Duties) submitted to Scottish Government.</li> <li>• Statutory Performance Indicators (SPP) Emissions Management.</li> <li>• Regional and National reports and guidance from Scottish Government, UK Government and SEPA.</li> <li>• UK Climate Projections (UKCP) Met Office.</li> <li>• Adaptation Capability Framework Benchmarking Tool.</li> </ul>

### Aberdeen City Council – Assurance Map

Target Risk Score	12			
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Risk Description and Score	First Line of Defence (Do-ers)	Second Line of Defence (Helpers)	Third Line of Defence (Checkers)
<p><b>Contract Management</b></p> <p>Risk that contracts are not managed effectively with poor supplier relationship management which may lead to poor performance &amp; compliance, increased costs and/or savings not achieved and potential for reputational/legal risks.</p>	<ul style="list-style-type: none"> <li>• Staff training and development</li> <li>• Operational procedures and guidance including Contract Management Guidance and Procurement Regulations</li> <li>• Procedures to implement contract management policies</li> </ul>	<ul style="list-style-type: none"> <li>• Corporate Management Team (CMT) Stewardship undertakes monthly review of Contract Management Risk</li> <li>• Senior Management Team (SMT) undertakes review of Cluster Operational Risk Register</li> <li>• Contract review by Demand Management Board</li> <li>• Oversight by Arms-Length External Organisation (ALEO) Assurance Hub</li> <li>• Audit, Risk and Scrutiny Committee oversight of risk management system</li> <li>• Strategic Commissioning Committee</li> <li>• Policy documentation including Sustainable Procurement and Community Benefits Policy</li> </ul>	<ul style="list-style-type: none"> <li>• Annual Internal Audit Plan approved and overseen by Audit Risk and Scrutiny Committee</li> <li>• Annual External Audit and report</li> <li>• External reports from Scotland Excel including Procurement Capability and Improvement Plans (PCIP)</li> <li>• Scottish Government performance review and reports</li> </ul>
Target Risk Score	6		



## Aberdeen City Council – Assurance Map

Risk Description and Score	First Line of Defence (Do-ers)	Second Line of Defence (Helpers)	Third Line of Defence (Checkers)
<p><b>Workforce Capacity and Capability</b></p> <p>The Council must ensure that it has a workforce with the capability and capacity to deliver our Strategic Outcomes.</p>	<ul style="list-style-type: none"> <li>• Risk assessments</li> <li>• Monitoring of casework data</li> <li>• Skills audits used to build training requirements and programmes of development</li> <li>• Managers' completing Continuous Review and Development</li> <li>• Regular monitoring of peripheral staff</li> <li>• Absence reporting</li> <li>• Staff related procedures flowing from policies</li> <li>• Workforce Development Plan including training and development</li> <li>• Capability Framework implementing Guiding Principles</li> <li>• Leadership Forum</li> <li>• Guidance for managers and staff on People Anytime</li> </ul>	<ul style="list-style-type: none"> <li>• Performance reports to Staff Governance Committee</li> <li>• Corporate Management Team (CMT) Stewardship undertakes monthly review of workforce for the future risk</li> <li>• Senior Management Team (SMT) undertakes review of Cluster Operational Risk Register</li> <li>• Staff related policies and procedures</li> <li>• Strategic Workforce Plan</li> <li>• Data Protection processes</li> <li>• Consultation and legislative tracker to horizon scan for changes in the law</li> <li>• Audit, Risk and Scrutiny Committee oversight of risk management system</li> </ul>	<ul style="list-style-type: none"> <li>• COSLA – national negotiating body via SJC and SNCT.</li> <li>• Scottish Government – checking compliance with national initiatives e.g. Early Years Expansion, Pupil Equity Fund</li> <li>• Chartered Institute of Personnel Development (CIPD) / ACAS-- professional bodies available for benchmarking / best practice advice and guidance</li> <li>• Society of Personnel and Development Scotland (SPDS) – professional body available for benchmarking / best practice advice and guidance and links into COSLA</li> <li>• Internal Audit Plan approved and overseen by Audit, Risk and Scrutiny Committee covering workforce related matters such as VSER</li> <li>• Her Majesty's Inspectorate of Education (HMiE) reports – use a sampling strategy for inspections across school leadership and learning and teaching</li> <li>• GTC/SSSC- set out registration requirements for specific parts of the workforce</li> </ul>
<p><b>Target Risk Score</b></p>	<p><b>4</b></p>		

**Aberdeen City Council – Assurance Map**

				<ul style="list-style-type: none"> <li>Employer Accreditations including Quality of Working lives, IYYP, Disability Confident, Armed Forces Covenant and Investors in Young People</li> <li>Benchmarking through Local Government Benchmarking forum (LGBF) measuring indicators such of cost of HR gender profile and workforce profile across all 32 Local Authorities</li> </ul>
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## Aberdeen City Council – Assurance Map

Risk Description and Score	First Line of Defence (Do-ers)	Second Line of Defence (Helpers)	Third Line of Defence (Checkers)
<p><b>Financial Sustainability</b></p> <p>Failure to deliver financial sustainability due to:</p> <p>Failure to align resources to commissioning intentions and service standards</p> <p>Inadequate financial reporting and planning</p> <p>Failure to respond to external factors</p> <p>Failure of partners, businesses or the 3rd sector</p> <p>Failure of transformation plans, projects or service redesigns</p> <p>Inadequate financial stewardship or capability</p>	<ul style="list-style-type: none"> <li>• Monthly and Quarterly monitoring and reporting of budget including Contingent Liability</li> <li>• Operational procedures and guidance including those set out in Scheme of Governance, and Financial Regulations</li> <li>• Procedures including Fraud Prevention and Money Laundering</li> </ul>	<ul style="list-style-type: none"> <li>• Corporate Management Team (CMT) Stewardship undertakes monthly review of financial sustainability risk.</li> <li>• Senior Management Team (SMT) undertakes review of Cluster Operational Risk Register</li> <li>• Weekly review of budget delivery by Transformation Management Group (TMG) - Finance</li> <li>• Audit, Risk and Scrutiny Committee oversight of risk management system</li> <li>• Audit Risk and Scrutiny oversight of Internal and External Audit reports.</li> </ul>	<ul style="list-style-type: none"> <li>• Annual External Audit and report</li> <li>• Annual Internal Audit Plan based on risk and approved and overseen by Audit, Risk and Scrutiny Committee.</li> <li>• CIPFA (Chartered Institute of Public Finance and Accountancy) financial management review</li> <li>• Price Waterhouse Cooper budget review</li> <li>• Annual credit rating review</li> <li>• London Stock Exchange compliance checks</li> <li>• Audit Scotland and National Audit reports</li> <li>• Her Majesty's Revenue and Customs Treasury, Director of Finance and other bodies reports and advice</li> <li>• Charities Commission reports and advice and reports on Trust Accounts</li> </ul>

### Aberdeen City Council – Assurance Map

Target Risk Score	8			
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## Aberdeen City Council – Assurance Map

Risk Description and Score	First Line of Defence (Do-ers)	Second Line of Defence (Helpers)	Third Line of Defence (Checkers)
<p><b>EU Exit (Institutional)</b></p> <p>The Council must ensure that it has effective plans in place to mitigate potential impacts of UK exit from EU where possible.</p> <p><b>EU Exit (Economy)</b></p> <p>The council and its external stakeholders must ensure that it has effective plans and resources in place to support City Centre Economy and local Businesses with the negative impacts and opportunities resulting from EU-Exit</p>	<ul style="list-style-type: none"> <li>• Risk assessments by services</li> <li>• EU Exit Group, cross-service meetings held to review risks and mitigations against national planning assumptions</li> <li>• Assessment and review of workforce dependencies</li> <li>• Review of critical supplier plans</li> <li>• Communication and information plan for citizens</li> <li>• Workforce flexible approach in areas of demand</li> <li>• Budget planning for anticipated impacts</li> <li>• Horizon scanning (on-going by all services)</li> <li>• Resilience Direct data portal</li> </ul>	<ul style="list-style-type: none"> <li>• Corporate Management Team review and monitoring of EU Exit risk.</li> <li>• ALEO (Arms-Length External Organisations) Assurance Hub oversight of risk to ALEOs.</li> <li>• Audit, Risk and Scrutiny Committee oversight of risk management system</li> </ul>	<ul style="list-style-type: none"> <li>• National Planning Assumptions</li> <li>• North Regional Resilience Partnership</li> <li>• Grampian Local Resilience Partnership</li> </ul>

### Aberdeen City Council – Assurance Map

Target Risk Score	12			
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## ABERDEEN CITY COUNCIL

<b>COMMITTEE</b>	Audit, Risk and Scrutiny
<b>DATE</b>	9 October 2020
<b>EXEMPT</b>	No
<b>CONFIDENTIAL</b>	No
<b>REPORT TITLE</b>	ALEO Assurance Hub
<b>REPORT NUMBER</b>	COM-20-138
<b>CHIEF OFFICER</b>	Fraser Bell
<b>REPORT AUTHOR</b>	Vikki Cuthbert
<b>TERMS OF REFERENCE</b>	Remit - 1.2

### 1. PURPOSE OF REPORT

To provide 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.

### 2. RECOMMENDATIONS

That the Committee:-

- 2.1 Notes the level of assurance provided by each ALEO on risk management, financial management and governance;
- 2.2 Notes that Assurance Hub officers and ALEO Service Leads will discuss any outstanding issues identified with ALEO representatives and that the Chief Officer – Finance and Head of Commercial and Procurement will continue to meet with each ALEO regularly to provide support.

### 3. BACKGROUND

- 3.1 The Committee last received a report on the findings of the ALEO Assurance Hub in December 2019, at which time it was also reported that the Hub's workplan had been reviewed and that reports would be submitted to the Committee twice a year, in accordance with that workplan. In 2020, this was due to be May and October.
- 3.2 The Hub was due to review, by exception, the level of ALEO risk to the Council in May this year when the COVID-19 pandemic was at its peak. The pandemic response had implications for each ALEO as the Council and the city as a whole responded to national lockdown, including some ALEO staff being furloughed and their operations being significantly altered.

- 3.3 In recognition of this rapidly evolving picture and the cancellation of the Audit, Risk and Scrutiny Committee meeting due in May, Chief Officers met with each ALEO regularly and routinely during lockdown to maintain oversight of their financial, risk and governance profiles. This included consideration of the impact of the pandemic. At its meeting on 30 June 2020, the Urgent Business Committee considered the Financial Resilience Recovery Plan and this included an assessment of the risk that ALEO's presented the Council, and was based on that regular oversight and data collected.
- 3.4 This report provides an update, by exception, on the governance arrangements, financial management and risk management frameworks for each ALEO. The areas intended for review, as per the workplan, have been adjusted, as below at 3.5. These have been reviewed by the Assurance Hub, which continues to adopt a proportionate and risk-based approach which, in light of a continually evolving picture for ALEOs, has taken cognisance of the need to be supportive without adding additional pressures. Nonetheless, it is the role of the Hub to assure itself, and the Committee, that these frameworks are robust and, in themselves, not adding negatively to the risk profile of the ALEOs and, in turn, the Council. It is important during what is a difficult time that these stand up to scrutiny and testing.
- 3.5 The Hub met on 19<sup>th</sup> August and agreed to review the following areas, using where possible, information already held by the Council as part of the on-going support to ALEOs.

#### Financial Management

1. Cash Flow forecasts
2. Draft Annual Accounts
3. Any other Covid related financial data already supplied to Finance, as well as awareness of financial stewardship during this period.

#### Governance

1. Confirmation and evidence that Management Board have continued to meet regularly during the period Feb 2020 to present.
2. Confirmation of any significant changes to governance arrangements during the period Feb 2020 to present.

#### Risk Management

1. Within the context of the current operating environment, confirmation of the activities undertaken to identify, assess and mitigate the operational risks identified, including EU Exit.
  2. Within the context of the current operating environment, confirmation that existing Business Continuity Plans have been reviewed so as to mitigate the following effects of the COVID-19 pandemic:
    - Staff required to provide critical/minimum levels of service
    - Loss of staff due to Test and Protect, Shielding, Personal Illness
    - Address any single points of failure
- 3.6 **Appendix A** provides a summary of the review by the Assurance Hub. **Appendix B** provides the associated risk ratings for each ALEO, compared to ratings reported in previous reports to the Committee. The risk assessment of



the ALEOs relates heavily to the potential financial exposure presented to the Council, caused by the uncertainty of the pandemic and associated restrictions. The risk assessment is not reflective of the financial stewardship of each organisation. As set out in Appendix A, no significant concerns are raised in that regard, and each ALEOs' financial management is considered to be satisfactory. In the meantime, funding continues to be made available by the Council to support the ALEOs' activities and the ALEOs will continue to work with the Council to secure appropriate external funding.

### **Section 95 Officer – Statement of Assurance**

3.7 In addition, below is a statement of assurance from the section 95 officer, the Chief Officer – Finance.

The review of ALEOs, has in the past, focused mainly on past performance, with financial scrutiny in respect of the year-end position, plus any subsequent financial monitoring data available. Whilst copies of draft year-end accounts have been received from the ALEOs plus a number of cash flow/financial position papers, the Covid-19 pandemic has meant that there has been a significantly greater level of scrutiny by officers, including the s.95 Officer and Head of Commercial and Procurement, on both the year-end accounts, cash flow/financial papers and in reviewing the actions taken by the ALEOs to satisfy the Council that they have made been taking all measures to both minimise costs, maximise the value of grant funding available and plan for re-opening. The ultimate aim of officers has been to ensure that any financial and reputational risks to the Council have been mitigated wherever possible.

In particular, these reviews and discussions included ensuring:

- All appropriate grants were applied for by the ALEOs;
- The appropriate numbers of staff being placed on furlough;
- ACC quarterly support funding payments were accelerated where appropriate;
- Regular meetings with ALEO and ACC officers to review updated forecasts and financial positions as the pandemic approached and government support developed;
- Any financial aid or letters of comfort required to access grant funding were provide in line with financial regulations and Urgent Business Committee instructions;
- Identification of any potential savings/cost reduction opportunities.

The re-opening scenario is different for some of these organisations, dependent upon which area they are operating within.

#### **Aberdeen Heat and Power**

This organisation has been least affected by the pandemic, as it operates in an environment which is not subject to additional re-opening criteria.

#### **Aberdeen Performing Arts**

At this time, it is unlikely that they will fully re-open until Q1 2021. On-going discussions with APA have and will continue to take place to ensure that APA is ready to recommence operations at the appropriate juncture.

### **Aberdeen Sports Village**

The additional restrictions placed upon ASV and other sports-related venues have meant that limited re-opening is in place for some of its services. Government decisions around moving to phase 4 and potential local lockdowns and further restrictions mean there is no known definitive date in which ASV will become fully operational.

### **Bon Accord Care**

This organisation has been affected by the pandemic, as it operates in an environment which has been subject to particular operating conditions in relation to safe ways of working.

### **Sport Aberdeen**

The additional restrictions placed upon Sport Aberdeen have meant that limited re-opening is of some of its services. Government decisions required around moving to phase 4 and potential local lockdowns and further restrictions mean there is no known definitive date in which Sport Aberdeen will become fully operational.

## **4. FINANCIAL IMPLICATIONS**

- 4.1 There are no direct financial implications arising from this report.
- 4.2 The role of the Hub is to ensure that ALEOs provide assurance that risks, including financial ones are identified and managed. One of the Hub's primary functions is to ensure that the Council is able to follow the public pound as outlined in Accounts Commission guidance.
- 4.3 The updated financial position of the ALEO's will also be included within the Q2 report being prepared for the City Growth & Resources Committee on 28 October.

## **5. LEGAL IMPLICATIONS**

- 5.1 Legal officers within Commercial and Procurement Services have reviewed ALEO Service Level Agreements which aim, amongst other things, to facilitate the ALEO Assurance Framework. These have been modified to recognise the requirements of the Assurance Hub to receive assurance regarding systems of governance, company outcomes and risk management and mitigation.
- 5.2 The Hub will help identify any projects and/or initiatives that could influence investment decisions of Bond holders or the Council's credit rating and ensure that the appropriate governance is put in place. This adds to the Council's existing Bond governance arrangements.

## 6. MANAGEMENT OF RISK

Category	Risk	Low (L) Medium (M) High (H)	Mitigation
<b>Strategic Risk</b>	Ability of ALEOs to support the Council in meeting its strategic outcomes.	(M)	The Assurance Hub process mitigates against this risk by monitoring ALEO contribution to ACC strategic outcomes. This includes review of ALEO risk registers.
<b>Compliance</b>	ALEO service level agreements are not up to date and ALEOs are not delivering on Council outcomes.  GDPR Compliance.	(L)	<p>Commercial and Procurement Services has reviewed ALEO service level agreements to ensure they remain robust and fit for purpose.</p> <p>The Strategic Commissioning Committee has oversight of how ALEOs are achieving Council outcomes and complying with the terms of their service level agreements.</p> <p>The Hub will continue its oversight of ALEOs' approach to embedding strong governance, including audits, policies, procedures and systems to ensure that these are being reviewed and staff training is being delivered to mitigate the risk of governance failure.</p> <p>The Legal Governance Team provide support and advice to the Hub on the steps ALEOs</p>

			are taking on GDPR compliance in order for the Hub to provide assurance to Committee on ALEOs' management of this risk.
<b>Operational</b>	Failure of ALEOs to deliver services according to agreed Service Level Agreements	M	Monitored by Strategic Commissioning Committee which has oversight of ALEO strategic business plans.
<b>Financial</b>	Financial failure of ALEOs impacting on the Council and its credit rating.	M	ALEOs report financial performance and governance to their boards and present their annual accounts for scrutiny by an external auditor. One of the Hub's key functions is to provide assurance to Committee on the financial management of Council ALEOs.
<b>Reputational</b>	Impact of performance or financial risk on reputation of ACC.	L	Regular reporting to this Committee from the Hub provides adequate control.
<b>Environment / Climate</b>	No direct risks arising from the report's recommendations.		

## 7. OUTCOMES

7.1 The recommendations within this report have no direct impact on the Council Delivery Plan.

## 8. IMPACT ASSESSMENTS

Assessment	Outcome
Impact Assessment	Full impact assessment not required.
Data Protection Impact Assessment	Not required.

**9. BACKGROUND PAPERS**

None.

**10. APPENDICES**

**Appendix A** – ALEO Assurance Hub – Summary of findings

**Appendix B** – Assurance Hub Risk Ratings

**11. REPORT AUTHOR CONTACT DETAILS**

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**Appendix A**

ALEO	Finance	Risk	Governance
<p><b>Aberdeen Heat and Power</b></p>	<p><b>Annual Accounts</b> Copy of draft accounts were received.</p> <p>No matters raised by external auditors.</p> <p>Level of working capital sufficiently high to meet ongoing obligations during COVID-19 pandemic.</p> <p>AH&amp;P also provided evidence of a control failure that appears to have led to a one-off loss. The matter is under investigation. Meantime additional controls have been put in place to address a recurrence.</p>	<p><b>Risk Register</b></p> <p>Copy of risk register/s were not requested or supplied, however, response provides assurance that risks are identified and mitigated via risk registers that have been developed for specific types of risk. COVID-19 and EU-Exit were provided as examples of this.</p> <p><b>Business Continuity</b></p> <p>AH&amp;P provided detailed information around the activities and measures that have been put in place to provide critical / minimal levels of service and protective measures put in place to protect staff and contractors. AH&amp;P confirmed that previous reviews conducted have not identified any single points of failure.</p> <p>BCPs are updated and reviewed to reflect the current working</p>	<p>Response provides sufficient assurance.</p> <p>It is noted that there were no extraordinary Board meetings between 11 February and 12 May in light of the pandemic, however from reviewing the response with regard to business continuity it is clear that a lot of work was taking place at operational level led by the Chief Executive.</p>

ALEO	Finance	Risk	Governance
		arrangements and any other operational changes recently adopted.	
<p><b>Aberdeen Performing Arts</b></p>	<p><b>Annual Accounts</b> Draft accounts received.</p> <p>Working capital did not meet their target at the close of 2018-19 as this was utilised in respect of the Music Hall project.</p> <p>ACC finance staff have been in receipt of regular cash flow forecasts and provided ongoing support during this period.</p> <p>APA have accessed all available grants and the council has provided letters of support where appropriate in order to access funding.</p>	<p><b>Risk Register</b></p> <p>APA confirmed that as 96% of staff are currently furloughed and considering the current operating environment, risk management activities have been focused on managing the risks associated with the pandemic which are contained within the COVID Risk Register that was shared with the Hub.</p> <p>The risk register is comprehensive and captures the risks that the organisation has identified within the following categories: Leadership, Governance, Finance, People, Creative Programme, Information and Communications Technology and Compliance.</p> <p>The risks are scored, mitigating actions are identified with ownership and review dates assigned.</p>	<p>Comprehensive response provides assurance.</p> <p>Confirmation that Aberdeen Performing Arts established a Covid-19 Board Sub-Committee to work alongside the Leadership Team during the pandemic to act as an additional interface between the Board and the Executive Team and support and advise the Team and the Board in dealing with the impact of the pandemic on its operations. Whilst the establishment of a special sub-committee could be considered relatively standard practice, confirmation of such arrangements is reassuring.</p> <p>Aberdeen Performing Arts also provided an overview of the establishment of a Crisis Management Team and an Emergency Team in March 2020, however these were stood down in May 2020, with the work</p>



ALEO	Finance	Risk	Governance
		<p><b>Business Continuity</b></p> <p>APA updated and provided a copy of its BCP that reflects the current and ongoing requirements relating to the pandemic.</p> <p>No single points of failure have been identified by APA and assurance was provided in regard to remote systems to mitigate the potential effects of Test and Protect on retained staff and this is reflected within the BCP.</p>	<p>absorbed by other groups/teams. Confirmation was also received that the Leadership Team increased the frequency of its meetings significantly during lockdown, with daily meetings initially then three times per week, compared to once a month before Covid-19.</p>
<p><b>Aberdeen Sports Village</b></p>	<p><b>Annual Accounts</b></p> <p>ASV's year end is July 2020 so draft financial figures supplied have been made available.</p> <p>Their year- end is 31 July 2020. The covid-19 effect is included within the last third of the financial year.</p> <p>Although the organisation closed 2018-19 with strong cash reserves, they have continued to access all government support available.</p>	<p><b>Risk Register</b></p> <p>Copy of risk register/s were not requested or supplied, however, the response provided by ASV provides assurance that COVID related risks have been identified and embedded into operating procedures and emergency actions plans.</p> <p>The ASV intranet site for staff has been updated to include COVID online training and assessment for staff,</p>	<p>Response provides assurance. Aberdeen Sports Village confirmed its Board has met regularly since 20 March 2020 which was the day it closed for lockdown. Ordinarily the Board would meet quarterly but due to the pandemic there had been 9 meetings during the six month period from 20 March.</p>

ALEO	Finance	Risk	Governance
		<p>operational risk assessments. Video staff induction and walk through videos have also been created.</p> <p><b>Business Continuity</b></p> <p>ASV confirmed that the existing Business Continuity Plan has been updated to include pandemic specific information.</p> <p>ASV provided details of how they are mitigating the risk of service disruption of failure. This includes rota management to enable staff to work effectively from home, with authorised visits for senior staff in limited circumstances. Consideration has been given to identifying any single points of failure and it is considered that this is not a risk due to the rota system in place and effective home working arrangements.</p>	
<b>Bon Accord Care</b>	<b>Annual Accounts</b> Audited annual accounts received.	<b>Risk Register</b>	Response provides sufficient assurance.

ALEO	Finance	Risk	Governance
	<p>No matters raised with external auditors.</p>	<p>BAC confirmed that the risk register is still being maintained every two months and a copy of the September 2020 register was provided.</p> <p>The register specifies the risks identified by the organisation and includes risks associated with EU-Exit and COVID pandemic and contains target dates presumably for completion or review.</p> <p><b>Business Continuity</b></p> <p>BAC confirmed that services have continued without interruption.</p> <p>BAC have identified critical roles within their operation and are updating Business Continuity Plans to reflect the impact of COVID-19 on their day to day business. This included non-essential staff being redeployed into critical roles. BAC outlined to the Hub the controls in place to manage the potential effects of Test and Protect</p>	<p>Confirmation of a significant increase in Board meetings during the pandemic - ordinarily the Board meets six times per year, whereas between April and August 2020 alone 13 Board meetings took place.</p> <p>Bon Accord Care also advised that fortnightly Clinical Care and Professional Governance Committee meetings were being held, as well as periodic Audit Committee meetings.</p> <p>The Managing Director left her position recently and an interim replacement for six months has been appointed, to commence on 21<sup>st</sup> September.</p>

ALEO	Finance	Risk	Governance
		and advised that a COVID team will remain in place over the winter period to monitor guidance and ensure compliance.	
<b>Sport Aberdeen</b>	<p><b>Annual Accounts</b> The Draft Annual Accounts for 2019-20 indicate that SA was on target to meet its financial targets.</p> <p>Draft Annual accounts indicated value of unrestricted funds in line with working capital targets.</p> <p>Post April 2020, extensive discussions have taken place to ensure that SA are in a position to restart full range of activities when restrictions are fully lifted.</p>	<p><b>Risk Register</b></p> <p>SA confirmed that risks identified within its current operating environment are captured within the COVID Risk Register that was provided. The risks identified are categorised by type including Strategic, Governance, Finance, HR and Operations. Each risk is scored, has control measures identified with further actions required.</p> <p>SA has also reviewed its “Preparing for Brexit” action plan. The plan contains areas of risk and areas that may be affected resulting from EU-Exit and details a range of actions assigned to staff with target completion dates.</p> <p><b>Business Continuity</b></p>	<p>Comprehensive response provides assurance.</p> <p>Meetings taking place digitally as would be expected during the pandemic. Sport Aberdeen advised that a Special Business Committee was established and has met as and when required, and occasionally in lieu of other scheduled meetings – whilst this is relatively standard practice, confirmation of such arrangements is reassuring.</p>

ALEO	Finance	Risk	Governance
		<p>SA confirmed that its BCP was reviewed in April and again in August and a copy of the updated plan was provided. The plan contains the key business continuity tasks identified by the business and details how they will continue to be delivered.</p> <p>SA provided a detailed response in relation to mitigating the risk of COVID transmission within the workplace.</p> <p>SA advised that BCPs had stood up to the challenge of COVID-19 and that they have developed their approach to team working and matrix management, using considerable experience in the breadth and depth for non-impacted staff to cover roles and responsibilities on a temporary basis. It has also considered detailed plans if all or parts of the business need to shut down if further lockdown is imposed or if staff numbers are affected by Test and Protect. This includes the Senior</p>	

<b>ALEO</b>	<b>Finance</b>	<b>Risk</b>	<b>Governance</b>
		Leadership Team and the Extended Leadership Team.	

APPENDIX B

	Overall Risk Rating					
	Mar-18	Sep-18	Feb-19	June-19	Dec-19	Oct-20
<b>Aberdeen Heat and Power</b>	Low/ Medium	Low/ Medium	Low	Very Low/ Low	Very Low/ Low	Low/ Medium
<b>Aberdeen Performing Arts</b>	Low/ Medium	Low	Low/ Medium	Low/ Medium	Low/ Medium	High
<b>Aberdeen Sport Village</b>	Low/ Medium	Low/ Medium	Low/ Medium	Low	Very Low/ Low	Low/ Medium
<b>Bon Accord Care</b>	Low/ Medium	Low/ Medium	Low/ Medium	Very Low/ Low	Very Low/ Low	Low/ Medium
<b>Sport Aberdeen</b>	Low/ Medium	Low	Low	Very Low	Very Low/ Low	Medium

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## ABERDEEN CITY COUNCIL

<b>COMMITTEE</b>	Audit, Risk & Scrutiny Committee
<b>DATE</b>	8 <sup>th</sup> October 2020
<b>EXEMPT</b>	No
<b>CONFIDENTIAL</b>	No
<b>REPORT TITLE</b>	Information Governance Management Annual Statement 2019-2020
<b>REPORT NUMBER</b>	CUS/20/135
<b>DIRECTOR</b>	Andy MacDonald
<b>CHIEF OFFICER</b>	Martin Murchie
<b>REPORT AUTHOR</b>	Helen Cannings
<b>TERMS OF REFERENCE</b>	1.3

### 1. PURPOSE OF REPORT

To provide Committee with an annual report on the Council's Information Governance Performance, including information about the changes implemented through the Council's information assurance improvement plan.

### 2. RECOMMENDATION(S)

It is recommended that committee:

- 2.1 Note the information provided about the Council's information governance performance at sections 3.1 – 3.5 and in the Information Governance Report at Appendix 1.

### 3. BACKGROUND

#### **Annual Information Governance Performance Report**

- 3.1 The Council's Audit, Risk and Scrutiny Committee agreed the Council's revised and updated Information Governance Management & Reporting Framework in September 2016; as part of this the Committee agreed to receive an annual report in relation to the Council's information governance performance, this is the fourth of these reports.
- 3.2 Ensuring the proper use and governance of the Council's information and data is an ongoing activity. New and changing legislation, systems, staff, and ways of doing business, as well as new and emerging cyber threats all shape and change the environment within which the Council operates in relation to effective use and governance of its information and data.

- 3.3 Keeping up means a careful balancing between the requirement to monitor and be adaptable to our changing environment, and the requirement to agree and implement assurance improvements over the medium term.
- 3.4 To this end, actions to improve assurance in the medium term are identified, actioned and monitored through the Information Governance and Cyber Security risks on the Corporate Risk Register; regular updates on which are reported separately to the Council's Audit, Risk & Scrutiny Committee.
- 3.5 Please refer to Appendix 1 for the consolidated Annual Report on the Council's Information Governance Performance from July 2019-June 2020.

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

There are no direct financial implications arising from this report. There are potential indirect financial implications related to penalties for non-compliance, as outlined at section 5.3, below.

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

- 5.1 The Council's use and governance of its information is subject to a variety of legislation including: The General Data Protection Regulation, the Data Protection Act 2018, the Public Records (Scotland) Act 2011, the Freedom of Information (Scotland) Act 2002, the Environmental Information (Scotland) Regulations 2004, and the Re-use of Public Sector Information Regulations 2015.
- 5.2 The Annual Information Governance Performance Report at Appendix 1 forms part of the Council's wider Information Governance Management and Reporting Framework and is a key component of ensuring that the Council is undertaking adequate monitoring of its compliance with the above legislation.
- 5.3 The General Data Protection Regulation and the Data Protection Act 2018 came into force on 25 May 2018 and brought significantly increased penalties for non-compliance with data protection law than was previously the case. The maximum penalty for non-compliance is now 4% of turnover, or €20 million, whichever is higher. 4% of the Council's turnover is £32.3 million, based on its overall revenue budget of £806 million.
- 5.4 The approach taken to date has been focussed on ensuring that the Council has a robust framework in place to enable compliance with Data Protection legislation, to reduce the risk that the Council would be subject to enforcement action and financial penalty.
- 5.5 The UK left the EU on 31st January 2020 and has entered a transition period which will end on 31st December 2020. At the end of this period UK General Data Protection Regulation will come into force. Post-transition the UK's data

protection regime will be based on UK General Data Protection Regulation and the Data Protection Act 2018.

- 5.6 At the end of the transition period the UK will become a ‘third country’ in data protection terms. This has potential implications for the free flow of data between the UK and the EU. One mechanism for legitimising data flows between the EU and third countries is an adequacy decision from the European Commission. The Department for Culture, Media & Sport is leading the UK’s participation in the assessment process with a view to obtaining an adequacy decision for the UK before the end of the transition period.
- 5.7 If the UK does not achieve an adequacy decision, the Council will put other measures in place to ensure the continuity of data flows between the UK and the EU. Action planning in this respect is being monitored through the Council’s EU Exit Risk, and the Council is following the relevant guidance from the Scottish and UK Government and the Information Commissioner’s Office.

## 6. MANAGEMENT OF RISK

Category	Risk	Low (L) Medium (M) High (H)	Mitigation
<b>Strategic Risk</b>	There are no risks arising directly from the presentation of this report. This report is part of the Council’s wider Information Assurance framework which mitigates against information related risk as presented in the Corporate Risk Register	Not applicable	Not applicable
<b>Compliance</b>	As above	Not applicable	Not applicable
<b>Operational</b>	As above	Not applicable	Not applicable
<b>Financial</b>	As above	Not applicable	Not applicable
<b>Reputational</b>	As above	Not applicable	Not applicable
<b>Environment / Climate</b>	As above	Not applicable	Not applicable

## 7. OUTCOMES

<b><u>COUNCIL DELIVERY PLAN</u></b>	
	<b>Impact of Report</b>
<b>Aberdeen City Council Policy Statement</b>	The Council's Information Governance arrangements are a vital part of enabling the Council to realise its aims across its policy statement.
<b>Aberdeen City Local Outcome Improvement Plan</b>	
Prosperous Economy Stretch Outcomes	Information and data are key assets of the Council and recognised in the Aberdeen City Local Outcome Improvement Plan 2016-26 and the Strategic Aberdeen City Council Strategic Business Plan as critical enablers of the Council achieving its priorities for people, place and economy. The activities outlined in Appendix 1 of this report framework are focussed on ensuring that the Council's information is good quality, accurate, and up to date to inform decision-making, that it is used and governed in a way which is effective and lawful, that the Council has the right arrangements in place to enable data to be shared appropriately and safely with partners, where this is necessary, and to ensure that our information can effectively evidence our decisions and actions so the Council can demonstrate accountability.
Prosperous People Stretch Outcomes	As above
Prosperous Place Stretch Outcomes	As above
<b>Regional and City Strategies</b>	The Council's Information Governance arrangements are vital to the implementation of regional and city strategies.
<b>UK and Scottish Legislative and Policy Programmes</b>	The report sets out the Information Governance Management Annual Statement. It covers the Council's compliance with a variety of legislation particularly: The General Data Protection Regulation; the Data Protection Act 2018; the Public Records (Scotland) Act 2011; the Freedom of Information (Scotland) Act 2002; the Environmental Information (Scotland) Regulations 2004.

## 8. IMPACT ASSESSMENTS

Assessment	Outcome
Impact Assessment	Not required
Data Protection Impact Assessment	Not required

## 9. BACKGROUND PAPERS

Internal Audit Report AC2020 – Information Governance

## 10. APPENDICES (if applicable)

**Appendix 1:** Annual Information Governance Report 2019-2020

## 11. REPORT AUTHOR CONTACT DETAILS

<b>Name</b>	Helen Cannings
<b>Title</b>	Data Protection Officer
<b>Email Address</b>	<a href="mailto:hcannings@aberdeencity.gov.uk">hcannings@aberdeencity.gov.uk</a>
<b>Tel</b>	01224 523430

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# Information Governance Management

**Annual Report 2020**

**Senior Information Risk Owner**



**July 2019 -  
June 2020**

# 1 Introduction

- 1.1 The Council's Audit, Risk and Scrutiny Committee agreed the Council's revised and updated Information Governance Management & Reporting Framework in September 2016; as part of this the Committee agreed to receive an annual report in relation to the Council's information governance assurance. This is the fourth of these reports being presented to Committee.
- 1.2 This report collates, analyses and monitors the Council's performance in relation to freedom of information, data protection and information security, to give assurance that trends, issues, incidents, and breaches are dealt with appropriately as they arise.
- 1.3 Ensuring the proper use and governance of the Council's information and data is an ongoing activity. New and changing legislation, systems, staff, and ways of doing business, as well as new and emerging cyber threats, all shape and change the environment within which the Council operates in relation to effective use and governance of its information and data.
- 1.4 Keeping up means a careful balancing between the requirement to monitor and be adaptable to our changing environment, and the requirement to agree and implement assurance improvements over the medium term.
- 1.5 To this end, actions to improve assurance in the medium term are identified, actioned and monitored through the Information Governance and Cyber Security risks on the Corporate Risk Register; regular updates on which are reported separately to the Council's Audit, Risk & Scrutiny Committee.
- 1.6 The Council's Information Governance arrangements were subject to Internal Audit, reported in February 2020. The objective of the audit was to provide assurance that the Council has adequate controls in place to mitigate the risks identified in the Corporate Risk Register and that these controls are operating as expected. The audit found that comprehensive and clear policies, procedures and mandatory training are in place and that corporate risk and related controls are being monitored by the Information Governance Group, chaired by the Council's Senior Information Risk Owner, with exception reporting to Corporate Management Team. Information Governance controls were found to be comprehensive and control assessments generally well-supported.
- 1.7 The National Records of Scotland, Public Records (Scotland) Act (PRSA) 2011 Assessment Team, assessed the Council's annual update of its arrangements under the Act in May 2020. The Assessment Team found that the Council continues to take its statutory obligations seriously and maintains the required records management arrangements in full compliance with the Act.



## 2. Information Governance Performance Information July 2019- June 2020

### 2.1 Data Protection Rights Requests

Figure 1: Annual number of requests received

Type of Request	12 months to June 2020	12 months to June 2019
Subject Access Requests	234	275
Third Party Requests	521	457
Other Rights Requests	16	15

#### Data Protection Rights Requests

Data Protection law gives people certain rights around their data, including the right to request access to their data.

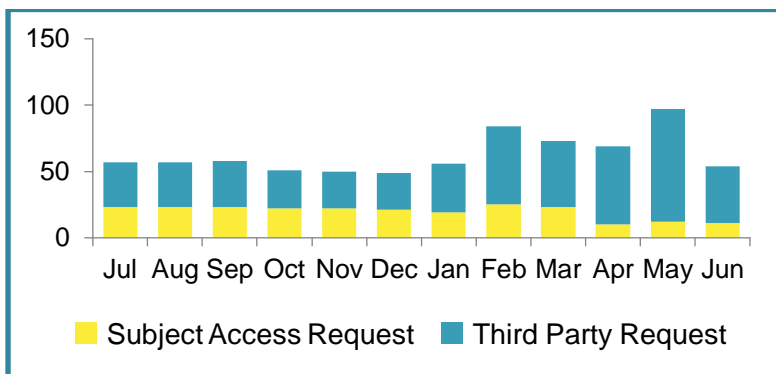
#### Third Party Requests

Other organisations (for example, Police Scotland or the Care Inspectorate) also make requests for personal data under certain circumstances.

#### Other Rights Requests

In certain circumstances individuals have other rights around their data: including the right to object, to erasure, to restrict processing and to data portability.

Figure 2: Requests received in the 12 months to end of June 2020



#### Commentary on number of requests

In the last 12 months there has been a small decrease in Subject Access Requests and an increase in reported Third Party Requests. The increase in the number of third-party requests is due to a change in the reporting procedure for Council Tax requests.

Figure 3: Corporate compliance with timescales for requests

Type of Request	12 months to June 2020	12 months to June 2019
Subject Access Requests	72%	84%
Other Data Protection Rights Requests	93%	100%

#### Timescales for responding

The statutory timescale for responding to data protection requests is between 30 and 90 days, depending on the complexity of the information being requested.

There is no statutory timescale for responding to third party requests for personal data.

#### Commentary on compliance

We continue to receive an increased number of requests relating to social care records which involve reviewing and redacting large, complex case files. This may be due to a raised awareness of the Scottish Child Abuse Inquiry and access to care records. Such requests are resource intensive to complete and can exceed the statutory timescale for response.

## 2.2 Data Protection Breaches

Figure 4: Annual number of reported data protection breaches

Breaches	12 months to June 2020	12 months to June 2019
Data Protection Breaches	113	135
Near Misses	17	48
Reports to the ICO	2	5

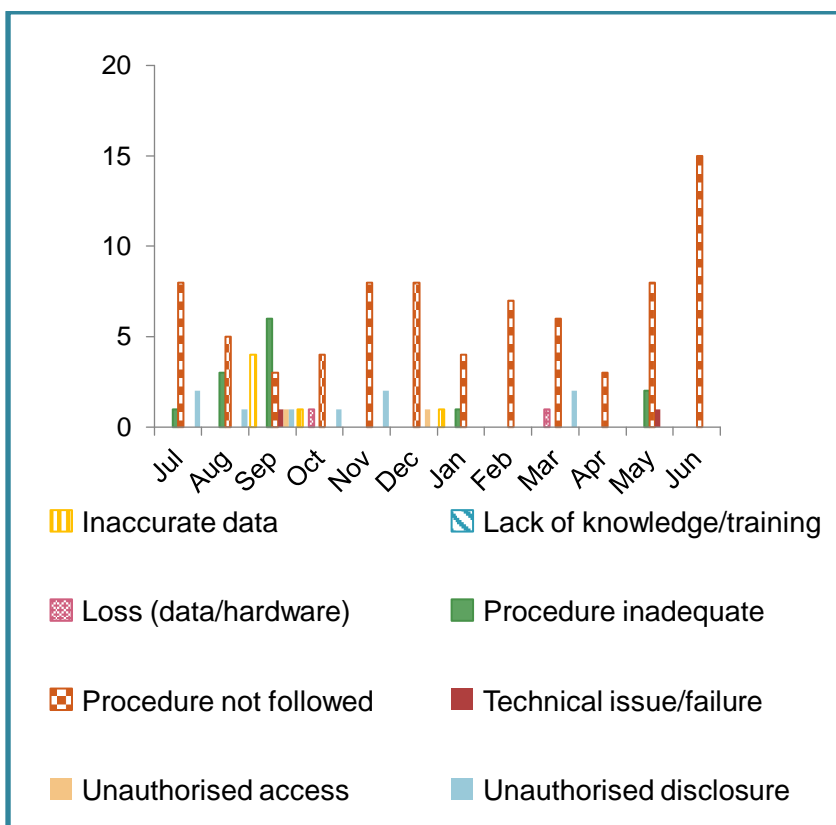
### Data Protection Breaches

All information security incidents should be reported. The action taken will depend on the nature of the incident or breach. Incidents will either be classified as:

- A data protection breach
- Not a data protection breach
- Not a data protection breach but a near miss

Where a breach is likely to pose a risk to the rights and freedoms of affected individuals then the Council must also notify the Information Commissioner's Office (ICO).

Figure 5: Breaches by root cause in 12 months to end of June 2020



### Commentary on number and type of breaches

There has been a slight decrease in reported data protection breaches this year. The figures indicate that there is still a strong organisational awareness of what constitutes a breach and how to report one. The number of reported breaches remains consistent with comparable organisations.

### ICO Reported breaches

There has been a decrease in the number of breaches reported to the ICO in this reporting period.

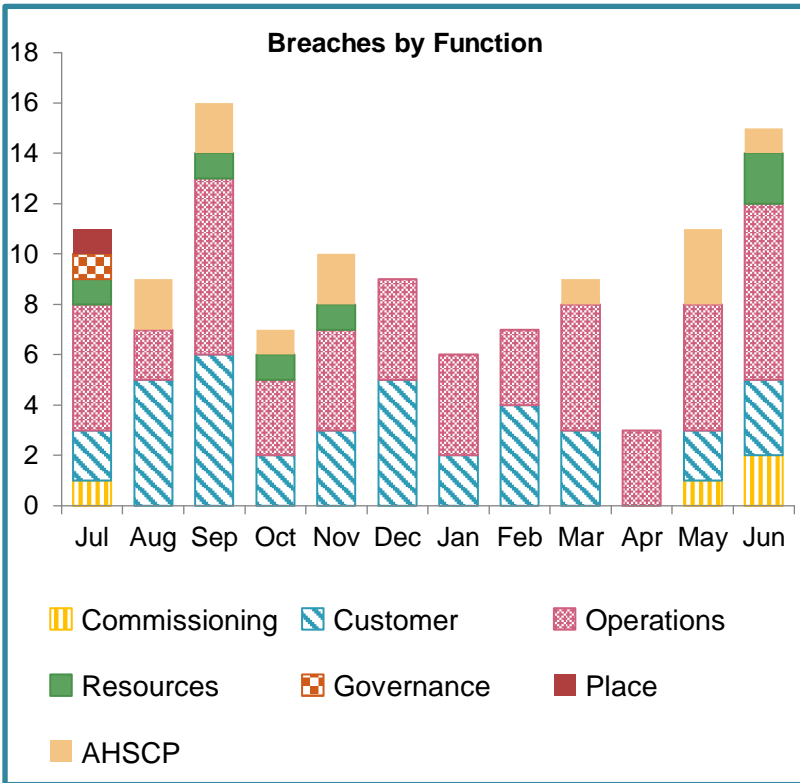
The breaches which the Council has reported to the ICO in this period have been closed with no further action being taken.

### Root causes and Interventions

Compliance with Council procedures is the main root cause of incidents in this reporting period.

Appropriate action to strengthen compliance with procedures are always identified as part of the incident handling process to ensure that controls are strengthened and to reduce the likelihood of recurrence.

Figure 6: Breaches by Function in 12 months to end of June 2020



**Incident and Breach Improvements**

In addition to taking appropriate actions as a result of individual incidents and breaches, the Council undertakes regular monitoring of incident and breach data to identify appropriate additional actions we can take to strengthen controls. These actions are progressed through channels including the Information Governance Group, data forums led by Chief Officers, and the Council Risk Monitoring Framework.

## 2.3 FOISA and EIR Information Requests

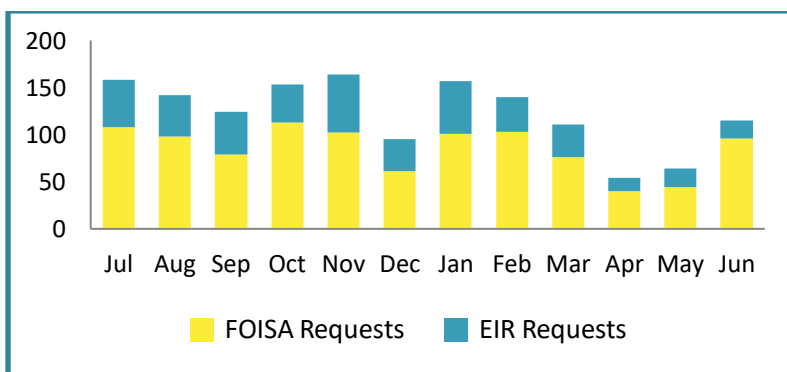
Figure 7: Annual number of requests received in the period

Number of requests received	12 months to June 2020	12 months to June 2019
Number of FOISA Requests	1021	1254
Number of EIR Requests	456	530

Figure 8: Annual Number Requester by Type received in the period

Requester by Type received	12 months to June 2020		12 months to June 2019	
	Count	Percentage	Count	Percentage
Academic	30	2%	42	2%
Campaign Group	118	8%	108	6%
Commercial	259	18%	304	17%
Journalist	252	17%	353	20%
Legal	40	3%	56	3%
Politician	126	8%	160	9%
Public	641	43%	746	42%
Public Sector	11	1%	15	1%
<b>Totals</b>	<b>1477</b>	<b>100%</b>	<b>1784</b>	<b>100%</b>

Figure 9: Request numbers in the last 12 months



### FOISA and the EIRs in brief

The Freedom of Information (Scotland) Act 2002 (FOISA) and the Environmental Information (Scotland) Regulations 2004 (EIR) give anyone the right to request information held by the Council, subject to certain exceptions.

### Timescales for responding

The Council must respond to any request we receive within 20 working days. There was an extension to the statutory timescales for responding to FOISA requests to 60 working days from the period of 7<sup>th</sup> April – 26<sup>th</sup> May 2020. The compliance figures in this report reflect the relevant statutory timescale.

### Commentary on requests received

There was a decline in recorded requests. This was mainly due to a reduction in requests between March and May 2020, likely related to the Covid-19 pandemic.

Figure 10: Compliance with timescales in the period

Requests responded to within timescale	12 months to June 2020	12 months to June 2019
FOISA Requests	80%	88%
EIR Requests	83%	86%

**Commentary on compliance**

Compliance for FOI requests has fallen. This is primarily due to a dip in compliance due to a change in legislative deadlines (as described above the deadline changed from 60 to 20 days when some requests were already in progress and late as a result) and delays due to the Covid 19 pandemic which had an impact on resource allocation and also access to data.

The introduction of GovServices module on 1 September will reduce processing times which should lead to an improved compliance rate.

**2.4 FOISA and EIR Request Internal Reviews**

Figure 11: Internal Reviews received by type in the period

Type of review received	12 months to June 2020	12 months to June 2019
No response received	6	20
Unhappy with response	24	16

**Internal Reviews in Brief**

If the Council does not provide a response to a FOISA or EIR request within 20 working days, or if the requester is unhappy with the response we have given, they can ask the Council to review it.

Where a requester is unhappy with our response, an internal review panel will decide whether or not to uphold the original response or overturn it.

Figure 12: Internal Review Panel outcomes in the period

Type of review outcome	12 months to June 2020	12 months to June 2019
Response upheld	11	13
Response overturned or amended	13	19

**Commentary on Internal Reviews**

The number of reviews decreased from last year.

Of the reviews, 5 were based on lateness, 1 was based on lateness and content and 23 were based on the content or use of an exemption.

Of the 24 reviews based on the use of content or exemption, 13 were overturned and an amended response was provided.

## 2.5 FOISA and EIR Request Appeals

Figure 13: FOISA and EIR Appeals received and closed in the period

No. of Appeals	12 months to June 2020	12 months to June 2019
Received	4	1
Closed	3	1

### Right to Appeal

Where a requester remains unhappy with a response to a FOISA or EIR request after an internal review, they have the right to appeal to the Scottish Information Commissioner for a decision.

### Commentary on Appeals

Subjects of closed appeals were e-Counting (closed in favour of the applicant); LOBO Loans (closed in favour of the applicant); and the Lord Provost's correspondence and attendance at meetings (upheld in favour of the Council).

At the end of the reporting period there was one outstanding appeal on the subject of Marischal Square, which is still to be decided by the Scottish Information Commissioner.

## 2.6 Cyber Incidents

Figure 14: Annual number of cyber incidents in the period

Incident Type	12 months to June 2020	12 months to June 2019
Internal Cyber Incident Attempts Prevented	0	1
Internal Cyber Incidents	1	4
External Cyber Incident Attempts Prevented	23,900,182	20,532,717
External Cyber Incidents	8	6

### Internal Cyber Incidents

These are risks or threats to the Council's information software, infrastructure or computer network that originate from within the premises or organisation.

### Commentary on Internal Cyber Incidents

There was one incidence of password relaying recorded during the year.

### Commentary External Cyber Incident Attempts

There has been a similar number of external cyber incident attempts compared with the equivalent period 12 months ago. The majority of external cyber incident attempts continue to be spam emails.

Figure 15: Internal Cyber Incidents in the period

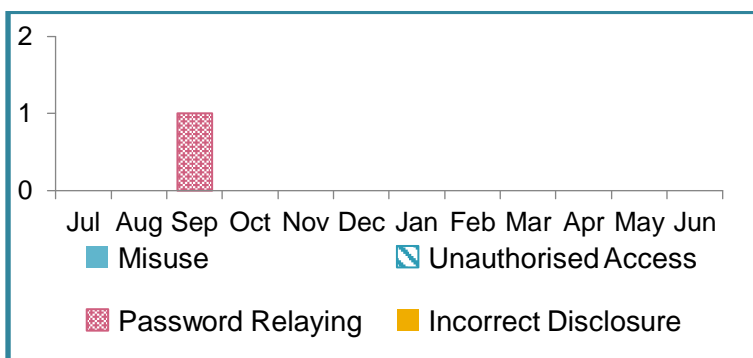
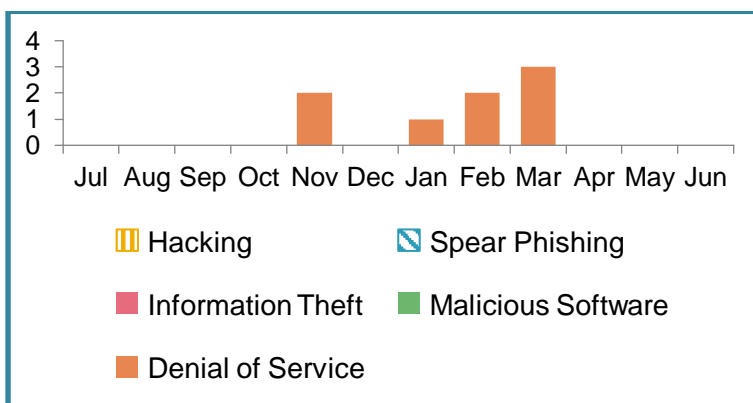


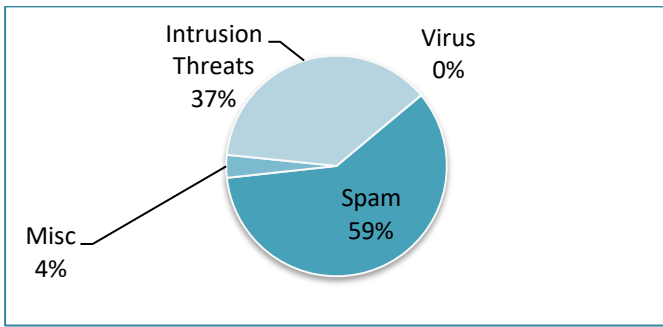
Figure 16: External Cyber Incidents in the period



### External Cyber Incidents

These are risks or threats to the Council's information software, infrastructure or computer network that originate from outside the premises or from the public (e.g. hackers).

Figure 17: Breakdown of External Cyber Incident Attempts



## 2.7 Physical Incidents

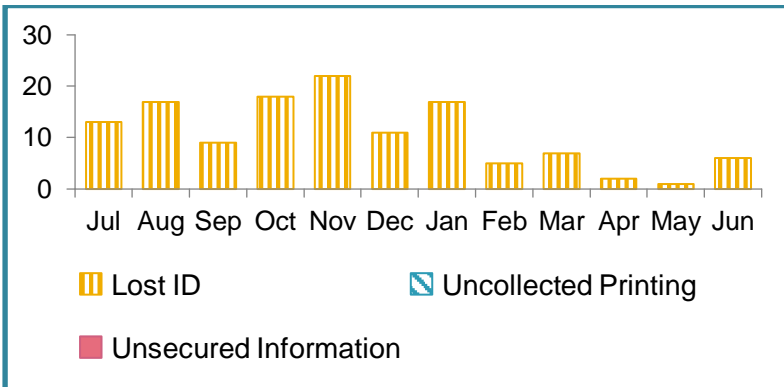
Figure 18: Physical Incidents in the period

Incident Type	12 months to June 2020	12 months to June 2019
Internal Physical Incidents	128	141
External Physical Incidents	75	98

### Internal Physical Incidents

These are tangible and material risks or threats to the Council's information assets that originate from within the premises or organisation.

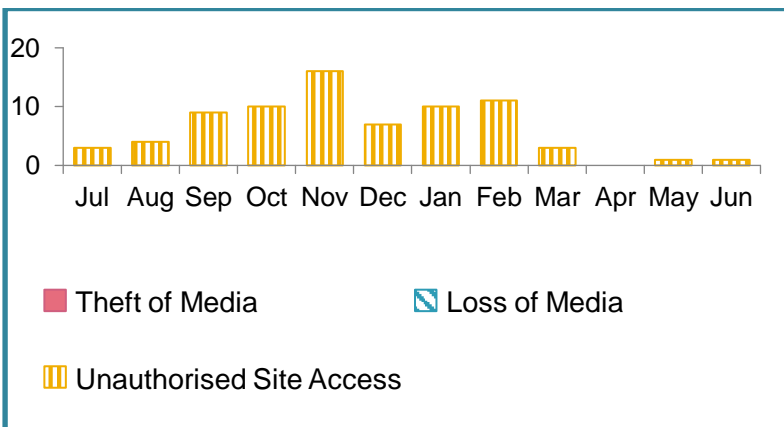
Figure 19: Internal Physical Incidents by type in the period



### Commentary on Internal Physical Incidents

Overall, there has been a slight reduction in the number of lost ID badges in the past 12 months. Lost badges are deactivated following notification. The decrease evident from March coincides with staff working from home where they are able to do so.

Figure 20: External Physical Incidents by type in the period



### External Physical Incidents

These are tangible and material risks or threats to the Council's information assets that originate from outside the premises or from the public.

### Commentary on External Physical Incidents

Further information about unauthorised site access is collected via Health & Safety reporting.



## ABERDEEN CITY COUNCIL

<b>COMMITTEE</b>	Audit, Risk and Scrutiny Committee
<b>DATE</b>	8 October 2020
<b>EXEMPT</b>	No
<b>CONFIDENTIAL</b>	No
<b>REPORT TITLE</b>	2019/20 Internal Audit Reports
<b>REPORT NUMBER</b>	IA/20/007
<b>DIRECTOR</b>	N/A
<b>REPORT AUTHOR</b>	Colin Harvey
<b>TERMS OF REFERENCE</b>	2.3

### 1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to provide the Committee with summaries of those 2019/20 Internal Audit reports which have not been reported to Committee previously.

### 2. RECOMMENDATION

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

### 3. BACKGROUND / MAIN ISSUES

- 3.1 Internal Audit has completed the following reports which, in the normal course of events would have been reported to Committee in full. However, due to the passage of time since the Internal Audit testing was completed, it was agreed with the Convener that the executive summary of each report would be presented to Committee rather than the full detail. The full reports will be made available separately.

#### 3.2 Shutdown of Non-Essential Spend (Internal Audit Report AC2002 – February 2020)

- 3.2.1 In 2018/19, the Council's year end position was a general fund surplus on provision of Services of £562,000. Finance had previously identified through the quarter 2 budget monitoring process for 2018/19 that cost pressures would lead to a general fund overspend for the Council in 2018/19 of £826,000 and if other demand led cost pressures and a higher pay award occurred, this could lead, in a worst case scenario, to a deficit of £7 million by the year end.

- 3.2.2 As a result, Finance issued a year end instruction in November 2018 to all budget holders stating that the last date for ordering goods and services, for 2018/19, would be Monday 14 January 2019, with the exception of certain consumables and perishable items, but that both should be kept to a minimum. It was also stated that *“expenditure should be incurred only because it is essential for business purposes, not just because there is unspent budget.”* A similar memo was issued to non-housing capital project managers exempting them from this requirement.
- 3.2.3 The objective of this audit was to provide assurance that the shutdown of non-essential spend has been effective in achieving its objective and instructions were complied with. In general, this was found to be the case.
- 3.2.4 Budget holders were notified of the non-essential spend instruction timeously and the instruction was clear on what constituted essential spend (and therefore non-essential spend). Compliance with the instruction was monitored by Corporate Management Team via reported financial indicators and the Procurement Control Board was meeting to consider, and where appropriate approve, non-essential spend exceptions.
- 3.2.5 It was noted that, contrary to year end instructions, 80% of approved PECOS orders were being raised without justification, after the year end cut-off dates when orders were required to be adequately justified before being approved. Finance has agreed to remind staff and budget holders of their respective responsibilities to justify orders and obtain adequate justification prior to approval of orders.
- 3.2.6 Finance holds regular meetings with budget holders throughout the financial year. The numbers of meetings varied between Cluster and Function. A small percentage of meetings referred to non-essential spend after the instruction was issued, meaning expected cost reductions were not, generally, being discussed. Finance has agreed to address this in future by reducing budgets to address in-year budget pressures.
- 3.3 Car Parking and Bus Lane Enforcement Income (Internal Audit Report AC2003 – September 2020)**
- 3.3.1 Local Authorities Parking and Bus Lane Enforcements are governed by legislation including the Road Traffic Act 1991, Road Traffic Regulations Act 1984, the Transport (Scotland) Act 2001 and the Bus Lane Contraventions (Charges, Adjudication and Enforcement) (Scotland) Regulations 2011. Within Aberdeen City, elements of these have been adjusted through the Road Traffic (Permitted Parking Area and Special Parking Area) (Aberdeen City Council) Designation Order 2003.
- 3.3.2 The Council operates designated chargeable parking areas and bus lanes, and issues charge notices to registered keepers where it has evidence that specified contraventions have taken place. Income from car parking and bus lane charges, collected from car parking machines, cashless parking

transactions, vouchers and permits, and penalty charges was £8.35 million in 2019/20.

- 3.3.3 The objective of this audit was to ensure that procedures regarding income collection and the management of fines are adequate. Whilst there are comprehensive procedures in place, aspects of the Service are disaggregated across various Council functions. Whilst a Parking Performance Group meets quarterly to review all parking related activity, ensuring there remains clarity over roles in service delivery, the Service Level Agreement (SLA) in place pre-dates the Council's Transformation and would benefit from being updated. The City Warden Service has agreed to review and update the SLA.
- 3.3.4 The separate Appeals Team uses the parking system to manage appeals and indicate an appropriate response, however the system response can be overridden if the circumstances require it. There is currently no system enforced requirement for such decisions to be checked independently before they are issued, and instances were identified where although supporting information was available it was not recorded on the system. The Service anticipates a new system which is being implemented in 2020 will provide the functionality for a proportion of decisions to be checked in future. In the interim requirements have been reiterated to the team.
- 3.3.5 Cash collection records are not routinely reconciled and investigated where discrepancies arise. The Service has agreed to review procedures to ensure this is addressed. System records are also not reconciled against payments, debt recovery records, appeals and cancellations, reducing assurance that all charges raised are accounted for. The new system will provide enhanced reporting functionality, providing additional management data to facilitate reconciliations, and review by the Parking Performance Group.
- 3.3.6 Purchase Orders have not always been raised in line with the requirement set out in the Financial Regulations, and no exemption has been documented, in respect of cash collection and cashless parking services. The Service now raises these in advance.
- 3.3.7 Debts are being pursued where appropriate. However, when Sherriff Officers recommend the write off of a debt, for example where the customer is deceased or sequestered, Penalty Charge Notices are being marked as cancelled on the Parking System instead of being written off. Notices cancelled in this way are not reported to Committee as written off debts as required by the Financial Regulations, reducing visibility of the extent of debt which is no longer being pursued. The Service has highlighted that legal advice had previously been obtained, and this will be reconfirmed to ensure this remains the correct approach.

### **3.4 Ring Fenced Funding (Internal Audit Report AC2008 – March 2020)**

- 3.4.1 In 2019/20, the proportion of the overall block grant which was ring-fenced by the Scottish Government was £30.6 million - 8.1% of the total grant

settlement for the year of £380.57 million. The objective of this audit was to provide assurance that the Council has appropriate arrangements in place to ensure that conditions relating to ring-fenced funding within the Scottish Government Grant are complied with.

3.4.2 Grants are generally administered in line with the Council's Scheme of Delegation including powers delegated to officers, Financial Regulations and Procurement Regulations. There are no separate written procedures, though individual grants are subject to specific terms and conditions set out in award letters. This has led to some variation in practice. Finance has agreed to develop procedures to increase assurance that grants are being administered in line with best practice – including nominated lead officers, development of a comprehensive grants register, and improved documentation to evidence that all and only appropriate spend has been attributed to relevant grants.

3.4.3 The timing of grant announcements and time limits on their use can cause difficulties in planning implementation and associated budgets. Finance has agreed to review procedures to ensure decision making can be adequately supported within appropriate timescales. Finance considers that the Council's Medium Term Financial Planning, including the annual Budget, is developed and updated based on the best information available. This includes the incorporation of assumptions about anticipated changes in funding, and any new information, including proposals for mainstreaming. If any recurring funding were to be discontinued a review would need to be undertaken of the future level of service being provided, and this would be factored into financial planning.

### **3.5 Integration Joint Board – Risk Management (Internal Audit Report AC2011 – January 2020)**

This report was presented to and noted by the Integration Joint Board Risk, Audit and Performance Committee in February 2020 and is being submitted to this Committee as part of the information protocol agreed between the two Committees.

3.5.1 Risk management is the process by which risk is identified, evaluated and prioritised followed by the implementation of resources to manage, control and mitigate risks wherever possible. The overall aim of risk management is to reduce the frequency of risk events occurring and to minimise the impact of them when they do occur.

3.5.2 Systems for assurance and escalation are based on an understanding of the nature of risk to an organisation's goals, and to the appetite for risk-taking. How an organisation understands and manages risk is an important part of the development of its governance systems. The Service notes that the innovative nature of Health and Social Care Integration Schemes also requires governance systems which support complex arrangements, such as hosting of services on behalf of other IJBs, planning only of services delivered by other entities, accountability for assurance without delivery responsibility, and other models of care delivery and planning. As such, risk

management is fundamental to the running of the Health and Social Care Partnership that is directed by the Integration Joint Board.

- 3.5.3 The objective of this audit was to review the process for identifying risks, managing them (including performance measures against each risk), and reporting to the IJB.
- 3.5.4 Governance arrangements including the IJB's Scheme of Governance, Committee terms of reference, Board Assurance and Escalation Framework (BAEF) and Risk Management Policy are in place covering key elements of risk management and reporting. At the time of the audit, elements including annual review of the IJB's risk appetite, and review of operational risks by the Clinical Care and Governance Committee, had not been undertaken as set out in governance documentation. The IJB has reviewed and amended terms of reference in November 2019, has approved an updated risk appetite in January 2020, and the Service notes that the BAEF will be updated shortly to reflect work currently ongoing across the three Integration Joint Boards working with NHS Grampian in respect of risk management policy.
- 3.5.5 Whilst processes are in place, resulting in a regularly reviewed strategic risk register, the Service has not yet fully coordinated operational risk management recording across the Partnership – with separate systems in place for staff within each Partner organisation. Use of one such system has been reduced in one Partner's wider operations, and assurance is being sought as to its continued availability for the Partnership pending plans to introduce a single system solution. The Service has agreed to work to ensure an appropriate level of standardisation between the two systems in the interim, with a workshop session planned to refresh officers on the different parts of the risk management process.

#### Management Comments

- 3.5.6 Management welcomed the audit and have implemented the recommendations contained therein.

### **3.6 Civil Contingencies (Internal Audit Report AC2014 – September 2020)**

- 3.6.1 Under the Civil Contingencies Act 2004 (the Act), the Council is defined as a Category 1 responder in the event of an emergency, meaning an event or situation which threatens serious damage to: human welfare; the environment; and / or the security of the United Kingdom (the latter as a result of war or terrorism). The Act requires Category 1 responders, such as the Council, to:
- assess the risk of an emergency occurring from time to time;
  - maintain plans, informed by risk assessments, for continuing to perform their functions, including in relation to preventing emergencies, mitigating their effects or taking other necessary action;
  - maintain business continuity plans;
  - publish all or part of risk assessments and plans, to prevent emergencies

occurring; mitigate their effects; and to enable required action to be taken in relation to an emergency;

- maintain arrangements to warn the public and to provide information and advice to the public, if an emergency is likely to occur or has occurred;
- co-operate and share information with other responders;
- provide advice and assistance to businesses and voluntary organisations on business continuity management

3.6.2 The objective of this audit was to provide assurance that the Council has in place adequate training, planning and testing for civil contingency events to ensure that it can deliver on its obligations in the event of an emergency. In general, this was found to be the case. Governance undertook a comprehensive Organisational Resilience stocktake of the Council's Civil Contingency arrangements in 2019, taking the requirements of the Civil Contingencies Act 2004 into account. Governance arrangements and emergency response procedures were improved as result. An online Resilience Hub is also being developed to centralise relevant information.

3.6.3 Whilst the Council's emergency procedures are clear and concise, there were some elements which could be enhanced: how to assess the risk of emergencies occurring from time to time (statutory requirement); guidance on providing business continuity advice and assistance to businesses and voluntary organisations (statutory requirement); and the Council's procedure for the recovery phase of an incident / emergency. Governance will review and update procedures.

3.6.4 Business Continuity Plans are scheduled for periodic review and testing, however the schedule requires to be updated to demonstrate it is being adhered to. Plans have been activated as necessary in response to COVID-19, and lessons learned are being captured and will be fed into the review process.

3.6.5 The Public Protection Committee receives an annual Resilience report. The Committee's terms of reference also set out that it should receive assurance that services are maintaining and reviewing Business Continuity Plans in accordance with the priorities allocated to them. The Committee has not recently received updates on Business Continuity Plan preparation, review and testing status nor is it receiving a report on the risk of emergencies occurring, emergency plan review and emergency plan testing. Governance will cover emergency and business continuity risks, controls and control gaps as part of further development of the annual Resilience report to the Committee. The next scheduled report is due to be presented to the Public Protection Committee in December 2020.

3.6.6 Corporate Risk Corp-004 Civil Contingencies is set out as "The Council must ensure that it puts in place adequate training, planning and testing for civil contingency events and other incidents". This is monitored by CMT regularly, supported by ECMT and the Council's Organisational Resilience Group (ORG).

- 3.6.7 In addition, the CMT recently agreed to develop the civil contingencies risk register into a Place register, and to expand this to include all operational civil contingencies events covered by civil contingencies legislation. This will ensure that all appropriate controls are in place for each scenario and will complement the scrutiny of civil contingencies risks at the LRP. This will be overseen by the ORG on which it will base its review of such risks in accordance with its Terms of Reference.
- 3.6.8 The Council fulfils its responsibilities as a Category 1 responder partly through internal structures and reporting but also through its membership of and active participation in the Grampian Local Resilience Partnership (GLRP). The Council's Organisational Resilience Stocktake identified opportunities to enhance the Aberdeen City plans in place, to dovetail with the plans held at GLRP level. Further development of these plans has yet to be scheduled, and will be subject to further consideration.

Management Comments

- 3.6.9 The audit recognises the comprehensive stocktake completed in 2019. The COVID-19 pandemic has had an impact on the prioritisation of relevant activities, however, as set out in a report to be presented to PPC on 7 October 2020, Council's resilience arrangements have been proven to be reliable and effective, including the Council's Generic Emergency Plan. The recommendations are welcomed and approved, and building on Council's experience during last six months, will be used as means to further enhancing the organisation's resilience.

**3.7 Financial Ledger System (Internal Audit Report AC2016 – February 2020)**

- 3.7.1 The Council uses the financial ledger system for the Council's budget and accounting requirements. The annual system support and maintenance cost for the system and related reporting tools for 2019/20 is approximately £152,000.
- 3.7.2 The objective of this audit was to provide assurance over system controls, business continuity and contingency plans. In general, these areas were found to be adequate.
- 3.7.3 System performance is being adequately monitored and corrective action is being taken to improve performance where required. A contract is in place with the supplier which includes a Data Processing Agreement that complies with data protection legislation. Timetables covering relevant period and year-end accounting dates and requirements are available to staff. Reconciliations of the creditors and debtors sub-ledgers to the general ledger were taking place timeously and the suspense accounts, for transactions interfacing with the financial ledger with invalid or no financial codes, are being regularly reviewed and cleared. In addition, system disaster recovery testing has been scheduled to take place in 2020 in accordance with scheduled arrangements with the Council's data centre service provider.

3.7.4 System access controls were found to be adequate however a recommendation was agreed with Finance to ensure mandatory finance training is completed prior to access being granted to the system.

### **3.8 Workforce Planning (Internal Audit Report AC2018 – August 2020)**

3.8.1 Effective workforce planning provides a structured and evidence based approach to achieving the objective of having the right people, in the right place, doing the right thing, at the right time, in the face of changing circumstances, funding challenges, and increasing service demands. The Council's 2019/20 staffing budget, including on-costs, is £284.1 million. As at 5 June 2020 the Council employed 6,515 FTE of permanent and fixed-term staff.

3.8.2 The objective of this audit was 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.

3.8.3 The Council's Workforce Plan (the Plan) was approved by the Staff Governance Committee in June 2019. The Plan is clear in terms of how the Council will build the capacity and capabilities of the workforce in order to deliver the Council's Target Operating Model.

3.8.4 In terms of capacity, the Plan includes an analysis of the workforce age profile, recognising the need to capture knowledge of more experienced members of staff, while developing the young workforce. The Council has a number of schemes in place to develop the young workforce and was awarded an Improving Investors in Young People gold award in March 2020. The Plan also recognises the need to reshape the workforce from areas of reducing demand into areas of sustained and increasing demand whilst giving consideration to employee health and wellbeing. The Council has achieved a silver NHS Healthy Working Lives award and has a mental health action plan to help ensure employee wellbeing.

3.8.5 A Capability Framework is included in the Plan which clearly describes the behaviours, knowledge and skills expected of employees in order to adhere to the Council's Guiding Principles, which were agreed following consultation with employees and Trade Unions and are linked to the design principles of the Council's Target Operating Model. A Continuous Review and Development process, based on the Capability Framework, was made available to employees and managers in December 2019, to facilitate "continuous conversations" between staff and their line managers for staff development purposes. In addition, a digital learning platform has been established so employees can seek, access and share knowledge and learning.

3.8.6 Workforce related policies, procedures and guidance were clear and comprehensive. The Council's "re.cr.uit" (retaining employees, changing roles, using internal talent) scheme aims to find suitable internal employees for vacant roles within the Council, based on alignment between the attributes required to perform a specific role, with the attributes held by



employees in the scheme. 439 staff had registered interest in the scheme at 1 June 2020. It is intended that the scheme will use a digital tool to match potential internal candidates to suitable roles. The Cluster advised the tool is currently at the testing stage and have agreed to develop and launch the tool.

- 3.8.7 Workforce performance indicators and risk assessments are reported regularly to Corporate Management Team while six monthly absence data is reported to Staff Governance Committee. Under the Council's Committee Terms of Reference, one of the purposes of the Staff Governance Committee is to approve and monitor workforce strategies which ensure the Council has a workforce fit for the capabilities required to be a 21<sup>st</sup> century Council. People and Organisation has agreed to report progress on the Workforce Plan to Committee when appropriate.

**3.9 Procurement Compliance (Internal Audit Report AC2019 – September 2020)**

- 3.9.1 Aberdeen City Council makes payments of over £500 million per annum to external sources. Where this includes the procurement of goods, services and works, legislation and internal rules and regulations set out specific requirements which must be complied with in order to meet the Council's legal obligations, and provide assurance over Best Value in procurement.
- 3.9.2 The objective of this audit was 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 sample of high value expenditure was reviewed, and this indicated that requirements are not being demonstrably complied with in several cases.
- 3.9.3 The Commercial and Procurement Shared Service (CPSS) supports the Functions by providing the structure, system, training, advice and support to demonstrate compliance with procurement legislation and regulations. Procurement activity is delegated to each of the Council's Functions and Chief Officers who may delegate authority to relevant officers.
- 3.9.4 Commitment to action was sought to ensure that: contracts will be subject to appropriate procurement, including public tender where they exceed the relevant thresholds individually and in aggregate; procurement intentions and awards will be appropriately published; adherence to Committee approvals will be monitored to ensure they are adhered to; and purchase orders will be raised in advance unless a specific exemption applies.
- 3.9.5 Actions were agreed with Directors on 16th July and presented to Extended Corporate Management Team (ECMT) on the same date advising of this and their commitment was also agreed. Procurement Compliance Reports will be a standing item on the ECMT Stewardship agenda.
- 3.9.6 CPSS will review whether additional data can be recorded to demonstrate that spend is linked back to contracts, approvals and business cases. Training and guidance will be updated following a review of the contracts

register and associated processes to provide assurance over compliance. A new website is also being developed to assist buyers in the selection of appropriate contracts and signpost them to guidance should alternative options be required.

**3.10 Information Governance (Internal Audit Report AC2020 – February 2020)**

- 3.10.1 The Council's Corporate Information Policy defines the Council's information as all information and data created, received, maintained or used by or on behalf of the Council, in any format and of any age.
- 3.10.2 The Council's Corporate Risk Register includes risk Corp-005 which is defined as "Information governance protocols and processes do not provide the appropriate framework to facilitate optimum information management in support of decision making and resource allocation based on a Business Intelligence culture".
- 3.10.3 The objective of this audit was 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. In general, this was found to be the case.
- 3.10.4 Comprehensive and clear policies, procedures and mandatory training are in place. In addition, the Corporate risk and related controls are being assessed monthly by the Information Governance Group, chaired by the Council's Senior Information Risk Owner, and by Corporate Management Team, and reviewed annually by Committee. Information Governance controls were comprehensive and control assessments were, in general, supported.

**3.11 SEEMiS (Internal Audit Report AC2021 – February 2020)**

- 3.11.1 SEEMiS provides the management information needs of all Aberdeen City Council schools as well as a wide range of central administrative and quality improvement functions. It is used for the maintenance of personal and academic (including SQA) records for pupils; personal information and work records for staff; and attendance records for pupils and staff.
- 3.11.2 The objective of this audit was 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.
- 3.11.3 Whilst access to and removal from the system for non-school staff is controlled via an online portal, at a school level this is managed by school system administrators and the majority of access is set up based on verbal requests by the school's senior management team. Education has agreed to introduce a documented approval process for providing system access at a school level. It was also noted that a number of former employee "work records" within the system remained current and that certain employees had access to records of schools where they no longer worked. The Service has agreed to address this by: disabling accounts where required;

updating procedures in relation to removing access; and scheduling regular reviews of user access.

- 3.11.4 As at November 2019, 362 current system users had not completed the mandatory Information Governance training, which covers data protection requirements under the General Data Protection Regulation (GDPR). As SEEMiS holds personal information about both pupils and staff, the Service has agreed to instruct staff to complete the Information Governance training and will consider establishing a requirement to complete this training before access is granted to the system.
- 3.11.5 A Data Sharing Agreement is in place with the SQA, however the agreement is historic and predates the introduction of the data protection requirements under the GDPR. The Service has agreed to complete a Data Protection Impact Assessment for SEEMiS to identify all personal data sharing with third parties, the related risks and to ensure data sharing agreements in place cover routine sharing of personal data with third parties.
- 3.11.6 In accordance with data protection legislation, any arrangement that the Council has which involves a third party processing personal data on its behalf must be set out in writing in a Data Processing Agreement (DPA). Whilst a signed DPA was in place for SEEMiS, it was noted that two secondary schools have purchased a separate school management software package which is being used by them for tracking and monitoring purposes instead of SEEMiS. The Service has agreed to complete a data protection impact assessment (DPIA) on the use of the system and depending on the outcome, either cease its use or establish a DPA with the supplier.

### **3.12 Transformation (Internal Audit Report AC2022 – September 2020)**

- 3.12.1 In 2017 Aberdeen City Council proposed a new Target Operating Model in order to help manage an increased demand for services in the current environment of increasingly restricted budgets. The associated transformation blueprint, to be implemented over 5 years, included delivery of the Target Operating Model by 31 March 2021, a Digital Strategy by 31 December 2020, and £125 million of savings by 31 March 2023. The initial phase of this Transformation process was to move to a new interim structure with a managed reduction in posts. This phase was completed, and a new Scheme of Governance was approved in support of the new structure.
- 3.12.2 The objective of this audit was to provide assurance that the Council is continuing to make progress to ensure the success of its transformational aspirations, through a follow-up review of the Council's progress in achieving its transformational aspirations (Target Operating Model project management, goals / milestones, progress, new Scheme of Governance, etc). Assurance was obtained, and the Council is reporting progress and reflecting the planned changes from transformation in its Council Delivery Plan, Commissioning Model, Budget and Medium Term Financial Strategy.

- 3.12.3 Clear governance arrangements are in place including management reporting of progress, supported by underlying detail held in a bespoke in-house developed system. However, some of the detail has not been consistently recorded. The Corporate Management Team (CMT) is satisfied with the level of assurance obtained through the governance routes already in place, however the Programme Management Office (PMO) will be asked to review current system reporting to ascertain if the system can be further enhanced. Greater assurance can be evidenced / supported at a detailed level, with clear system reporting of completed projects and milestones.
- 3.12.4 Financial return on investment was a key part of the transformation proposals, including the £125 million of savings, and investment of £15 million in specific projects. Progress with this has not been separately reported to Committee. The Service has noted that Transformation has become business as usual: return on investment for transformation is therefore reflected in the budget setting process, as part of service redesign, and monitored through the Council's quarterly financial reporting reported to the City Growth and Resources Committee. Internal Audit considers that in the absence of separate tracking there is less assurance that specific activities resulted in the planned financial outcomes. However, the focus on preparing and delivering against a balanced budget is acknowledged. The budget set in March 2020 provided substantial detail on savings to be delivered through service redesign, and these are being tracked.

#### Management Comments

- 3.12.5 Internal Audit made two recommendations in respect of the approach to progress reporting against return of investment and project completion. These were not approved because the Corporate Management Team (CMT) is satisfied that the existing arrangements in place provide sufficient assurance. Return on investment is reflected in the Council's budget setting process. This is further monitored through the Council's quarterly financial reporting. Project completion is monitored using a reporting system scrutinised by the relevant Senior Responsible Officer. That Senior Responsible Officer is in turn held to account for completion by the CMT Transformation Management Group. CMT is therefore satisfied with the level of assurance obtained through the governance routes already in place.
- 3.12.6 In the meantime, the Council continues to make good progress on its transformation aspirations.

### **3.13 Gas Servicing Contract (Internal Audit Report AC2024 – September 2020)**

- 3.13.1 The Council, as a landlord, has a legal duty under the Gas Safety (Installation and Use) Regulations 1998 and the Gas Safety (Installation and Use) (Amendment) Regulations 2018 to ensure that gas fittings and flues in its residential leased properties are maintained in a safe condition, meaning the gas fittings are required to be serviced and checked at least annually.

- 3.13.2 As of January 2020, the Council had 16,630 properties with gas appliances. A contractor is used to carry out the annual gas safety check in these properties within 12 months of the previous check.
- 3.13.3 The objective of this audit was to provide assurance that contractual and operational issues were being complied with.
- 3.13.4 A single contractor is used to carry out annual gas safety checks across the City. Procurement approval was last obtained from the Strategic Commissioning Committee in June 2018, for an estimated cost of £7.5 million over two years, to directly award an extension to the existing contract, in contravention of EU and Scottish procurement regulations which require periodic competitive tendering at this level of expenditure. Planned procurement activity had commenced in 2017 but was abandoned due to short timescales impacting on the ability to obtain and implement a new contract cost-effectively, because the contract had not been tendered sufficiently in advance. Assurances were provided that this would represent Best Value due to discounts offered on previous rates, and that appropriate procurement exercises would take place in advance of the extension expiring. The Service also acknowledged the risks inherent in a direct award, as it would be open to challenge from suppliers who had no opportunity to bid for the work. This risk was considered low at the time due to short-term mobilisation costs outweighing any perceived benefit for a two-year contract.
- 3.13.5 However, there is no record of a tender opportunity having been published to allow for a new contract to be awarded prior to expiry of the Committee's approval in April 2020. Failure to subject contracts to appropriate competition can be an indicator of potential fraud, and means that costs will not have been reviewed and market tested to ensure Best Value is being achieved. Procurement needs to be planned and progressed timeously for contracts which are significant in terms of cost and service delivery. The Service will review the issues with the Commercial and Procurement Shared Service.
- 3.13.6 In general, operational activity is being planned and recorded appropriately. However, efficiencies, and actions to address minor issues with accuracy of records, have been recommended to the Service, which has agreed to review and implement alternative and further measures where identified as appropriate. Charges are raised where there are repeated failed attempts to gain access to property for the purpose of gas safety checks. The basis for those charges (set in 2010) needs to be reviewed to ensure it remains appropriate, and is being applied in accordance with agreed policy. Some delays were also noted in invoices being issued. The Service has agreed to review the current processes and costs.
- 3.14 Social Care Commissioned Services – Contract Monitoring (Internal Audit Report AC2027 – February 2020)**
- 3.14.1 Aberdeen City Health & Social Care Partnership (the HSCP) procures care services from a variety of contracted Suppliers in order to meet the

assessed needs of persons requiring support and assistance. The contracts register indicates contracts are in place for £86 million of social care services in 2020/21.

- 3.14.2 The objective of this audit was to provide assurance that contract monitoring arrangements relating to Social Care Commissioned Services are adequate. Contract monitoring is undertaken by Commercial & Procurement Shared Services (the Service).
- 3.14.3 The contract monitoring procedures were examined as part of a National Care Home Contract (NCHC) Internal Audit (report AC1920) in January 2019, in which recommendations were made, and have been subsequently reported to Committee as having been actioned. Whilst the procedures, associated template documents, and changes made as a result of the previous audit, are appropriate, it has been identified following review of individual contract monitoring reports as part of the current audit that further clarification with regards to some areas, could improve the procedures and their application. This includes scheduling to ensure all monitoring activity takes place at required frequencies, and ensuring records are complete and variations reviewed, adequately explained and challenged where appropriate.
- 3.14.4 The Service has noted that it was always the intention to carry out a review of the revised procedures after a full year of operation, to consider whether they had achieved the desired outcome, and where improvements might be made. It has not been possible to do this due to the Covid19 situation, which has meant that routine monitoring has been temporarily suspended, and all resources within the team are fully engaged in dealing with supplier sustainability issues and reconciliation of service provision, contract variations, and additional cost claims. All of the points raised in the audit will be considered as part of the review, completion of which is planned by the end of the financial year, depending on available resources pending transition to a 'new normal' post Covid19.
- 3.14.5 An instance was identified of a supplier being used where a signed contract was not in place. Whilst there may be implications for service provision, services should not be procured from suppliers for which there is no signed contract in place. The absence of a signed contract is an indicator that procurement may not have followed the correct route. If contract terms have not been agreed, there is a greater risk to service delivery, service users, and to the level of assurance the Service can obtain through contract monitoring – as it may be more difficult to enforce the contract. The HSCP is aware of this risk and the Service will continue to reinforce this point.
- 3.15 Fostering and Adoption Payments (Internal Audit Report AC2028 – July 2020)**
- 3.15.1 Care for children sometimes needs to be provided away from their home, when their family cannot provide suitable care. Foster Care, Adoption and Kinship Care are options to help provide a high standard of care and ensure positive outcomes for these children.

- 3.15.2 At the time this area was reviewed there were 91 active in-house Foster Carers, 105 Adoptive Parents and 207 Kinship arrangements financially supported by the Service. The Service also uses the services of external fostering agencies.
- 3.15.3 Payments to foster carers amounted to £1.9 million for internal placements and £9.3 million for external placements during 2019/20. There were payments of £0.48 million for adoption allowances, and £2.2 million for kinship care.
- 3.15.4 The objective of this audit was to provide assurance over Fostering, Adoption and Kinship Allowances paid. In general these are paid accurately, however minor recurring system generated errors were identified in a small number of cases, which are being corrected by the Service. A new system is being developed, for implementation in 2021, and this will be informed by Internal Audit's findings to improve efficiency and reduce the scope for error in the future. In the interim, administrative support has been put in place to ensure the accuracy of payments.
- 3.15.5 Procedures and documentation would benefit from updating and review to ensure requirements are clear and aligned with policy, and to better demonstrate that payments are accurately calculated based on evidence of relevant circumstances. The Service will map its processes and ensure they are fully documented, including a review of the Adoption Policy and associated allowances.
- 3.15.6 The Service is moving to electronic filing, which will improve the consistency of record keeping, and has agreed to improve records where variations from standard practice have been agreed.

#### **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.

#### **7. OUTCOMES**

- 7.1 There are no direct impacts, as a result of this report, in relation to the Council Delivery Plan, or the Local Outcome Improvement Plan Themes of

Prosperous Economy, People or Place.

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

**8. IMPACT ASSESSMENTS**

<b>Assessment</b>	<b>Outcome</b>
<b>Impact Assessment</b>	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.
<b>Data Protection Impact Assessment</b>	Not required

**9. REPORT AUTHOR DETAILS**

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[Colin.Harvey@aberdeenshire.gov.uk](mailto:Colin.Harvey@aberdeenshire.gov.uk)  
(01467) 530701



## ABERDEEN CITY COUNCIL

<b>COMMITTEE</b>	Audit, Risk and Scrutiny Committee
<b>DATE</b>	8 October 2020
<b>EXEMPT</b>	No
<b>CONFIDENTIAL</b>	No
<b>REPORT TITLE</b>	Internal Audit Progress
<b>REPORT NUMBER</b>	IA/20/005
<b>DIRECTOR</b>	N/A
<b>REPORT AUTHOR</b>	Colin Harvey
<b>TERMS OF REFERENCE</b>	2.2 and 2.4

### 1. PURPOSE OF REPORT

- 1.1 This report advises the Committee of Internal Audit's progress against the approved 2019/20 and 2020/21 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 2019/20 was approved by the Audit, Risk and Scrutiny Committee on 14 February 2019. The plan included an indicative date by when it was planned to report each audit to Committee 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 remaining audits contained in the 2019/20 plan. Due to the advent of Covid-19 and the delays that caused in relation to a number of audits, the appendix has been simplified to remove some of the data regarding meetings and reminders and state only relevant dates. A summary is shown in the following table.

2019/20 Planned Audit Status	As at 27 September 2020 by Original Target Committee Date						%age
	Jun 19	Sep 19	Dec 19	Feb 20	May 20	Total	
Complete	2	8	5	5	3	23	85.2
Draft Report Issued	0	0	1	0	1	2	7.4
Work in Progress	0	0	1	0	0	1	3.7

To Start	0	0	0	0	0	0	0.0
Removal Agreed	0	0	0	0	1	1	3.7
Total	2	8	7	5	5	27	100.0

3.3 The Internal Audit plan for 2020/21 was originally approved by the Audit, Risk and Scrutiny Committee on 12 February 2020. However, due to the advent of the Covid-19 Pandemic, the plan was revisited by Internal Audit and, through consultation with management, a revised plan was approved by the Urgent Business Committee on 6 May 2020. The plan included an indicative date by when it was planned to report each audit to Committee. It also contained details of audits that had been placed in a reserve list which would be undertaken should time allow.

3.4 Appendix B to this report shows progress with the audits contained in the 2020/21 plan. A summary is shown in the following table.

2020/21 Planned Audit Status	As at 27 September 2020 by Original Target Committee Date						%age
	Oct 20	Dec 20	Feb 21	May 21	Reserve	Total	
Complete	1	0	0	0	0	1	4.2
Draft Report Issued	0	0	0	0	0	0	0.0
Work in Progress	2	0	0	0	0	2	8.4
To Start	3	2	3	5	8	21	87.4
Total	6	2	3	5	8	24	100.0

**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 Council Delivery Plan, or the Local Outcome Improvement Plan Themes of Prosperous Economy, People or Place.
- 7.2 However, Internal Audit plays a key role in providing assurance over, and helping to improve, the Council’s framework of governance, risk management and control. These arrangements, put in place by the Council, help ensure that the Council achieves its strategic objectives in a well-managed and controlled environment.

**8. IMPACT ASSESSMENTS**

<b>Assessment</b>	<b>Outcome</b>
<b>Impact Assessment</b>	An assessment is not required because the reason for this report is to report Internal Audit’s progress to Committee. As a result, there will be no differential impact, as a result of the proposals in this report, on people with protected characteristics.
<b>Data Protection Impact Assessment</b>	Not required

**9. APPENDICES**

- 9.1 Appendix A – Progress with 2019/20 Internal Audit Plan.
- 9.2 Appendix B – Progress with 2020/21 Internal Audit Plan.

**10. REPORT AUTHOR DETAILS**

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## APPENDIX A

### PROGRESS WITH 2019/20 INTERNAL AUDIT PLAN

SUBJECT / SCOPE	OBJECTIVE	Progress as at 27 September 2020
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#### Originally Planned for June 2019 Committee

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.	Draft report issued	19.12.19
		Management response received	21.01.20
		Updated draft report issued	24.01.20
		Final Report issued	18.02.20
		Actual submission to Committee	08.10.20

SUBJECT / SCOPE	OBJECTIVE	Progress as at 27 September 2020	
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### Originally Planned for September 2019 Committee

Car Parking and Bus Lane Enforcement Income	To provide assurance that procedures regarding income collection and the management of fines are adequate.	Draft report issued	16.01.20
		Management response received	19.06.20
		Final draft report issued	07.07.20
		Management response received	31.08.20
		Final Report Issued	15.09.20
		Actual submission to Committee	08.10.20
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.	Draft report issued	14.10.19
		Management response received	22.11.19
		Updated draft report issued	26.11.19
		Final draft issued	15.01.20
		Management response received	N/A
		Final report issued	30.03.20
		Actual submission to Committee	08.10.20

SUBJECT / SCOPE	OBJECTIVE	Progress as at 27 September 2020	
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**Originally Planned for December 2019 Committee**

Fostering and Adoption Payments	To provide assurance over Fostering and Adoption Allowances being paid.	Draft report issued	22.05.20
		Management response received	22.07.20
		Final report issued	28.07.20
		Actual submission to Committee	08.10.20

Industrial and Commercial Property Rental Income and Void Control	To provide assurance over the processes in place for letting, recovering rental income, and managing voids for industrial and commercial premises.	Draft report issued	29.01.20
		Management response received	TBC
		Final report issued	TBC
		Actual submission to Committee	TBC

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.	Draft report issued	TBC
		Management response received	TBC
		Final report issued	TBC
		Actual submission to Committee	TBC

SUBJECT / SCOPE	OBJECTIVE	Progress as at 27 September 2020	
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**Originally Planned for December 2019 Committee (continued)**

Transformation	To provide assurance that the Council is continuing to make progress to ensure the success of its transformational aspirations.	Draft report issued	16.03.20
		Management response received	07.04.20
		Updated draft report issued	08.04.20
		Management response received	02.09.20
		Final Report Issued	25.09.20
		Actual submission to Committee	08.10.20
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.	Draft report issued	14.04.20
		Management response received	01.09.20
		Final report issued	28.09.20
		Actual submission to Committee	08.10.20

SUBJECT / SCOPE	OBJECTIVE	Progress as at 27 September 2020	
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### Originally Planned for February 2020 Committee

Gas Servicing Contract	To provide assurance that contractual and operational issues are being complied with	Draft report due to be issued	02.04.20
		Management response received	01.05.20
		Final draft report issued	06.05.20
		Management response received	31.08.20
		Final report issued	01.09.20
		Actual submission to Committee	08.10.20
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.	Draft report issued	17.01.20
		Management response received	25.02.20
		Final report issued	25.02.20
		Actual submission to Committee	08.10.20
Financial Ledger System	To provide assurance over system controls, business continuity and contingency plans.	Draft report issued	15.01.20
		Management response received	10.02.20
		Final Report Issued	20.02.20
		Actual submission to Committee	08.10.20



SUBJECT / SCOPE	OBJECTIVE	Progress as at 27 February 2020
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**Originally Planned for February 2020 Committee (continued)**

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.	Draft report issued	14.01.20
		Management response received	17.02.20
		Final Report Issued	17.02.20
		Actual submission to Committee	08.10.20

SUBJECT / SCOPE	OBJECTIVE	Progress as at 27 September 2020	
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### Originally Planned for May 2020 Committee

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.	Draft report issued	14.04.20
		Management response received	05.06.20
		Final draft report issued	11.06.20
		Management response received	28.07.20
		Final Report Issued	05.08.20
		Actual submission to Committee	08.10.20
Performance Management	To provide assurance that the Council has effective performance management arrangements in place which produce accurate data	Draft report issued	18.06.20
		Management response received	10.08.20
		Final draft report Issued	15.09.20
		Management response received	TBC
		Actual submission to Committee	TBC

SUBJECT / SCOPE	OBJECTIVE	Progress as at 30 January 2020	
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**Originally Planned for May 2020 Committee (continued)**

Procurement Compliance	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 issued	19.05.20
		Management response received	16.06.20
		Final draft report issued	01.09.20
		Management response received	22.09.10
		Final Report Issued	22.09.10
		Actual submission to Committee	08.10.20
Contract Monitoring – H&SCP Commissioned Services	To provide assurance that contract monitoring arrangements relating to Social Care Commissioned Services are adequate.	Draft report issued	30.04.20
		Management response received	28.05.20
		Final draft report issued	01.06.20
		Management response received	02.06.20
		Final Report Issued	30.06.20
		Actual submission to Committee	08.10.20

**APPENDIX B**

**PROGRESS WITH 2020/21 INTERNAL AUDIT PLAN**

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

SUBJECT / SCOPE	OBJECTIVE	Progress as at 27 September 2020	Red Amber Green	Comment where applicable
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**Originally Planned for October 2020 Committee**

Vehicle Usage	To provide assurance that adequate procedures are in place to effectively manage the Council's vehicle fleet. To include a review of non-business use, including the business case for such use and authorisation thereof. The review will also review procedures, and vehicle and driver records to ensure that appropriate arrangements are in place to safeguard the Council's goods vehicle operator's licence. This will include procedures relating to driver self-declarations and management controls relating to fitness to drive.	Draft report due to be issued	18.10.20	Green	
		Draft report issued			
		Original Target Committee date	08.10.20	Amber	Audit commenced 5/6/2020; the assigned auditor has had sickness absences which have delayed progress.

SUBJECT / SCOPE	OBJECTIVE	Progress as at 27 September 2020	Red Amber Green	Comment where applicable
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### Originally Planned for October 2020 Committee (continued)

Academy System	To provide assurance over system controls (to include access controls, system security and backups, interfaces, business continuity and contingency plans).	Draft report due to be issued Draft report issued	14.08.20	Amber	The Cluster lead for the audit is unavailable due to sickness absence.
		Management response due Management response received			
		Original Target Committee date Actual submission to Committee	08.10.20		
Treasury Management	To provide assurance that the Council's Treasury Management procedures follow best practice and are being complied with.	Draft report due to be issued Draft report issued	31.07.20	Amber	Commencement delayed at request of Finance and assigned auditor had sickness absences delaying progress.
		Management response due Management response received			
		Original Target Committee date Actual submission to Committee	08.10.20		
Bank Reconciliations	To provide assurance that the Council's main bank accounts are reconciled on a regular and timely basis and that the methodology is robust.	Draft report due to be issued Draft report issued	15.04.20 15.04.20	Green	
		Management response due Management response received	15.05.20 12.05.20	Green	
		Final draft issued	13.05.20	Green	
		Management response received	28.07.20	Amber	
		Original Target Committee date Actual submission to Committee	08.10.20 08.10.20	Green	

SUBJECT / SCOPE	OBJECTIVE	Progress as at 27 September 2020	Red Amber Green	Comment where applicable
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**Originally Planned for October 2020 Committee (continued)**

Consilium System	To provide assurance over system controls (to include access controls, system security and backups, interfaces, business continuity and contingency plans).	Draft report due to be issued Draft report issued		Amber	Not yet commenced; the assigned auditor has had sickness absences which have delayed progress.
		Original Target Committee date	08.10.20	Amber	

Bon Accord Care Budget Monitoring	To provide assurance over Bon Accord Care's budget monitoring procedures including monitoring of savings programme.	Draft report due to be issued Draft report issued		Amber	Not yet commenced; the assigned auditor has had sickness absences which have delayed progress.
		Original Target Committee date	08.10.20	Amber	

## ABERDEEN CITY COUNCIL

<b>COMMITTEE</b>	Audit, Risk and Scrutiny Committee
<b>DATE</b>	8 October 2020
<b>EXEMPT</b>	No
<b>CONFIDENTIAL</b>	No
<b>REPORT TITLE</b>	Internal Audit Reports – Follow-up of Agreed Recommendations
<b>REPORT NUMBER</b>	IA/20/006
<b>DIRECTOR</b>	N/A
<b>REPORT AUTHOR</b>	Colin Harvey
<b>TERMS OF REFERENCE</b>	2.3

### 1. PURPOSE OF REPORT

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

### 2. RECOMMENDATIONS

- 2.1 The Committee is requested to 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 2020 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 Council Delivery Plan, or the Local Outcome Improvement Plan Themes of Prosperous Economy, People or Place.

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

**8. IMPACT ASSESSMENTS**

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



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**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 – Position with Agreed Recommendations – Governance.

**10. REPORT AUTHOR DETAILS**

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# APPENDIX A – SUMMARY

## POSITION WITH AGREED RECOMMENDATIONS AS AT 27 SEPTEMBER 2020

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

On 12 February 2020, the Committee was advised that, as at 30 January, there were 23 recommendations which were due to have been completed by 31 December 2019 which were not fully complete. This has now reduced to 6.

The total not fully complete, which had an original due date of before 31 July 2020, is shown in the following table. Full details relating to progress, on a report by report basis, are shown in appendices B to G.

FUNCTION	Agreed in reports shown in Appendices B to G	Due for completion by 31.12.19	Confirmed complete by Service	New in January to July 2020	Confirmed complete by Service	<b>Not fully complete by original due date</b>	Major	Significant	Important
<b>Cross Service</b>	12	10	10	2	2	<b>0</b>	0	0	0
<b>Customer</b>	66	18	17	46	42	<b>5</b>	0	3	2
<b>Operations</b>	96	42	37	48	31	<b>22</b>	1	17	4
<b>Resources</b>	35	9	9	22	11	<b>11</b>	0	9	2
<b>Health &amp; Social Care</b>	14	9	9	5	3	<b>2</b>	0	1	1
<b>Governance</b>	6	5	5	1	0	<b>1</b>	0	0	1
<b>Total</b>	229	93	87	124	89	<b>41</b>	1	30	10

# 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**

# **CUSTOMER**

Report Number	Report Title	Date Issued	Number of Recommendations				Grading of overdue recommendations
			Agreed in Report	Due for implementation by 31.07.20	Confirmed Implemented by Service	Not implemented by original due date	

<b>AC1909</b>	<b>Timesheets and Allowances</b>	August 2018	7	7	6	1	1 Significant
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The position with the overdue recommendation is as follows:

Chief Officer	Recommendation	Grading / Due Date	Position
Customer Experience	Once set up on the system, rotas should be verified by employees' line managers on a regular basis (2.7.6b)	Significant	The payroll system does not have the functionality to report full details of staff rotas for manager review, therefore Payroll will raise an "ideas call" with the payroll system supplier to have this built into the system as an improvement via a future system upgrade. This will be dependent on the payroll system supplier accepting the suggested improvement.  In the interim, and to conclude this action, the Service will remind managers of the requirement to advise HR of relevant updates to hours and rotas. This will be complete in September 2020.
		February 2020	

Report Number	Report Title	Date Issued	Number of Recommendations				Grading of overdue recommendations
			Agreed in Report	Due for implementation by 31.07.20	Confirmed Implemented by Service	Not implemented by original due date	

<b>AC1917</b>	<b>NPS Housing System</b>	February 2019	14	14	13	1	1 Significant
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The position with the overdue recommendation is as follows:

Chief Officer	Recommendation	Grading / Due Date	Position
Digital and Technology	System recovery testing should be scheduled for the housing system and outcomes of testing documented (2.10.2)	Significant December 2019	<ul style="list-style-type: none"> <li>Committee advised on 12 February 2020 that no update had been provided to Internal Audit.</li> <li>The Service has advised that a disaster recovery test has been booked for 29 September 2020.</li> </ul>

Report Number	Report Title	Date Issued	Number of Recommendations				Grading of overdue recommendations
			Agreed in Report	Due for implementation by 31.07.20	Confirmed Implemented by Service	Not implemented by original due date	

<b>AC2010</b>	<b>Housing Repairs - Voids</b>	November 2019	14	14	13	1	1 Important
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The position with the overdue recommendations is as follows:

Chief Officer	Recommendation	Grading / Due Date	Position
Early Intervention and Community empowerment	The Service should ensure that policies are reviewed as scheduled (including Recharge Policy) and that this is recorded through version control (2.1.2)	Important	The Recharge Policy has been revised following review and is to be considered by ECMT for approval.  A short life working group has been revising the existing letting standard procedure. A report on the revised procedure will be considered by the working group in September.
		March 2020	

Report Number	Report Title	Date Issued	Number of Recommendations				Grading of overdue recommendations
			Agreed in Report	Due for implementation by 31.07.20	Confirmed Implemented by Service	Not implemented by original due date	

AC2012	Customer Access Points and Service Centre	January 2020	13	12	10	2	1 Significant
							1 Important

The position with the overdue recommendations is as follows:

Chief Officer	Recommendation	Grading / Due Date	Position
Finance	Governance should ensure that each Cluster assesses the potential for their service delivery being used as a potential money laundering vehicle (2.8.2)	Significant	The fraud response role has moved from Governance to Finance. An overall risk review of the potential for fraud risk in clusters has been commenced based on CIPFA guidance. It is considered that an assessment related to potential money laundering risk is led by the fraud response team to provide advice to clusters in completing that assessment – and is connected to the finance business advice provided by accounting. It is proposed to prepare a risk assessment format by October and that the action completion date is moved to January 2021.
		June 2020	
Finance	The Chief Officer – Finance in consultation with the Chief Officer – Corporate Landlord will review the inventory arrangements outlined within the Financial Regulations and design a new process for the management of inventories (2.9.2 b)	Important	The inventory arrangements were updated in the Financial Regulations updated in March 2020 that set the principles for the new process. Due to other priorities in the Finance Cluster as a result of Covid, this process has been delayed. In addition, managing inventory during the pandemic with significant changes for staff in their operational places of work has required reconsideration of the process. It is proposed that the action completion date is moved to March 2021.
		June 2020	



Report Number	Report Title	Date Issued	Number of Recommendations				Grading of overdue recommendations
			Agreed in Report	Due for implementation by 31.07.20	Confirmed Implemented by Service	<b>Not implemented by original due date</b>	
<b>AC2023</b>	<b>Timesheets and Allowances</b>	January 2020	18	17	16	<b>0</b>	

# **APPENDIX C**

# **OPERATIONS**

Report Number	Report Title	Date Issued	Number of Recommendations				Grading of overdue recommendations
			Agreed in Report	Due for implementation by 37.07.20	Confirmed Implemented by Service	Not implemented by original due date	

<b>AC1602 AW</b>	<b>Craft Workers Terms and Conditions</b>	October 2015	9	9	8	1	1 Major
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The position with the overdue recommendation 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	See below:

- 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
- Committee advised on 30 April 2019 that this would be resolved by August 2019.
- Committee advised on 26 June 2019 that consultation on the proposed agreement, with Unions and employees, will commence in June 2019. Subject to the success of these negotiations it is intended that a report will be submitted to the 1 October 2019 meeting of the Staff Governance Committee for approval. The Service has stated that progress with this action has been delayed on several occasions due to circumstances out with its control, and it is anticipated that the current actions will resolve the outstanding action.

*Continued over page*

Report Number	Report Title	Date Issued	Number of Recommendations				Grading of overdue recommendations
			Agreed in Report	Due for implementation by 29.02.20	Confirmed Implemented by Service	<b>Not implemented by original due date</b>	

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

In December 2019, the Committee was advised that the latest update from the Service is that a report has been submitted to the meeting to be held on the 1 October 2019 of the Staff Governance Committee. This report details the progress to resolve the audit recommendation. During the summer of 2019 there have been several informal meetings between management and unions to resolve the outstanding audit recommendation. This is to ensure that the Service can deliver 24/7 whilst being fully compliant with the “Working Time Directive”. The Service has been working to the following timeline:

- i. Week Commencing 30 September 2019 - Meetings (6) with affected staff groups.
- ii. Monday 7 October 2019 - Paper sent to unions for formal consultation.
- iii. Friday 18 October 2019 - End of formal consultation period.
- iv. Week commencing 21 October 2019 - Outcome of consultation and implementation details shared with affected staff.

The meetings with staff have taken place and the management proposal has been put forward to staff. Staff have been invited to come forward with their proposals in conjunction with their Trade Unions. At the Staff Governance Committee on the 1 October the Committee resolved that “there would be a degree of flexibility in terms of the timescales for the formal consultation period”. Meetings with the TU’s are ongoing, and it is anticipated that the formal consultation period can be commenced following Trade Union meeting on 30 October 2019.

Update 25 November 2019 – Meetings between management and TU’s are ongoing. Staff were invited to come forward with an alternative proposal to that put forward by management. Although staff and TU had been working together on an alternative proposal, the TU requested additional time so that they could consult with their own legal team on the working time directive. A meeting is now scheduled for 27 November 2019 for the TU to present their legal advice. There are currently now two options on the table, one from management and one from staff, both working time directive compliant. It is hoped that, following on from meetings scheduled in the week commencing 25 November 2019, the Service shall meet with the affected staff group, agree on a preferred option, then enter into formal consultation in the week commencing 9 December 2019.

Update 16 December 2019 – Meaningful discussions with staff and TU’s is ongoing, the two options were presented to staff and it was agreed that the preferred option would be to go forward with the option proposed by staff. There will be further discussions with staff and TU’s to agree any changes to the proposal and these meetings will be arranged for January. It is anticipated that the formal consultation period will commence at the beginning of February 2020.

Update 8 October 2020 – Due to the covid restrictions the consultation period, to reflect new working practices, was extended. The service has recommenced discussions with the affected trade unions on the proposed new working practices and are seeking to agree an implementation date for these.

Report Number	Report Title	Date Issued	Number of Recommendations				Grading of overdue recommendations
			Agreed in Report	Due for implementation by 31.07.20	Confirmed Implemented by Service	<b>Not implemented by original due date</b>	

<b>AC1817</b>	<b>Vehicle Usage</b>	January 2018	8	8	6	<b>2</b>	<b>2 Significant</b>
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The position with the overdue recommendations is as follows:

Chief Officer	Recommendation	Grading / Due Date	Position
Operations and Protective Services	Fleet should ensure that all Services have access to regular reports on vehicle use, know how to check these and what issues to consider (2.2.7)	Significant	<ul style="list-style-type: none"> <li>Committee advised on 26 June 2019 that these recommendations would be complete by October 2019.</li> <li>Committee advised on 4 December 2019 that these recommendations would be complete by December 2019.</li> <li>Committee advised on 12 February 2020 that this would be complete by March 2020.</li> </ul>
		April 2019	
Operations and Protective Services	Fleet utilisation should be reviewed corporately to maximise efficiency (2.2.14)	Significant	<p>Operations and Protective Services has advised that a system of vehicle telematics has been installed since May 2020 and tested on a sample of Council fleet vehicles. The Service has advised that the installation of telematics on the remaining Council fleet vehicles commenced in August 2020. By October 2020 there will be 150 vehicles fitted with units which equates to 33% of the Fleet and it is planned that the system will be fully rolled out by December 2020. This will then allow for improved reporting on vehicle usage and monitoring of fleet utilisation,</p>
		April 2019	

Report Number	Report Title	Date Issued	Number of Recommendations				Grading of overdue recommendations
			Agreed in Report	Due for implementation by 31.07.20	Confirmed Implemented by Service	Not implemented by original due date	

<b>AC1903</b>	<b>Devolved School Management</b>	November 2018	7	7	5	<b>2</b>	<b>2 Significant</b>
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The position with the overdue recommendations is as follows:

Chief Officer	Recommendation	Grading / Due Date	Position
Corporate Landlord	The DSM framework should be updated to reflect current arrangements, finalised and approved by Committee (2.1.5)	Significant	<ul style="list-style-type: none"> <li>Committee advised on 25 September 2019 that this would be complete by October 2019.</li> <li>Committee advised on 4 December 2019 that this would be complete by May 2020.</li> </ul> <p>The Service advised that the DSM scheme has now been revised, consulted on and agreed by the Chief Education Officer under delegated powers. It will be reported to Education Operational Delivery Committee in September 2020.</p>
		June 2019	
Corporate Landlord	The DSM Budget Allocation Formulae and Operational procedure and Quality Assurance Framework - Financial Management schools procedure should be updated to reflect current devolved budget arrangements (2.1.8)	Significant	<ul style="list-style-type: none"> <li>The Committee was advised on 26 June 2019 that Internal Audit was awaiting an update from the Service.</li> <li>Committee advised on 4 December 2019 that this would be complete by May 2020.</li> </ul> <p>The Service has advised that work is ongoing with Finance colleagues on revising this document and it anticipated that this should be completed by the end of October 2020.</p>
		March 2019	

Report Number	Report Title	Date Issued	Number of Recommendations				Grading of overdue recommendations
			Agreed in Report	Due for implementation by 31.07.20	Confirmed Implemented by Service	Not implemented by original due date	

<b>AC1925</b>	<b>Music Service</b>	May 2019	22	20	19	<b>1</b>	<b>1 Significant</b>
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The position with the overdue recommendations is as follows:

Chief Officer	Recommendation	Grading / Due Date	Position
Integrated Children's and Family Services	Music tuition concessions should be approved by Council with proposed charges (2.4.3)	<b>Significant</b>	This was not reported to Committee when other charges for 2020/21 were approved.
		<b>March 2020</b>	Education has confirmed approval will be sought from full Council for the Music tuition concessions and charges as part of the 2021/22 annual budget setting process by March 2021.

Report Number	Report Title	Date Issued	Number of Recommendations				Grading of overdue recommendations
			Agreed in Report	Due for implementation by 31.07.20	Confirmed Implemented by Service	Not implemented by original due date	

<b>AC2007</b>	<b>Stock Control</b>	November 2019	16	16	8	<b>8</b>	<b>6 Significant</b> <b>2 Important</b>
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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 (Roads) should ensure that written procedures are reviewed on a regular basis (2.1.2)	<b>Important</b>	Roads Services advised that as part of the service re-design and approval of the subsequent business case, the Roads stores will be managed by Building Services. As such, all processes and procedures will align with theirs and be adopted upon operational handover expected in November 2020. Any updates to these processes and procedures will be provided by Building Services and will be adopted as part of the Handover process in November 2020. Building Services are on target to meet this date, and in the meantime Roads are sharing the Building Services processes, prior to full handover.
		<b>April 2020</b>	
Operations and Protective Services	The Service (Roads) should ensure the location of stocks is clearly recorded on the system (2.2.5)	<b>Significant</b>	Roads Services advised that they have reviewed stock locations and decided to move all stock to a central location at Tullos Roads depot. This will remove the need for any variation of stock location and the system has been updated to reflect this. November 2020 is the target for the full adoption of Roads stores and implementation by Building Services. This will then become an ongoing iterative process as any changes in store layout would require updates and recoding.
		<b>April 2020</b>	



Report Number	Report Title	Date Issued	Number of Recommendations				Grading of overdue recommendations
			Agreed in Report	Due for implementation by 31.07.20	Confirmed Implemented by Service	Not implemented by original due date	

*(AC2007 – Stock Control – Continued)*

Chief Officer	Recommendation	Grading / Due Date	Position
Operations and Protective Services	The Service (Roads) should schedule and record the results of regular interim stock checks at all locations (2.3.5)	Significant	The Roads Service advised that they carried a vacant Storeman post for several months during the service re-design process, which approved a subsequent business case for the Roads stores to be managed by Building Services. As such, Building Services will supply the Storeman resource and all processes and procedures will align with theirs, with adoption and operational handover expected in November 2020.
		April 2020	
Operations and Protective Services	The Service (Building & Roads) should ensure that the results of interim checks are reviewed by appropriate Senior Officers on a regular basis (2.3.8 b)	Significant	Roads Services advised that the Second Officer within Roads will be either a Technical Officer or Engineering Assistant that reports to the Engineer (Operations). The Second officer will carry out checks and complete documentation to ensure this is appropriately evidenced to Senior Officers on a monthly basis. This has been temporarily suspended due to COVID, but will restart in November 2020 with the adoption of Stores by Building Services.
		April 2020	

Report Number	Report Title	Date Issued	Number of Recommendations				Grading of overdue recommendations
			Agreed in Report	Due for implementation by 31.07.20	Confirmed Implemented by Service	Not implemented by original due date	

*(AC2007 – Stock Control – Continued)*

Chief Officer	Recommendation	Grading / Due Date	Position
Operations and Protective Services	Services should develop clear methodologies for identifying slow / non-moving stock, run regular reports to identify such stock and attempt to either realise value from or dispose of such stock, subject to appropriate evidenced approval (2.4.9)	Significant	The service is working on creating a bespoke report to provide detail that is meaningful as there would be shortcomings in the existing system report. This will be complete by April 2021 for the new financial year.
		February 2020	
Operations and Protective Services	The Service (Building) should consider how best to address the identified anomalies within van stocks (2.4.14)	Significant	A process has been developed to create randomly generated stock check requests for individual items, and is in development. The hand held device will highlight anomalies in real time. This will be complete by April 2021 for the new financial year.
		June 2020	

Report Number	Report Title	Date Issued	Number of Recommendations				Grading of overdue recommendations
			Agreed in Report	Due for implementation by 31.07.20	Confirmed Implemented by Service	Not implemented by original due date	

*(AC2007 – Stock Control – Continued)*

Chief Officer	Recommendation	Grading / Due Date	Position
Operations and Protective Services	The Service (Roads) should investigate the reasons for the significant differences in stock counted and that which was recorded in the system and put in place procedures to prevent recurrence (2.4.15)	Significant	Roads Service advised that they carried a vacant Storeman post for several months during the service re-design process, which approved a subsequent business case for the Roads stores to be managed by Building Services. As such, Building Services will supply the Storeman resource and all processes and procedures will align with theirs, with adoption and operational handover expected in November 2020.
		June 2020	
Operations and Protective Services	The Service (Roads) should ensure its estimations for year-end stock movements are subject to evidenced review (2.4.16)	Important	The service will review average item usage during February and use this to estimate the expected item usage over the number of days between stocktake and the end of financial year. This will transfer to Building Services in November 2020, and a process will be in place for the 2020/21 year end (by April 2021).
		February 2020	

Report Number	Report Title	Date Issued	Number of Recommendations				Grading of overdue recommendations
			Agreed in Report	Due for implementation by 31.07.20	Confirmed Implemented by Service	Not implemented by original due date	

<b>AC2013</b>	<b>School Catering Income and Expenditure</b>	January 2020	24	22	16	<b>5</b>	<b>3 Significant</b> <b>2 Important</b>
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The position with the overdue recommendations is as follows:

Chief Officer	Recommendation	Grading / Due Date	Position
Finance / Customer Experience	The Service should work with Finance to establish a process for identifying and recovering debts arising from non-payment of school meals by reviewing the level of outstanding debt and accounting treatment of outstanding debt (2.3.4 a)	<b>Significant</b> <b>April 2020</b>	<p>The Service has advised that Finance and Customer Experience staff have reviewed the level of outstanding debt and extracted the outstanding debt by pupil on a per school basis. This was factored into the 2019-20 year-end financial accounts.</p> <p>The guidance from Committee regarding pursuing debt during the Covid outbreak and the unprecedented operating conditions within schools have delayed the completion of this exercise.</p> <p>An in-principle process has been developed whereby the data needs to be reviewed by schools to ensure it is robust and wider communication plans need to be put in place before any individual parents/guardians are contacted and income recovery is initiated. As the process is developed in more detail, further consultation with Education is required to finalise operational practicalities. The Service has proposed an extension to December 2020 for the process to be established.</p>

Report Number	Report Title	Date Issued	Number of Recommendations				Grading of overdue recommendations
			Agreed in Report	Due for implementation by 31.07.20	Confirmed Implemented by Service	Not implemented by original due date	

*(AC2013 – School Catering Income and Expenditure – Continued)*

Chief Officer	Recommendation	Grading / Due Date	Position
Operations and Protective Services	The Service should ensure that load terminal and safe keys are held securely following corporate guidelines (2.5.4)	Significant	Education has issued an instruction to all School Administrators and School Support Service Managers in August 2020 on the requirement for keys to safes and similar security boxes to be held securely at all times, either in a secure key box or carried on the person of those responsible.  Operations and Protective Services has advised that secure key safes are now in use however two key safes are not operational and these will be replaced in September 2020. The original timescale was unable to be met as the service was largely stood down during the COVID-19 response, reinstatement has also been very challenging where we have had to make adaptations working with our colleagues in Education to provide the service.
		February 2020	

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Report Number	Report Title	Date Issued	Number of Recommendations				Grading of overdue recommendations
			Agreed in Report	Due for implementation by 31.07.20	Confirmed Implemented by Service	Not implemented by original due date	

(AC2013 – School Catering Income and Expenditure – Continued)

Chief Officer	Recommendation	Grading / Due Date	Position
Operations and Protective Services	The Service should agree a procedure with Education to ensure that records are kept of cash transferred to another member of Council staff or into the safe (2.5.6)	Significant	The Service has advised that a process has been agreed and will be implemented to all sites by the end of September 2020.
		April 2020	The original timescale was unable to be met as the service was largely stood down during the COVID-19 response, reinstatement has also been very challenging where we have had to make adaptations working with our colleagues in Education to provide the service.
Education	Education should ensure that all school office staff with CHIPS / Accord administration responsibilities have sufficient training and guidance to carry out required duties (2.5.9)	Important	A form has been developed to capture training needs of support staff, however this has been held back due to ongoing demands on staff around COVID-19 protections in schools. The form will be issued after the October break, information collated thereafter, and the action will be completed by the end of November 2020.
		April 2020	

Report Number	Report Title	Date Issued	Number of Recommendations				Grading of overdue recommendations
			Agreed in Report	Due for implementation by 31.07.20	Confirmed Implemented by Service	Not implemented by original due date	

*(AC2013 – School Catering Income and Expenditure – Continued)*

Chief Officer	Recommendation	Grading / Due Date	Position
Operations and Protective Services	Inventories should be completed and maintained in line with Financial Regulations (2.7.5)	Important	<p>The Service has advised that work will commence on the compilation of inventories for all equipment over the value of £1000 at each site operated by Catering Services.</p> <p>The original timescale was unable to be met as the service was largely stood down during the COVID-19 response, reinstatement has also been very challenging where we have had to make adaptations working with our colleagues in Education to provide the service.</p> <p>Financial Regulations have been updated and the process of completing inventories is being revised as referred to in AC2012 – recommendation 2.9.2b above. It is proposed that the completion date for this recommendation is revised to March 2021 in line with that recommendation.</p>
		July 2020	

Report Number	Report Title	Date Issued	Number of Recommendations				Grading of overdue recommendations
			Agreed in Report	Due for implementation by 31.07.20	Confirmed Implemented by Service	Not implemented by original due date	

<b>AC2021</b>	<b>SEEMiS</b>	February 2020	10	8	5	<b>3</b>	<b>3 Significant</b>
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The position with the overdue recommendations is as follows:

Chief Officer	Recommendation	Grading / Due Date	Position
Education	The Service should consider introducing a regular review of all SEEMiS users and their access levels (2.2.11)	Significant April 2020	The Service has stated that a procedure for the review of SEEMiS accounts is in preparation. This will go live following the ScotXEd return by November 2020.
Education	A Data Protection Impact Assessment should be completed for the use of the alternative management information system. (OnTheButton) (2.4.6 a)	Significant April 2020	The Service has noted that the DPIA for OnTheButton is almost complete and the possible work on a DPA with the supplier is pending on the outcome of the DPIA. This will be completed by December 2020.
Education	A Data Processing Agreement should be established with the supplier. (OnTheButton) (2.4.6 b)	Significant April 2020	The Service has noted that the DPIA for OnTheButton is almost complete and the possible work on a DPA with the supplier is pending on the outcome of the DPIA. This will be completed by December 2020.



# **APPENDIX D**

# **RESOURCES**

Report Number	Report Title	Date Issued	Number of Recommendations				Grading of overdue recommendations
			Agreed in Report	Due for implementation by 31.07.20	Confirmed Implemented by Service	Not implemented by original due date	
AC1806	Corporate Landlord Responsibilities	September 2017	9	9	9	0	
AC2001	Income Generation	December 2019	6	6	6	0	
AC2002	Shutdown of Non-Essential Spend	February 2020	2	2	2	0	

Report Number	Report Title	Date Issued	Number of Recommendations				Grading of overdue recommendations
			Agreed in Report	Due for implementation by 31.07.20	Confirmed Implemented by Service	Not implemented by original due date	

<b>AC2009</b>	<b>Travel Policy</b>	January 2020	14	10	0	<b>10</b>	<b>9 Significant</b> <b>1 Important</b>
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The position with the overdue recommendations is as follows:

Chief Officer	Recommendation	Grading / Due Date	Position
Finance	Officers approving foreign travel requests should ensure that the travel has been approved in advance by Committee (2.2.4 a)	Significant March 2020	Approving officers will be reminded of the requirement as part of revisions to the travel policy. A draft has been prepared and will be rolled out by December 2020.
Finance	The Business Services Team should ensure that there is adequate evidence that foreign travel has been approved in advance by Committee before booking travel (2.2.4 b)	Significant March 2020	A revised checklist process has been developed by the transactions team to ensure appropriate Committee approval has been sought.  This will be implemented by December 2020.
Finance	The Business Services Team should ensure that accommodation costing in excess of 110% of the HMRC guideline rate is approved by the Chief Officer – Finance prior to being booked (2.2.6)	Significant June 2020	A revised checklist process has been developed by the transactions team to ensure appropriate authorisation for cost exceptions has been sought.  This will be implemented by December 2020.

Report Number	Report Title	Date Issued	Number of Recommendations				Grading of overdue recommendations
			Agreed in Report	Due for implementation by 31.07.20	Confirmed Implemented by Service	Not implemented by original due date	

*(AC2009 – Travel Policy – Continued)*

Chief Officer	Recommendation	Grading / Due Date	Position
Finance	Post-trip cost / benefit reports should be presented to the Committee that approved the travel (2.2.7)	Significant	A post trip cost/benefit format and process has been prepared by the transactions team.
		June 2020	Due to the impact of the Covid pandemic on Committee Governance and travel activity, these reports have not yet been presented to Committee.  This will be implemented by December 2020.
Finance	The Travel Policy will be amended to clarify a more appropriate requirement to justify travel (2.3.2)	Important	The travel policy will be amended to clarify a more appropriate requirement to justify travel. That definition is as follows:
		June 2020	For UK and foreign travel to meet business objectives, a full description of the purpose of travel and outcome should be made before the travel is booked. This should provide the main description of the activity and the related business purpose. The main description may involve specified visits, or attending events, meetings, hearings, conferences, courses and seminars.  A draft has been prepared and will be rolled out by December 2020.

Report Number	Report Title	Date Issued	Number of Recommendations				Grading of overdue recommendations
			Agreed in Report	Due for implementation by 31.07.20	Confirmed Implemented by Service	Not implemented by original due date	

*(AC2009 – Travel Policy – Continued)*

Chief Officer	Recommendation	Grading / Due Date	Position
Finance	Services should be reminded to ensure that travel applications are forwarded to the Business Services Team as soon as possible to ensure that cost effective travel arrangements can be made (2.4.1)	Significant	Staff have been reminded of making timely arrangements. A revised checklist process has been developed by the transactions team to ensure appropriate timeliness is checked.  This will be implemented by December 2020.
		March 2020	
Finance	Travel applications should provide an explanation regarding why a car is more appropriate for the required journey than public transport (2.6.3 a)	Significant	Staff have been reminded of using the most cost-efficient transport method. A revised checklist process has been developed by the transactions team to ensure appropriate explanations are provided for exceptions. The revised draft travel policy makes recommendations in respect of minimising the climate impact of travel.  This will be implemented by December 2020.
		March 2020	

Report Number	Report Title	Date Issued	Number of Recommendations				Grading of overdue recommendations
			Agreed in Report	Due for implementation by 31.07.20	Confirmed Implemented by Service	Not implemented by original due date	

*(AC2009 – Travel Policy – Continued)*

Chief Officer	Recommendation	Grading / Due Date	Position
Finance	The Business Services Team should ensure that there is appropriate justification prior to processing the application (2.6.3 b)	Significant	A revised checklist process has been developed by the transactions team to ensure appropriate justifications are provided.  This will be implemented by December 2020.
		March 2020	
Finance	Where accommodation is booked in Aberdeen for an employee of the Council the exceptional circumstances justifying the booking in terms of the Policy should be recorded (2.7.4)	Significant	A revised checklist process has been developed by the transactions team to ensure appropriate justifications are provided.  This will be implemented by December 2020.
		March 2020	
Finance	Appropriate arrangements should be put in place to provide assurance that travel applications are being approved as required by the Travel Policies (2.8.3)	Significant	A revised checklist process has been developed by the transactions team to ensure appropriate approvals are provided.  This will be implemented by December 2020.
		January 2020	

Report Number	Report Title	Date Issued	Number of Recommendations				Grading of overdue recommendations
			Agreed in Report	Due for implementation by 31.07.20	Confirmed Implemented by Service	Not implemented by original due date	

<b>AC2016</b>	<b>Financial Ledger System</b>	February 2020	4	4	3	1	1 Important
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The position with the overdue recommendations is as follows:

Chief Officer	Recommendation	Grading / Due Date	Position
Digital and Technology	D&T should liaise with the FST regularly regarding system performance (2.2.5)	Important April 2020	The latest update from the Service is that the first key stakeholder meeting will take place with Finance in September.

# **APPENDIX E**

# **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 31.07.20	Confirmed Implemented by Service	Not implemented by original due date	

<b>AC1920</b>	<b>National Care Home Contract</b>	January 2019	8	8	6	2	1 Significant 1 Important
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The position with the overdue recommendations is as follows:

Chief Officer	Recommendation	Grading / Due Date	Position
Head of Commercial and Procurement Shared Service	The Service should ensure that monitoring of contracts is undertaken in line with the contractual obligations of the National Care Home Contract and the Service's own guidelines (2.2.2)	Important	The Service has advised that this recommendation will be implemented by the end of March 2021 so as to tie it in with recommendations agreed in the Internal Audit report relating to Social Care Commissioned Services – Contract Monitoring.
		July 2020	
Head of Commercial and Procurement Shared Service	The Service should ensure that the financial risk register is implemented and updated regularly, and training, support and advice is available to aid interpretation of the results (2.2.10)	Significant	The Service has advised that this recommendation will be implemented by the end of March 2021 so as to tie it in with recommendations agreed in the Internal Audit report relating to Social Care Commissioned Services – Contract Monitoring.
		July 2020	

# **APPENDIX F**

# **GOVERNANCE**

Report Number	Report Title	Date Issued	Number of Recommendations				Grading of overdue recommendations
			Agreed in Report	Due for implementation by 31.07.20	Confirmed Implemented by Service	Not implemented by original due date	

<b>AC2004</b>	<b>Risk Management</b>	August 2019	6	6	5	1	1 Important
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The position with the overdue recommendations is as follows:

Chief Officer	Recommendation	Grading / Due Date	Position
Governance	A risk appetite should be established and documented (2.1.4)	Important June 2020	The Cluster has advised that a Risk Appetite Statement was drafted pre-Covid and is being reviewed in the context of activation of the Council's emergency response structures which inform the appetite for / tolerance of risk. This will be reported to the December Committee.

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## ABERDEEN CITY COUNCIL

<b>COMMITTEE</b>	Audit, Risk and Scrutiny Committee
<b>DATE</b>	8 October 2020
<b>EXEMPT</b>	No
<b>CONFIDENTIAL</b>	No
<b>REPORT TITLE</b>	Internal Audit Annual Report 2019/20
<b>REPORT NUMBER</b>	IA/20/008
<b>DIRECTOR</b>	N/A
<b>REPORT AUTHORS</b>	David Hughes and Colin Harvey
<b>TERMS OF REFERENCE</b>	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 2019/20.

### 2. RECOMMENDATIONS

It is recommended that the Committee:

- 2.1 Note the Annual Report for 2019/20;
- 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 2019/20; 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 2019/20 was agreed by the Audit, Risk and Scrutiny Committee on 14 February 2019. 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 2018/19, along with details relating to audits contained in the original 2019/20 plan.
- 3.4 The 2019/20 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 and resignations from two Assistant Auditors. The Section ended the year with one vacancy which was the subject of a recruitment exercise that was terminated due to the coronavirus outbreak. It is estimated that around 11.5% of the Section's capacity during the year was lost for these staffing reasons.
- 3.5 Delays with providing required information and responses to draft reports impact on the level of assurance that can be provided. During the year, Internal Audit reported regularly to the Audit, Risk and Scrutiny Committee regarding these matters. Improvements were being realised near the end of the financial year and more engagement with and from Chief Officers has been put in place for the 2020/21 planned work.
- 3.6 During 2019/20, all recommendations made by Internal Audit in completed audits 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. There have been delays with implementing some recommendations and, as a result, Corporate Management Team now also monitors progress with outstanding recommendations being updated in the new manager's portal on a regular basis.
- 3.7 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 2020.
- 3.8 However, as with previous years, Internal Audit has highlighted some concerns throughout the year relating to compliance with Council policies and procedures, and with regard to delays in the implementation of recommendations agreed in Internal Audit reports. The number of recommendations made by Internal Audit in reports finalised by the year end has increased when compared to the previous year (208 compared with 159). The number of reports containing recommendations graded as "major" remained the same (1). The number of outstanding recommendations due for implementation by 31 March 2020 as at 31 July 2020 was 23, whilst the number of outstanding recommendations due for

implementation by 31 March 2019 as at 31 July 2019 was 8.

- 3.9 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).
- 3.10 For 2019/20, 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.
- 3.11 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, no improvement actions were considered necessary. Progress with previous actions is detailed in Appendix D to this report.
- 3.12 As part of reporting on the QAIP, there is a requirement to provide the Board with performance data. As reported to Committee previously, 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.
- 3.13 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.
- 3.14 There is also a requirement to report any instances where the scope of Internal Audit's work has been limited. During 2019/20, 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 highlighted to the Audit, Risk & Scrutiny Committee.

**7. OUTCOMES**

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

**8. IMPACT ASSESSMENTS**

Assessment	Outcome
<b>Impact Assessment</b>	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.
<b>Data Protection Impact Assessment</b>	Not required

**9. APPENDICES**

- 9.1 Appendix A – 2018/19 Audit Work carried forward into 2019/20.
- 9.2 Appendix B – 2019/20 Audit Work.
- 9.3 Appendix C – Internal Audit Annual Report for the year ended 31 March 2020.
- 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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[Colin.Harvey@aberdeenshire.gov.uk](mailto:Colin.Harvey@aberdeenshire.gov.uk)  
 (01467) 530701



## APPENDIX A

### 2018/19 Audit Work carried forward into 2019/20:

Service	Audit Topic	Position
Cross Service	Compliance with Procurement Legislation and Council Regulations	Complete April 2019
Operations	Pupil Equity Fund	Complete April 2019
	Music Service	Complete May 2019
	Capital Contract Management	Complete October 2019
Resources	Data Security in a Cloud-Based Environment	Complete June 2019
Health and Social Care Partnership	Criminal Justice	Complete April 2019
	Charging Policy	Complete June 2019

## APPENDIX B

## 2019/20 Audit Work:

Function	Audit Topic	Position
Cross Service	Income Generation	Complete December 2019
	Timesheets and Allowances	Complete January 2020
	Travel Policy	Complete January 2020
	Shutdown of Non-essential Spend	Complete February 2020.
	Workforce Planning	Complete August 2020
	Civil Contingencies	Complete September 2020
	Compliance with procurement related legislation and internal governance arrangements	Complete September 2020
	Transformation	Complete September 2020
Customer	Cyber Security	Complete August 2019
	Housing Rent Income	Complete September 2019
	Housing Repairs – Voids	Complete November 2019
	Customer Access Point and Service Centres	Complete January 2020
	Information Governance	Complete February 2020
	Performance Management	Draft report issued June 2020

Function	Audit Topic	Position
Operations	Stock Control in Building and Roads Services Stores	Complete November 2019
	School Catering Income and Expenditure	Complete January 2020
	SEEMIS	Complete February 2020
	Car Parking and Bus Lane Enforcement	Complete September 2020
	Fostering and Adoption Payments	Complete July 2020
	Craft Workers' Payroll	Cancelled as agreed by Committee on 12 February 2020
Resources	Ring-fenced Funding	Complete March 2020
	Financial Ledger System	Complete February 2020
	Industrial and Commercial Property Rental Income and Void Control	Draft report issued January 2020
	Gas Servicing Contract	Complete September 2020
	HR / Payroll System	Work in Progress
Governance	Risk Management Process	Complete August 2019
Place	Interreg Projects	Claims completed as required
Health and Social Care Partnership	Commissioned Services – Contract Monitoring	Complete June 2020

## **Appendix C**

### **Internal Audit Annual Report for the year ended 31 March 2020**

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 2020. 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 2020.

However, as in previous years, some significant issues have been identified throughout the year. One recommendation graded as "major" was made in reports concluded in the year (compared with two in 2018/19, one in 2017/18 and five in 2016/17). The overall number of recommendations made fell from 340 in 2016/17 and 274 in 2017/18 to 159 in 2018/19 but rose again in 2019/20 to 218. Although most recommendations have been 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 the Corporate Management Team.

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 2020;
- 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. 2 April 2020**

**Appendix D**

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

**Progress with 2018/19 Improvement Action Plan**

IMPROVEMENT	POSITION
<p>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.</p>	<p>The Audit, Risk and Scrutiny Committee approved a revised Internal Audit Charter on 12 February 2020 which took account of the changes in terminology recommended as part of the external assessment of Aberdeenshire Council's Internal Audit arrangements and organisational changes in Aberdeen City Council.</p>
<p>Implement new Aberdeenshire Council Personal Performance Plans across the Internal Audit Team.</p>	<p>This has been implemented in Internal Audit.</p>
<p>Review Internal Audit planning methodology to better demonstrate the consideration of other sources of assurance.</p>	<p>During the planning process for 2020/21, all Chief Officers were asked to identify areas where other assurance activity was being undertaken to ensure that there was as little overlap between assurance providers as possible.</p>

## Appendix E

## INTERNAL AUDIT PERFORMANCE MEASURES

PI	Description	Target	Actual 2019/20	Actual 2018/19
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%	57.14%	60.87%
3	Percentage of current year audits (as adjusted) completed by end of current year.	65%	57.12%	66.67%
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%	75.00%	50.00%
6	Percentage of previous year audits (as adjusted) that were completed within 110% of planned time allocated.	90%	68.75%	48.15%
7	Percentage of planned time taken for current year audits that were completed in the year.	90 - 110%	107.50%	106.76%
8	Percentage of planned time taken for all previous year audits completed by end of current year.	90 - 110%	113.71%	109.71%

PI	Description	Target	Actual 2019/20	Actual 2018/19
9	Percentage of recommendations accepted by management (See Note (2)).	95%	100.00%	99.37%
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 2018/19 was 27, and for 2019/20 was 29.
- (2) The number of recommendations made by Internal Audit in 2018/19 was 159, and for 2019/20 was 208.

Commentary

The main changes compared with the previous financial year is that fewer audits were completed by the end of the financial year although the percentage of those that were completed within target against budgeted time increased.

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, was comparable to previous years.

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



## ABERDEEN CITY COUNCIL

<b>COMMITTEE</b>	Audit, Risk and Scrutiny Committee
<b>DATE</b>	8 October 2020
<b>EXEMPT</b>	No
<b>CONFIDENTIAL</b>	No
<b>REPORT TITLE</b>	Internal Audit Report AC2101 – Bank Reconciliations
<b>REPORT NUMBER</b>	IA/AC2101
<b>DIRECTOR</b>	N/A
<b>REPORT AUTHOR</b>	Colin Harvey
<b>TERMS OF REFERENCE</b>	2.2

### 1. PURPOSE OF REPORT

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

### 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 Bank Reconciliations.

### 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 Council Delivery Plan, or the Local Outcome Improvement Plan Themes of Prosperous Economy, People or Place.

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

## 8. IMPACT ASSESSMENTS

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

## 9. APPENDICES

9.1 Internal Audit report AC2101 – Bank Reconciliations.

## 10. REPORT AUTHOR DETAILS

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[Colin.Harvey@aberdeenshire.gov.uk](mailto:Colin.Harvey@aberdeenshire.gov.uk)  
(01467) 530701



## **Internal Audit Report**

### **Finance**

### **Bank Reconciliations**

**Issued to:**

Steven Whyte, Director of Resources  
Jonathan Belford, Chief Officer – Finance  
Fraser Bell, Chief Officer – Governance  
Carol Smith, Accounting Manager  
Angela Crawford, Finance Controls Manager  
Richard Burnett, Finance Controls Accountant  
External Audit

## **EXECUTIVE SUMMARY**

Bank Reconciliations explain the differences at a particular point in time between the balances shown in the Council's bank statements, as supplied by the bank, and the bank balances as shown in the financial ledger. The objective of this audit was to provide assurance that the Council's main bank accounts are reconciled on a regular and timely basis and that the methodology is robust. In general, this was found to be the case.

Written procedures were clear and comprehensive and bank reconciliations were prepared and reviewed by appropriate officers timeously. Whilst there was evidence reconciling differences had been investigated, it was noted that some differences lacked supporting detail; this has subsequently been rectified.

# 1. INTRODUCTION

- 1.1 Bank Reconciliations explain the differences at a particular point in time between the balances shown in the Council's bank statements, as supplied by the bank, and the bank balances as shown in the financial ledger.
- 1.2 The Bank Reconciliations team within Finance, consists of the Finance Controls Accountant and three Senior Finance Assistants, who are responsible for the timely and accurate reconciliation of all of the Council's grouped bank accounts, with the exception of one interest bearing account managed by the Council's Treasury Officer.
- 1.3 The objective of this audit was to provide assurance that the Council's main bank accounts are reconciled on a regular and timely basis and that the methodology is robust.
- 1.4 The factual accuracy of this report and action to be taken with regard to the recommendations made have been agreed with Jonathan Belford, Chief Officer – Finance, Carol Smith, Accounting Manager, Angela Crawford, Finance Controls Manager and Richard Burnett, Finance Controls Accountant.

## **2. FINDINGS AND RECOMMENDATIONS**

### **2.1 Written Procedures**

2.1.1 Comprehensive written procedures which are easily accessible by all members of staff can reduce the risk of errors and inconsistency. They are beneficial for the training of current and new employees and provide management with assurance that correct and consistent instructions are available to staff, important in the event of an experienced employee being absent or leaving.

2.1.2 Written procedures are in place covering the Bank Reconciliation's team use of the cash receipting system and the preparation of the daily bank reconciliation spreadsheet for the fourteen accounts reconciled by the team; these procedures were available to relevant staff via a shared drive, and were comprehensive and clear.

### **2.1.3 Reconciliations**

2.1.4 The bank accounts reconciled by the Bank Reconciliations Team include: Housing Benefits Overpayments; Sundry Debtors Direct Debits; Payroll; Rent Standing Orders; Rent Direct Debits; Sundry Debtors Standing Orders; NDR Standing Orders; NDR Direct Debits; Council Tax Standing Orders; Council Tax Direct Debits; Accord Card; Creditors; Council Tax Refunds; and the General Bank Account.

2.1.5 Finance has used the Bank Reconciliation module, within the Cash Receipting System, since 2008. The module has a "system" side and a "statement" side. The Council's bank statements are emailed to the Council by the Council's banking provider and uploaded to the cash receipting system by the Bank Reconciliation team daily; this updates the statement side of the cash receipting system. Updates to the system side depend on the specific bank account being reconciled e.g. payments reflected in the Creditors bank account ledger code are uploaded directly to the cash receipting system from the related bank ledger code by the Bank Reconciliation team whereas cash received by schools and deposited in the general bank account will be recorded in the cash receipting system via e-returns, with no input required from the Bank Reconciliations team.

2.1.6 A matching process is undertaken daily by the Bank Reconciliation team, using the bank reconciliation module functionality, which compares the "system" to the "statement" side of the system. Unmatched items present in the uploaded bank statement side but not the system (ledger) side and vice versa are identified as a result; these differences generally exist due to banking / ledger posting timing differences. The Bank Reconciliation team applies the total of these listed differences to the respective bank account statement balances, resulting in adjusted bank balance figures. The adjusted bank balance figures are matched to the cash receipting system "cashbook" balances (system side balances); any differences are flagged on the daily reconciliation summary by error messages for investigation. Bank account cashbook balances, unmatched system transactions and unmatched bank statement transactions listed on the daily reconciliation summary, are supported by detailed reports from the cash receipting system held in the daily reconciliation spreadsheet.

2.1.7 With the bank statements reconciled to the cash receipting system (cashbook) the cashbook is reconciled to the ledger bank balances. Ledger balances are supported by a report from the financial ledger system, also held in the daily reconciliation spreadsheet. However, differences between the cashbook and the ledger are not clearly supported in the reconciliation spreadsheet. Some differences link to other spreadsheets and other differences listed simply subtract the ledger balance from the respective cashbook balance (Council Tax / NDR refunds; Payroll; Housing Benefits). As at 31 March 2020, these differences classed as "yet to be processed in ledger", totalled £2.25 million, largely

made up of £15.524 million of “general” differences and –£13.275 million of “payroll” differences. In the absence of supporting cash receipting system or ledger reports to explain the differences there is an increased risk of misstatement.

**Recommendation**

Cashbook to ledger reconciling differences should be supported as part of the daily reconciliation process.

**Service Response / Action**

Agreed.

**Implementation Date**

Implemented.

**Responsible Officer**

Finance Controls  
Accountant

**Grading**

Significant within audited  
area

- 2.1.8 As with the reconciliation of adjusted bank statement balances to cashbook figures, cashbook to adjusted ledger balance differences are flagged by error messages for investigation.
- 2.1.9 A sample of 30 daily reconciliations was reviewed to ensure bank statement balances were being reconciled regularly to the ledger, accurately, in a timely manner, with reconciling differences explained (with the exception of cashbook to ledger differences, covered in paragraph 2.1.7 above). This was largely found to be the case however some minor exceptions were noted.
- 2.1.10 There was one instance where the adjusted ledger balance did not match the adjusted bank balance however, this was a timing issue relating to a returned direct debit payment, which was rectified the next day.
- 2.1.11 All reconciliations were prepared by an appropriate member of staff from the Bank Reconciliation team, i.e. one of the three Senior Finance Assistants in a timely manner, either on the day a bank statement was received, or the following day. All reconciliations had been updated to indicate they had been reviewed by either the Finance Controls Accountant or the Finance Controls Manager, as required.
- 2.1.12 The cash receipting system to bank statement reconciling differences within the sample had been cleared timeously. On 31 March 2020, eight transactions were present in the system side of the cash receipting but not the bank which all related to 31 March 2020 whilst thirty three transactions were present in the bank but not the system side of the cash receipting system, the majority of which related to March 2020, with four transactions related to February 2020, one related to December 2019, and two related to October 2019. These 2019 differences were highlighted to Customer by the Bank Reconciliation team for investigation in a timely manner and were resolved as part of the year end process (related to creditor faster payments).

**AUDITORS:** D Hughes  
A Johnston  
C Jamieson

**Appendix 1 – Grading of Recommendations**

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



## ABERDEEN CITY COUNCIL

<b>COMMITTEE</b>	Audit, Risk & Scrutiny
<b>DATE</b>	8 <sup>th</sup> October 2020
<b>EXEMPT</b>	No
<b>CONFIDENTIAL</b>	Yes- <i>Personal data within Appendix 2 has been redacted to comply with the Data Protection Act 2018.</i>
<b>REPORT TITLE</b>	RIPSA Activity Report (Q1 –Q3) and IPCO Inspection 2020.
<b>REPORT NUMBER</b>	COM/20/137
<b>DIRECTOR</b>	Chief Executive
<b>CHIEF OFFICER</b>	Fraser Bell- Chief Officer- Governance
<b>REPORT AUTHOR</b>	Jess Anderson, Team Leader
<b>TERMS OF REFERENCE</b>	5.2

### 1. PURPOSE OF REPORT

- 1.1 To ensure that Members review the Council’s use of covert surveillance on a quarterly basis in order to provide assurance that it is used consistently in accordance with the Corporate Protocol and Procedure on Covert Surveillance and to advise Members of the outcome of an inspection undertaken by the Investigatory Powers Commissioner (IPCO) of the Council’s governance and compliance of covert activities.

### 2. RECOMMENDATION(S)

That the Committee:-

- 2.1 Notes the updates within the report in respect of the Council’s covert surveillance activity during Quarters 1-3 of the current year.
- 2.2 Notes the amendments to the Corporate Protocol and Procedure on Covert Surveillance in Appendix 1.
- 2.2 Notes and endorses the Investigatory Powers Commissioner’s Inspection Letter 2020, in Appendix 2.

### 3. BACKGROUND

- 3.1 There are a range of situations in which Council’s employees, in the course of their duties, require to carry out investigations and activities which by their very nature are covert, i.e. they are concealed, secret or clandestine. In accordance with the Human Rights Act 1998, it is essential that covert investigations are compatible with Article 8 of the European Convention on Human Rights (ECHR)

which states that: “*Everyone has the right to respect for his private and private life, his home and his correspondence*”.

- 3.2 The Regulation of Investigatory Powers (Scotland) Act 2000 (RIPSA), provides a legal framework for covert surveillance by public authorities and an independent inspection regime to monitor these activities. RIPSA sets out a process for the authorisation of covert surveillance by designated officers, for the duration of that authorisation and for the review, renewal or termination of authorisations. It 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).
- 3.3 The Investigatory Powers Commissioner (whose office is known as the IPCO) is responsible for overseeing the use of covert surveillance by designated public authorities based in the UK, of which the Council is one. The aim of the IPCO is to provide effective and efficient oversight so that the conduct of covert activities by public authorities is human rights compliant in accordance with RIPSA. The IPCO conducts its inspections every three years.
- 3.4 The Council has a Corporate Protocol and Procedure in place which governs the use and management of covert surveillance. Further, all members of staff wishing to use RIPSA, are required to undertake training prior to being able to make an application to undertake covert surveillance.
- 3.5 In accordance with paragraph 4.43 of the Scottish Government’s Code of Practice on Covert Surveillance and Property Interference, elected members of a local authority should review the authority’s use of RIPSA a quarterly basis to ensure it is being used consistently and set the policy at least once a year. This Committee receives quarterly reports on RIPSA activity and an Annual Report and therefore discharges this requirement.
- 3.6 This report outlines RIPSA activity during Quarters 1-3 and the outcome of the IPCO Inspection carried out in May 2020.

## **RIPSA ACTIVITY**

- 3.7 The Annual Report for 2019 was considered by this Committee in February 2020. At that time there had been no RIPSA authorisations. During Q1<sup>1</sup> there were no authorisations granted.
- 3.8 The lack of authorisations in Q1 was due to the impact of COVID -19. In particular, Services who would normally use RIPSA authorisations to carry out test purchases were unable to do so due to lockdown and restrictions on social distancing. Not only that, Services like Trading Standards and Environmental Health were working together supporting compliance with the Coronavirus legislation to ensure safe practices were being adhered to.

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<sup>1</sup> January- March 2020

- 3.9 In Q2<sup>2</sup>, there had been one application for Directed Surveillance. This application was in respect of the alleged selling of counterfeit goods and was cancelled within the statutory period in accordance with the Corporate Protocol and Procedure.
- 3.10 There have been no applications for covert surveillance for Q3<sup>3</sup> at the time of writing.

## **DATA ASSURANCE**

- 3.11 On 1<sup>st</sup> May 2020, the IPCO wrote to the Chief Executive highlighting serious compliance failings by part of the UK intelligence community. The IPCO requested that public authorities undertake a Data Assurance exercise to assess compliance around how data obtained by way of a covert operation is handled, stored, shared and destroyed and, where necessary, amend any practices to provide more clarity around how to safeguard such data. The IPCO advised that Data Assurance will form part of future IPCO inspections.
- 3.12 In response to this, amendments to the Corporate Protocol and Procedure for Covert Surveillance have been made, a guidance note produced and published on the online forum mentioned below and applicants have been directed to include information about Data Assurance in the Cancellation part of the application process.

## **INSPECTION**

- 3.13 On 17th April 2020, the Council was contacted by the Investigatory Powers Commissioner's Office (IPCO)<sup>4</sup> to advise that it was due for an inspection, the last being in 2017. The IPCO noted that their inspection regime had become more flexible and could consist of one of three options; a telephone call, a desktop audit, or a physical inspection. A telephone call took place on 15<sup>th</sup> May 2020 between Jess Anderson, Team Leader- Regulatory & Compliance, Legal Services and an Inspector from the IPCO. A copy of the Inspection Report is attached at Appendix 2.
- 3.14 The main points to note from the Inspection report were around enhancing the guidance already in place on social media investigations, highlighting examples from the Scottish Government Codes of Practice on CHIS and including a statement about not being registered with the National Anti-Fraud Network (NAFN).
- 3.15 The changes to the Protocol are discussed at section 7 of this report, but for the sake of completeness, the guidance on Social Media investigations was updated to reflect the recommendations by the IPCO. Guidance on Social media investigations also forms part of the mandatory training for all applicants and will be part of the refresher training carried out in 2020. The Guidance note "Identifying a CHIS" was updated to add one example from the Scottish

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<sup>2</sup> April to June 2020

<sup>3</sup> July- September

<sup>4</sup> The regulatory body for RIPSAs activity.

Government's Code of Practice on the use of a Covert Human Intelligence Source, as the remaining examples were already included within that note and the Protocol and Procedure amended to signpost back to that Guidance. Finally, the Council is currently not a member of NAFN as it does not access communications data under the Regulation of Investigatory Powers Act 2000, albeit, it does have powers to do so. The Council previously had access to NAFN (other clusters had licences) but it was not used for authorisations under RIPA. That said, Officers in Regulatory & Compliance, Legal Services along with Trading Standards have been exploring its potential use and clarifying what processes and procedures would be required. Any change to this position would be reported to this Committee as it has that oversight role.

## **PROTOCOL**

- 3.16 In March 2020, after the submission of the Annual Report to this Committee in February, Officers in Legal Services finalised the workplan for RIPSA for the year ahead. Work had already begun on various developments with RIPSA guidance/ awareness raising, namely the development of an online forum accessible only to officers who have been trained in RIPSA, but the workplan, put into focus our wider aims for the year. This included:
- amendments to the protocol in relation to: the online forum and its content, a move to modified application forms (supported by the IPCO), clarity around Data Assurance practice and updates on case law which were discussed during the Inspection,
  - new guidance on operational matters such as Reviews and the management of surveillance devices, and
  - a refresh of the training pack
  - signposting to revised guidance on Social Media use, Identifying a CHIS.
  - signposting to new guidance on the management of Surveillance devices.
- 3.17 The amendments to the Corporate Protocol and Procedure were shared with the IPCO for information ahead of the Inspection Report being published. Thereafter, and in accordance with the General Delegation 22- Powers Delegated to Officers March 2020 (*"To create and amend procedures, protocols and guidance"*), the Chief Officer- Governance approved the amendments on 15<sup>th</sup> July 2020.
- 3.18 As is a requirement under the Scottish Government Code of Practice on Covert Surveillance and Property Interference, Elected Members are to have oversight of policy and ensure it remains fit for purpose. Committee is being asked to note the amendments to the Corporate Protocol and Procedure set out in Appendix 1, (such changes are highlighted in yellow, for ease of reference). The Protocol and Procedure is reviewed annually, but maybe subject to an earlier review where necessary.

## **AWARENESS RAISING**

- 3.19 At the time Committee considered the Annual Report the online forum was in test mode with it being available to Authorising officers. That forum is now fully

operational and all applicants who have been trained in RIPSAs now have access. Membership to the forum is managed and monitored by the Regulatory & Compliance Team, Legal Services.

3.20 Further, by the time Committee meets a new covert surveillance page will have been published on the Council's Intranet which will contain the Protocol and associated material for those officers who make enquiries about surveillance but who are not trained. Meantime, any new guidance, case law or bulletins of interest can be posted on the Forum reaching all applicants and Authorising Officers instantly.

3.21 On 19<sup>th</sup> June, and 10<sup>th</sup> September 2020, the second and third quarterly meetings of the Authorising Officers (AO's) took place remotely. These sessions raise awareness with AO's on operational matters and are a chance for AO's to raise any queries they might have. As part of the Workplan the aim is to, where possible, make these sessions more developmental, so that AO's have the opportunity to develop their knowledge of RIPSAs and those who use it.

#### 4. FINANCIAL IMPLICATIONS

4.1 There are no financial implications arising from this report.

#### 5. LEGAL IMPLICATIONS

5.1 The Scottish Government Code of Practice on Covert Surveillance sets an expectation that elected members review and monitor the use of RIPSAs on a quarterly basis. This is also a matter which is taken into account by the Investigatory Powers Commissioner when they carry out their inspections.

5.2 A review of the Council's RIPSAs activity by elected members provides assurance that the Council's use of RIPSAs is being used consistently and that the standards set by its policy remain fit for purpose.

5.3 The management, knowledge and awareness of those involved with RIPSAs activity was something which was commended by the Commissioner in his inspection in 2020. The reporting of RIPSAs activity to Committee provides another level of scrutiny and assurance on the use of RIPSAs.

#### 6. MANAGEMENT OF RISK

Category	Risk	Low (L) Medium (M) High (H)	Mitigation
<b>Strategic Risk</b>	There are no strategic risks arising from this report.	N/A	
<b>Compliance</b>	That the Council's use of RIPSAs is not legally compliant	L	This Committee receives quarterly and annual reports on RIPSAs activity

			and related policy mitigates this risk highlighted in this section.
<b>Operational</b>	<p>Employees are not suitably trained for RIPSA work</p> <p>Failure to report to and update Committee on RIPSA activity means that it would undermine public confidence in the Council and how it operates.</p>	L	<p>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.</p> <p>Reporting to Committee occurs quarterly on RIPSA activity.</p>
<b>Financial</b>	There are no financial risks arising from this report.	N/A	
<b>Reputational</b>	Failure to update Committee on RIPSA activity would mean that the Council would be at risk of reputational damage when this is raised by the IPCO in their inspection.	L	<p>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 an Action Plan created (where necessary) and is endorsed and approved by Committee.</p>
<b>Environment / Climate</b>	There are no environmental/ climate risks arising from this report.	N/A	

## 7. OUTCOMES

<u><a href="#">COUNCIL DELIVERY PLAN</a></u>	
<b>Impact of Report</b>	
<b>Aberdeen City Council Policy Statement</b>	
The report does not have an impact on the Policy Statement.	

<b>Aberdeen City Local Outcome Improvement Plan</b>	
Prosperous Economy Stretch Outcomes	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 Stretch Outcomes	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.
<b>Regional and City Strategies</b> This report does not have an impact on the Regional and City Strategies.	
<b>UK and Scottish Legislative and Policy Programmes</b> This report does not have an impact on the UK and Scottish Legislative and Policy Programmes	

## 8. IMPACT ASSESSMENTS

<b>Assessment</b>	<b>Outcome</b>
<b>Impact Assessment</b>	The purpose of this report is to update Committee on the Council's use of RIPSA. Whilst this report notes changes to the Councils Protocol and Procedure on RIPSA, those changes are enhancements and do not affect the purpose of the Protocol and Procedure. As such, an EHIRA is not required. Further, 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 RIPSA activity.
<b>Data Protection Impact Assessment</b>	The purpose of this report is to update Committee on the Council's use of RIPSA and the enhancements made to the Protocol and Procedure. As such, a Data Protection Impact Assessment is not required.

## 9. BACKGROUND PAPERS

None

## 10. APPENDICES

1. Revised Corporate Protocol and Procedure on Covert Surveillance
2. Investigatory Powers Commissioner's Inspection Report.

## 11. REPORT AUTHOR CONTACT DETAILS

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## Aberdeen City Council- Corporate Protocol and Procedure on Covert Surveillance<sup>1</sup>

### Contents

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### Appendices:

<b>Appendix 1:</b>	Guidance on Proportionality
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<sup>1</sup> Issue 4 (July 2020)

**Appendix 3:** Identifying when a Human Source becomes a CHIS

**Appendix 4:** Guidance on Completing an Application Form

**Appendix 5:** Application Form Process

**Appendix 6:** Review, Cancellation or Renew Process

**Appendix 7:** Training Policy

## 1. Introduction

- 1.1 This Protocol provides an overview of the arrangements Aberdeen City Council (ACC) has in place to manage occasions on which it is necessary for Officers to undertake covert surveillance, either via Directed Surveillance (DS) or through the use of a Covert Human Intelligence Source (CHIS).
- 1.2 This Protocol and Procedure document should be used in conjunction with the Scottish Government “Covert Surveillance and Property Interference Code of Practice”, the Scottish Government “Covert Human Intelligence Sources Code of Practice” and the Office of the Surveillance Commissioners (OSC) “Covert Surveillance and Property Interference, December 2017”. All three publications are available on the Covert Surveillance page of the Intranet or on the Khub.
- 1.3 This Protocol and Procedure is reviewed annually, and any changes are reported to the Audit Risk and Scrutiny Committee as part of the Annual Report. Any amendments to the Protocol and Procedures shall be approved in accordance with the General Powers to Chief Officers as set out in the Council’s Powers Delegated to Officers.
- 1.4 The Council does not access communications data under the Regulation of Investigatory Powers Act 2000 and as such is not registered with the National Anti-Fraud Network to use their services.

## 2. Overview of Legislative Position

- 2.1 There are a range of situations in which the Council’s employees, in the course of their duties, have to carry out investigations and activities which, by their very nature are **covert**, i.e. they are concealed, secret or clandestine.
- 2.2 Under the Human Rights Act 1998 (‘HRA 1998’) it is unlawful for a public authority to act in a way which is incompatible with a European Convention on Human Rights (‘ECHR’) right.

- 2.3 In accordance with the HRA 1998, it is essential that covert investigations are compatible with Article 8 of ECHR which states that: *“everyone has the right to respect for his private and family life, his home and correspondence”*.
- 2.4 The rights guaranteed in Article 8 can be interfered with if such action can be justified as being in accordance with the law and necessary in the interests of at least one of the following:
- national security;
  - public safety;
  - the economic well-being of the country;
  - the prevention of disorder or crime;
  - the protection of health or morals; or
  - the protection of the rights and freedoms of others.
- 2.5 The Regulation of Investigatory Powers (Scotland) Act 2000 (“RIPSA”) came into force on 29<sup>th</sup> September 2000 and is applicable in Scotland only. It provides a legal framework for covert surveillance by public authorities and an independent inspection regime to monitor these activities. RIPSA sets out a process for the authorisation of covert surveillance by designated officers, for the duration of that authorisation and for the review, termination or renewal of authorisations.
- 2.6 The primary purpose of RIPSA is to ensure compliance with Article 8 in relation to covert surveillance. As such, so long as local authority investigators, acting in the course of their duties, ensure that they obtain an authorisation **and** that they act in accordance with that authorisation, any interference with Article 8 rights will be in accordance with the law and therefore the activities and evidence of investigating officers will be lawful.

### 3. Definitions

- 3.1 Surveillance includes:
- Monitoring, observing or listening to persons, their movements, their conversations or their other activities or communications.
  - Recording anything that is monitored, observed or listened to in the course of surveillance.
  - Surveillance by, or with, the assistance of a surveillance device
- 3.2 Surveillance can be overt or covert.

- Overt: Surveillance is overt where it is carried out in such a way that anyone subject to it is aware that the surveillance is taking place.

Examples:

- CCTV cameras recording a general scene. Members of the public should be aware of such use by notices placed in the area.
- City Wardens observations in the Community as their presence will be obvious due to their uniforms.

- Covert Surveillance is covert where it is carried out in such a way that anyone subject to it is unaware that the surveillance is taking place.

Examples:

- External Agency requesting access to Council CCTV system to undertake a specific investigation
- Covert video recording of Trading Standards test purchasing
- Covert monitoring of Social Media Profile(s) of a client / customer

3.3 RIPSAs only applies to **covert surveillance** – no authorisation is necessary for overt surveillance. Officers who are unsure if the surveillance they plan to conduct is overt or covert should seek advice from the Regulatory & Compliance Team, Legal Services prior to undertaking the surveillance.

3.4 There may be situations where covert surveillance is desired but the requirements of RIPSAs cannot be met. In these cases, legal advice **MUST** always be sought prior to any action being taken, as an assessment of the nature of the issue, need for covert surveillance, risks/ mitigations associated with undertaking surveillance and privacy implications need to be addressed. In *BA and others v Chief Constable of Cleveland Police*<sup>2</sup>, Cleveland Police (CP) placed a covert camera in a resident's flat to capture evidence that the resident's carers were stealing items from her. The authorisation of the use of such a camera did not fall within the definition of "intrusive surveillance" as the crime alleged was not "serious". Instead, CP undertook a similar approach to assess the privacy implications, risks, and mitigations of using a covert

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<sup>2</sup> [IPT/11/129/CH; IPT/11/133/CH & IPT/12/72/CH](#)

camera and authorised the conduct, albeit not under RIPA. Because there was proper consideration of whether an authorisation should be sought and this was evident, the Tribunal was satisfied that although the conduct was not protected by a surveillance authorisation, there was no unlawful activity or a breach of Article 8 of the Human Rights Act 1998.

3.5 Covert Surveillance should only be undertaken by suitably trained or experienced employees and consideration must be given to employees' health & safety at all times.

3.6 There are three types of covert surveillance, only two of which Aberdeen City Council can conduct:

- **Directed Surveillance (DS)**

- Surveillance which is covert but not intrusive and undertaken:

- For the purposes of a specific investigation or specific operation

and

- In such a manner as is likely to result in the obtaining of private information about any person.

Private information includes information relating to the person's private or family life, or personal relationships with others, including professional or business relationships.

- **Covert Human Intelligence Source (CHIS)** (See section 6 for further guidance)

- A CHIS establishes or maintains a false personal relationship with others to obtain or access information covertly

- Covers some 'undercover work' undertaken by local authorities where the officer (without disclosing his or her true identity) pursues an investigation by dealing with a particular individual gaining their confidence with a view to securing information

- May also apply to situations where a Council Officer a) receives information from someone who approaches them voluntarily on repeated occasions or b) asks an individual to use a relationship they already have to gain information about a person of interest.

- **Intrusive Surveillance**

- Covert surveillance carried out in relation to anything taking place on any residential premises or in any private vehicle which involves the presence of an individual on the premises or in the vehicle or is carried out by means of a surveillance device.
- No provision within RIPSA for a local authority to conduct intrusive surveillance, only a Chief Constable can authorise such surveillance being undertaken.
- As such, Local Authority Officers **MUST NOT** engage in intrusive surveillance

#### 4. Key Principles

4.1 In order to be lawful, covert surveillance must:

- Have a **lawful purpose** which directly relates to Aberdeen City Council's regulatory (core) functions and be in pursuance of one of the following:
  - For the purpose of preventing or detecting crime or the prevention of disorder
  - In the interests of public safety
  - For the purposes of protecting public health
  - For any other purpose prescribed in an order made by the Scottish Ministers.
- Be **necessary**
  - Covert surveillance can only be undertaken where there is no reasonable and effective alternative way of achieving the desired objectives.
  - Necessity must be viewed in all of the circumstances of the specific case
- Be **proportionate**

- The use and extent of covert surveillance should not be excessive and should be proportionate to the significance of what is being investigated.
  - If the same information could be gathered by less infringement of a citizen's rights, then the lesser path should be taken.
  - In considering proportionality, consideration should be given to the seriousness of the alleged behaviour / breach
- 4.2 In addition, surveillance should be planned in such a way as to avoid any confidential material, such as matters subject to legal privilege, confidential medical information or confidential journalistic material, from being obtained and applications where there is a significant risk of acquiring confidential material require to be authorised by the Chief Executive or, in her absence, the Director who is deputising for her as Head of Paid Service.

## 5. Training

- 5.1 Aberdeen City Council has a RISPA Training Policy. This identifies a process whereby each job role within the authority is tiered as applicable to the role's exposure to Covert Surveillance activities. For those in Tiers 2 and 3, awareness raising on risk assessments and potential surveillance situations is carried out as and when required.
- 5.2 Any officer of the Council who wishes to make an application for an authorisation for Covert Surveillance **MUST** have undertaken training prior to applying for, and conducting, covert surveillance.
- 5.3 Training is delivered on request. Please contact the Team Leader, Regulatory & Compliance, Legal Services to request and arrange training.
- 5.4 Awareness raising is an important part of RIPSA compliance. All applicants and Authorising Officers who have attended mandatory training are invited to be a member of a restricted forum which is managed and supported by the Regulatory & Compliance Team, Legal Services. This Protocol, the procedures and guidance on all aspects of RIPSA, updates on new case law, feedback from audits of application forms and links to committee reports are available on the forum. It also provides an opportunity for applicants to raise matters relating to RIPSA activity in a more interactive way.

## 6. Covert Human Intelligence Source (CHIS)

- 6.1 Where an employee establishes or maintains a relationship with a view to obtaining or accessing information covertly, a CHIS Authorisation is necessary. This includes situations where, without disclosing his or her true identity, an officer pursues an investigation by dealing with a particular individual over a prolonged period thereby gaining this confidence with a view to securing information.
- 6.2 In addition, a CHIS can be a person who supplies information to a Council employee on a purely voluntary basis where it has not been sought out by the authority. If the information being provided is recorded as potentially useful or actionable, the Council has a duty of care to the individual and, in order to manage this source appropriately, an authorisation may be necessary. In situations where the Council is receiving information from a voluntary source, particularly attention must be given to paragraphs 2,17; 2,18 and 2.23 – 2.25 of the Scottish Government “Covert Human Intelligence Sources Code of Practices”.

*E.g. Where a person is asked to maintain a record of all vehicles arriving and leaving a specific location or to record the details of visitors to a neighbouring house. A relationship has not been established or maintained in order to gather the information and a CHIS authorisation is not available though there may be a need for a Directed Surveillance authorisation. Where an officer of the Council has asked a person to use their existing relationship with a person of interest to the Council, to illicit information from that person for the Council's purpose, that conduct would require a CHIS authorisation and this should be discussed with Legal Services in the first instance.*

For further guidance, please see the Guidance Note: Identifying a CHIS on Khub or the Intranet.

- 6.3 There are a number of groups to which special consideration must be given prior to their use as a CHIS:
- Juvenile: Juvenile source are those under the age of 18. The maximum duration of authorisation for juvenile sources is one month as opposed to the usual 12month duration for adult sources. Where you are considering the use of a Juvenile, please contact the Regulatory & Compliance Team, Legal Services, for advice prior to seeking an authorisation.
  - Vulnerable Individuals: A vulnerable individual is a person who may be in need of community care services by reason of mental or other disability, age or illness **and** who is or may be unable to take care of himself, or be unable to protect himself from significant harm of exploitation. Only in the most exceptional of circumstances should vulnerable individual be authorised as a source.



Only the Chief Executive, or in her absence the Director deputising for her as Head of Paid Service, can authorise an application to authorise the use of juveniles or vulnerable individuals as a source.

6.4 Authorisation for the use of a Covert Human Intelligence Source (CHIS) can only be granted if sufficient arrangements are in place for handling the Source. Those arrangements are:

- That a suitably trained and / or experienced Officer is appointed as the Handler of the Source. The Handler is responsible for dealing with the CHIS on behalf of the Council; directing the day to day activities of the CHIS; recording information supplied by the CHIS and monitoring the CHIS's security and welfare.
- That a suitably senior Officer, normally the Handler's Line Manager, is appointed as the Controller of the Source. The Controller is responsible for the supervision of the Handler and for general oversight of the use of the CHIS.
- That the Authorising Officer is satisfied that suitable arrangements are in place for maintaining a record of the use made of the source including:
  - The identity of the Source and the identity used by the Source in the operation
  - The detail of any other relevant investigating authority involved
  - The means by which the Source is referred to in each investigating authority
  - Any other significant information connected with the security and welfare of the source and confirmation these have been properly explained to and understood by the Source
  - The date when, and the circumstances in which the Source was recruited
  - The identities of the Handler, Controller and Authorising Officers and the period(s) in which these people have discharged their responsibilities
  - All contacts / communications between the Source and the Handler
  - Information obtained through the conduct on use of the Source and any dissemination of that information.

## 7. Application Process

- 7.1 Prior to any application being made, the Applicant must contact the Team Leader, Regulatory & Compliance, Legal Services (Ext: 522553, or 523168) to request a Unique Application Reference Number which will apply to the Application and Authorisation. This number must be inserted on each page of the Application/ Authorisation form.
- 7.2 Before any specific covert surveillance is undertaken, the relevant officer (Applicant) requires to complete a “Part 1- Directed Surveillance Application Form” or a “Part 1- CHIS Application Form”, print and sign the application and submit it in hard copy to an Authorising Officer for consideration<sup>3</sup>. These application forms can be downloaded from the RIPSA page on the Intranet or Khub. No Covert Surveillance can be undertaken prior to a specific authorisation being granted.
- 7.3 The role of the Applicant is to present the facts to the Authorising Officer. Facts must include:
- The **issue** being investigated;
  - **Why** the investigation has to be covert;
  - **What** covert surveillance is requested and why;
  - **Where** and **When** the covert surveillance will take place;
  - **Who** the covert surveillance will focus on;
  - **Who** else may be affected by the covert surveillance;
  - **How** it is intended to conduct the covert surveillance.

Further, for an application for the authorisation of a use of a CHIS, the following additional information is also required:

- The **identity** of the CHIS, the Controller and the Handler.
- Details of the risk assessment undertaken on the **security** and **welfare** of using the source.

In addition, the completed Application Form must provide sufficient detail to allow the following points to be considered:

- Necessity
  - The application must state which of the four purposes outlined in paragraph 4.1 above apply.

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<sup>3</sup> Where applicants are working remotely and not able to produce a hard copy Application form, they should apply a wet signature to Part 1 and convert it to a PDF document before sending it to an Authorising Officer for authorisation.

- In addition, specific detail of which legislative provision(s) apply, and/or which powers the Council is seeking to utilise, should be detailed, including the power delegated to that officer by their respective Director, as set out in the Powers Delegated to Officers which forms part of the Council's Scheme of Governance.
  - The application must detail why the application is necessary at the time it is made, it is not appropriate to seek authorisation for activities that may be necessary at some point in the future.
- Effectiveness
    - The application must detail how the covert surveillance will be undertaken and who will do it, the time period(s) and date(s) when it will be done, and the location. It can be useful to provide a map or illustration of the site in order to demonstrate to the Authorising Officer the sight lines and why the location chosen is suitable for the intended operation.
    - If a device is being used, it is important to set out in the application form, what the device is and how the data collected on the device is managed, maintained and preserved for evidential purposes.<sup>4</sup>
  - Collateral Intrusion
    - The application must demonstrate that account has been taken of the likely nature and degree of intrusion into the privacy of persons other than the intended target of the investigation.
    - The application must detail what measures will be taken to avoid unnecessary intrusion into the lives of others. It is necessary that all reasonable practicable measures are implemented.
    - Consideration should also be given to any particular sensitivities in the local community where the surveillance is being conducted and of any similar activities being undertaken by other public authorities which could have an impact on the operation. It is advisable that the applicant should make the local policing team aware that surveillance will be carried out at a certain location, should that be authorised, ahead of the operation starting.

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<sup>4</sup> Please refer to the Guidance Note: Management of a Surveillance Device which is available on the Intranet and Khub.

- Proportionality
  - The application should outline the following factors for the Authorising Officers consideration:
    - The balance of the size and scope of the operation against the gravity and extent of the perceived mischief
    - How and why the methods proposed will cause the least possible intrusion on the target and other people
    - That the covert surveillance activity proposed is the only reasonable way, having considered any other possible ways, of obtaining the desired result

Further guidance on proportionality is set out in a Guidance Note on Proportionality which is contained in Appendix One of this protocol and is also available on the Intranet or Khub.

A guide on completing the application form is contained in Appendix Four of this protocol.

- 7.4 Upon completion, the application form is passed to one of the Council's Authorising Officers.

## **8. Authorising Officers**

- 8.1 An Authorising Officer is a person who is entitled to give an authorisation for covert surveillance in accordance with the applicable regulations. No other officer, with the exception of that outlined in paragraph 8.4 below, is able to authorise covert surveillance to take place. A current list of Authorising Officers is available on the Covert Surveillance pages on the Intranet and Khub.
- 8.2 It is the responsibility of the Authorising Officer to assess and approve the necessity and proportionality of any proposed covert surveillance activity.
- 8.3 Authorising Officers are appointed by the Chief Officer- Governance and once trained, their contact details uploaded to the Intranet and Khub.
- 8.4 In addition, and as stated in paragraph 4.2 above, if there is a significant risk of confidential material (for example matters subject to legal privilege, confidential medical information or confidential journalistic material) being acquired during the covert surveillance, the application requires to be authorised by the Chief Executive or, in her absence, by the Director who is deputising for her as Head of Paid Service.

## 9. Authorising Process

- 9.1 Authorising Officers should avoid authorising activities / operations for which they have responsibility wherever possible and should only do so in exceptional circumstances.
- 9.2 Prior to authorising the use of Directed Surveillance or a CHIS, Authorising Officers must satisfy themselves that:
- The application form has been completed correctly and that it addresses all the requirements of RIPSAs and the Code of Practice on Covert Surveillance and Property Interference and/or the Code of Practice on the Use of a Covert Human Intelligence Source.
  - The application is for one of the lawful purposes set out in the Act
  - All of the required considerations have been addressed adequately.
- 9.3 Where there is insufficient evidence within the application to enable the Authorising Officer to adequately consider the use of directed surveillance or a CHIS, the Authorising Officer should be prepared to challenge the content of the application form and refuse or limit the extent of authorisation.
- 9.4 Authorising Officers must also consider the health and safety of the staff involved prior to giving authorisation, in line with current Council policies and procedures. For this purpose, when completing the application, a risk assessment must be carried out and recorded on the application form. The risk assessment must determine the risk to the source of the tasking proposed, the members of staff involved in the surveillance, the likely consequences should the role of the source become known and the on-going security and welfare of the source both during the authorisation and following the cancellation of the authorisation.
- 9.5 Authorising Officers determine whether to approve or refuse the application for covert surveillance. If the application is approved, the Authorising Officer must in addition to 9.4, detail in Part 2- The Authorisation Form:
- A description of the covert surveillance activity authorised
  - Detail of the exact extent of the covert conduct authorised including the time period(s) in which it will take place and the location(s) where it will be conducted. The “5 W’s” – **Who, What, Where, When** and **How** – must be detailed clearly in the application.

This may not always accord with the full extent of the application and will depend on circumstances.

- 9.6 It is **essential** that all original paperwork be forwarded by Authorising Officers to the Regulatory & Compliance Team, Legal Services who maintain the Central Record of all Directed Surveillance and CHIS Applications and Authorisations. The Authorising Officer must forward the original Part 1- Application and Part 2- Authorisation to the Central Record. Copies can be retained by the Service but should be destroyed in accordance with their own Retention policies.
- 9.7 Where it is in the overriding public interest to secure information by covert surveillance as a matter of urgency, when it would not be practicable to do anything other than act immediately, urgent authorisation can be granted verbally. Such authorisation can last for a maximum of 72 hours and must be recorded in writing as soon as reasonably practicable.
- 9.8 Where the Authorising Officer decides to refuse the application, he/ she must record their reasons for refusal within Part 2- the Authorisation.

## **10. Authorisation Review and Cancellation**

- 10.1 Each written authorisation for Directed Surveillance expires **3 months** after the date on which it was granted. A written authorisation for a CHIS expires **12 months** after the date on which it was granted. At any time before an authorisation expires, it can be **extended** (renewed) for a further 3 month period, subject to an Authorising Officer agreeing that such an extension (renewal) is necessary. Appendix 6 sets out the process for Reviews, Renewals or Cancellations.
- 10.2 In addition, each authorised covert surveillance operation must be **reviewed** at intervals of not more than one month by the Authorising Officer who authorised the application. Any changes in circumstances must be considered. The review may lead to the authorisation being continued, the authorisation being varied or the authorisation being cancelled. Where it is not reasonably practicable for the same Authorising Officer to undertake the review (i.e they are on holiday, out of the country, or have left employment with Aberdeen City Council), the review can be undertaken by another Authorising Officer. At the Review meeting, the Authorising Officer must have regard to any information obtained in the initial operation, whether there are legitimate grounds to renew or vary the authorisation and be satisfied that the operation still remains necessary and proportionate, set out clearly the new terms of his/ her authorisation or, where of the view that the operation is complete or no longer necessary, to order it be cancelled.
- 10.3 The Authorising Officer who granted or last renewed the authorisation must **cancel** an authorisation if he/she is satisfied that the Directed Surveillance operation/ CHIS is no longer necessary or proportionate. The cancellation should occur as soon as possible. Where it is not reasonably practicable for the same Authorising Officer to undertake the cancellation (i.e they are on holiday, out of the country, or have left

employment with Aberdeen City Council), the cancellation can be made by another Authorising Officer. The Authorising Officer should be clear about the outcome of the operation, how the evidence obtained is being preserved (see 11.2.2 below) and whether or not the objectives of the operation were achieved.

- 10.4 All original paperwork for an application, review, renewal or cancellation must be forwarded by the Authorising Officer to the Regulatory & Compliance Team, Legal Services for retention in the Central Record. Part 1- Application Form and Part 2- Authorisation Form should be sent to the Central Record after the operation had been authorised. The original paperwork for a Review, Renewal or Cancellation should be sent to the Central Record after the surveillance operation is complete. As stated at section 11 below, documents within the Central Record are highly confidential and will be stored, retained and destroyed within the requirements of the Data Protection Act 2018 and any relevant retention policy of the Council.

## **11. Safeguarding, Monitoring and Quality Control**

- 11.1.1 Each Service or discrete location within a Service must maintain its own record of all applications made for authorisation, including instances where an application has been refused, renewed, reviewed and cancelled. This record must be kept in a secure, locked location where access to those records are restricted to persons who have a legitimate purpose to access the information. Separate files should be maintained in respect of the authorisation of Directed Surveillance and the authorisation of Covert Human Intelligence Sources.
- 11.1.2 If records of RIPSAs applications/ authorisations are kept electronically, access to the electronic record must be secure and restricted to persons who have a legitimate purpose to access the information.
- 11.1.3 All original paperwork and operational practice will be reviewed by the Regulatory & Compliance Team, Legal Services. The purpose of these reviews will be to identify any areas of procedural or policy weakness, good practice and to assess future training requirements. If necessary, Applicants and Authorising Officers may be contacted as part of this review and learning points from each will be addressed via appropriately formatted briefings.

- 11.1.4 Dissemination, copying<sup>5</sup> and retention of material must be limited to the minimum necessary for authorised purposes. In accordance with the Code of Practice<sup>6</sup>, something is necessary if the material;
- is, or is likely to become, necessary for any of the statutory purposes set out in RIPSA or the 1997 Act<sup>7</sup> in relation to covert surveillance;
  - is necessary for facilitating the carrying out of functions of public authorities under those Acts;
  - is necessary for facilitating the carrying out of any functions of the IPC of the IPT<sup>8</sup>;
  - is necessary for the purposes of legal proceedings; or
  - is necessary for the performance of any functions of any person or under any enactment.
- 11.1.5 Material obtained as a result of a surveillance operation may be used as evidence in criminal proceedings. It is important that the continuity and integrity of evidence is preserved during and after an operation. The Council should be able to demonstrate how the evidence has been obtained and preserved. This means that as part of the cancellation meeting Applicants should include in the Cancellation Form; what information was obtained as a result of the operation, how they will safeguard it until it is destroyed, deleted or shared with a relevant enforcement agency e.g. Procurator Fiscal, as part of criminal proceedings and who it will be shared with (where this is possible). For further guidance on this area, Applicants and Authorising officers should refer to the Guide on Data Assurance which can be found on the Intranet and Khub.
- 11.1.6 Information obtained through a covert surveillance and all copies, extracts, summaries related to that operation should be destroyed in accordance with the Applicant's Service/ Cluster's retention policy in relation to the particular function they are carrying out.

## 12. Oversight of Covert Surveillance Arrangements

- 12.1 The Investigatory Powers Commissioner (IPC) provides independent oversight of the use of powers contained within RIPSA.

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<sup>5</sup> Copying includes extracts and summaries which identify themselves as being a product of the surveillance/ any record which refers to the surveillance and the identities of the person whom the material relates.

<sup>6</sup> Scottish Government's Code of Practice on Covert Surveillance & Property Interference, Dec 2017

<sup>7</sup> Police Act 1997

<sup>8</sup> Investigatory Powers Tribunal



- 12.2 IPC conduct Inspections of each public authority on a triannual basis during which (normally) a sample of applications for authorisation are normally reviewed by the Inspector in detail.
- 12.3 Elected members on the Audit Risk and Scrutiny Committee receive reports on a quarterly basis regarding RIPSA activity and compliance. A review of the RIPSA protocol and procedure is also considered at the time the Annual report on RIPSA activity is presented to Committee.
- 12.4 Additional oversight of authorisations is also provided by the Regulatory & Compliance Team, Legal Services, who audit all authorisations made and provide feedback to both Applicants and Authorising Officers on the quality and clarity of an application. This audit occurs after the application form has been authorised, as it is the Authorising Officers responsibility to be satisfied as to the quality, necessity and legality of the application.

### 13. Complaints

- 13.1 The Regulation of Investigatory Powers Act 2000 (“the UK Act”) establishes an Independent Tribunal, called the Investigatory Powers Tribunal. This Tribunal has jurisdiction for authorisations granted under the Scottish Act.
- 13.2 The Tribunal is a court which investigates and determines complaints of unlawful use of covert techniques by public authorities which infringe on an individual’s right to privacy.

### 14. Further Information

- 14.1 Further information about the Council’s procedures for authorising Covert Surveillance can be accessed on the Khub and on the Intranet- [http://thezone/cg/LegalServices/rm\\_covertsurveillance.asp](http://thezone/cg/LegalServices/rm_covertsurveillance.asp)

Also available on this page is:

- Scottish Government Covert Surveillance and Property Interference Code of Practice
- Scottish Government Covert Human Intelligence Sources Code of Practice
- Covert Surveillance and Property Interference- Revised Code of Practice, August 2018  
[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/733218/201800802\\_CSPI\\_code\\_reformatted\\_for\\_publication\\_003.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/733218/201800802_CSPI_code_reformatted_for_publication_003.pdf)

14.2 Further advice on any aspect of Covert Surveillance procedures can be sought by any Service from Legal Services by contacting the Team Leader, Regulatory & Compliance on 2553 or 3168.

## APPENDIX ONE

### GUIDANCE NOTE ON PROPORTIONALITY

The term's 'necessity' and 'proportionality' are not defined within RIPSA, but are 'imported from the European Convention on Human Rights.

'Necessity' is a concept which guards against the arbitrary interference with a citizen's rights. There are three statutory grounds of 'necessity' inherent in section 6(3) of RIPSA, namely;

- the prevention and detection of crime or prevention of disorder,
- the interests of public safety and
- the protection of public health.

In addition to this, the law requires the interference to be proportionate and in response to a pressing 'social need'.

**'Proportionality'** is a difficult concept to grasp but a paramount consideration for Officers who are responsible for completing and authorising Application forms for Directed Surveillance and the use of a Covert Human Intelligence Source or CHIS.

An illustration of how the Court assesses the 'proportionality test' can be found on the case of *Peck v UK*. Footage of Peck carrying a large knife was captured on CCTV cameras in Brentwood High Street, shortly after his attempt to commit suicide. The CCTV operator (an employee of Brentwood County Council) contacted the Police who arrested Peck and detained him under Mental Health legislation. A few months later, stills from the CCTV footage were used in an advertising campaign to promote the CCTV system.

Further to this, footage of Peck was broadcast on national television. Although Peck's face had been masked in one of the broadcasts, the masking was held to be inadequate, as persons who knew Peck could easily identify him from the footage. Peck then made an application to the European Court of Human

Rights on the grounds that his rights under Articles 8 (right to respect for private and family life) had been violated. Peck argued that it was the disclosure of that footage to the public in a manner in which he could never have foreseen which gave rise to such an interference.

In considering whether the interference with his right to privacy was proportionate, the Court had regard to:

1. the failure of the Council to attempt to identify Peck and seek his consent to the disclosure of the footage,
2. the failure of the Council to have 'masked' the image of Peck or enter into a written agreement with the media organisations ensuring that this would be done appropriately,
3. the strong interest the Government has in detecting and preventing crime by use of a CCTV system, and
4. the purpose for publishing the footage.

The Court held that Peck was a victim of a serious interference with his right to privacy involving national and local media coverage. In addition, disclosures by the Council of the CCTV material in 'CCTV news' and to the 'Yellow Advertiser', Anglia television, and the BBC were not accompanied by sufficient safeguards to prevent disclosure inconsistent with the guarantees of respect for the Peck's private life contained in Article 8. As such, the disclosure constituted a disproportionate and therefore unjustified interference with his private life and a violation of Article 8.

Officers should have in mind a wide range of factors when assessing whether an investigation is 'proportionate' to the achieved aim. Below is listed for information some considerations that should be taken into account. This list is not exclusive.

- Interests affected  
Identify whose and what interests are affected. Have you considered the risks involved and prepared for them?
- Extent of interference

Must have regard to the extent of the interference, have less intrusive measures been exhausted first, can you consult with other agencies?

- Duration of the interference  
Duration should not be excessive, consider planning, times and places of surveillance.
- Seriousness of the offence involved  
Is surveillance excessive in light of the offence involved? Is there a pressing social need?
- Availability of less intrusive alternatives of investigation  
Can the aim of the investigation be achieved without surveillance?
- Structured objectives  
Operational implications of the investigation
- Absence of irrationality, arbitrariness and unfairness  
Are you being unfair, have you made reasonable enquiries with the individual prior to considering surveillance, is what you wish to do relevant? Can you justify interfering with that person's human rights to achieve your aim?
- Relevant and sufficient reasons affected  
Be clear with your decision making and evidence on the application form that you have considered the above.

Ultimately, a balance will be required to be struck between the needs of society and the rights of individuals.

## APPENDIX TWO

### USING SOCIAL MEDIA AS AN INVESTIGATORY TOOL-THE DO'S AND DON'T'S

In a world where members of the public use social media as an ordinary communication tool, it is unsurprising that public authorities recognise the opportunities to engage with members of the public and source information being held and posted on online sites such as Facebook, Twitter, Whatsapp, Instagram and others.

This note will provide guidance to officers who wish to use, or access online social sites to obtain or disclose information in pursuance of a regulatory function.

- **I am exercising a Council function and wish to search on social media sites to ascertain information to further my investigation.**

Staff should not use their personal social media account to undertake work related investigations.

If you undertake a search of an online social media site for the purposes of obtaining information about a person for a legitimate<sup>1</sup> regulatory function and you DO NOT have to take any “action” to do this covertly, it is unlikely that a Directed Surveillance authorisation would be required. This is because the individual has not set the privacy settings available and that data may be considered “open source”.<sup>i</sup>

If you intend to access social media sites for a specific planned purpose on more than one occasion this may constitute Directed Surveillance and advice should be sought from the Regulatory & Compliance Team, Legal Services before engaging in planned repeated viewing.

If you are required to take further action within that site to obtain or gain access to information which is not viewable, you may require authorisation for Directed Surveillance. See below for further information.

- **I am exercising a Council function and want to create a profile on a social media site under a false name.**

It is not unlawful for a public authority like the Council to set up a false identity<sup>2</sup>, but it is inadvisable for a member of a public authority to do so for a covert purpose without an authorisation for Directed Surveillance when private information is likely to be obtained. Officers wishing to use Social Media in this way should set out in the application for Directed Surveillance how this will be managed and what information they hope to obtain and for what use.

A member of a public authority should not adopt the identity of a person known, or likely to be known, to the subject of interest or users of the site without authorisation, and without the consent of the person whose identity is used and without the protection of that person. Their consent must be explicit.

- **I am exercising a Council function and want to start engaging with a specific person, or group of persons, on a social media site to obtain further information to assist my investigation.**

If you access social media sites using a false profile which you have created for the purposes of the investigation you will require a Directed Surveillance authorisation. If you then wish to start communicating with that person for the purposes of establishing a relationship for a covert purpose, you will require an authorisation for a Covert Human Intelligence Source.

- **I wish to create a group profile which is overt (promotes a service of Aberdeen City Council) for the purposes of a regulatory function.**

There is no legal requirement<sup>3</sup> for any authorisation for this activity. Any person engaging with the Group Profile will be aware that it is an Aberdeen City Council Service. However, you will have to consider the implications of consent and privacy prior to engaging with members of the public in this way. Consideration should be had to the type of service being promoted, the age of the person with whom you are engaging, the security and information management requirements around this type of engagement and the right of the person to respect their private life and correspondence.

## APPENDIX THREE-

### IDENTIFYING WHEN A HUMAN SOURCE BECOMES A CHIS

The definition of a Covert Human Intelligence Source (CHIS) is a person who establishes or maintains a personal or other relationship with a person(s) to obtain or access information covertly, or to provide access to information or disclose information obtained by the covert relationship. Even though a person is not considered a CHIS, the Council may still have a duty of care towards the safety and welfare of a person who provides a member of staff with information/ intelligence.

In previous inspections, the Commissioner highlighted that there may be officers within the Council whom are receiving information from, or asking a member of the public to provide them with information, about a specific person or persons for a legitimate purpose, without that person or persons knowledge. In these circumstances, ACC staff need to be clear what implications there are for these types of arrangements and whether any authorisations for covert surveillance would be required.

Ultimately, if information is being provided to the Council by a member of the public and that information is being recorded as potentially useful or actionable, there is a duty of care to the individual providing that information and the onus is on the Council to manage that that arrangement properly.

Staff should consider the personal circumstances of the person; are they vulnerable, reliable, is there an existing relationship to the target (person staff are interested in), are they volunteering the information or exploiting a relationship they have as they are already known to the individual, are they clear about the implications of providing the information, are they putting themselves at risk by providing the information or continuing to provide it? Where staff request someone exploit an existing relationship for a covert purpose, they should ensure that that person is protected and safe during the period of the arrangement. Further, staff should also consider the risks to a volunteer who continues to provide information about a person or persons; are they putting themselves at risk by doing so having regard to the circumstances? Staff should also ensure that the person providing the information or being tasked to provide it, understands the impact of doing that; will they need to make a statement in later proceedings and/ or can they remain anonymous?

Set out below is the guidance from the Scottish Government and the Office of the Surveillance Commissioner on this area.

### Human source activity falling outside CHIS definition

Not all human source (person providing information) activity will meet the definition of a CHIS. For example, a source may be a member of the public who volunteers information he/she has witnessed or knows about.



## **Public**

In many cases involving sources, a relationship will not have been established or maintained for a covert purpose. Many sources merely volunteer or provide information that is within their personal knowledge, without being induced, asked, or tasked by a public authority. This means that the source is not a CHIS for the purposes of RIP(S)A and no authorisation under RIP(S)A is required.

Example 1: A member of the public volunteers a piece of information to a member of a public authority regarding something he has witnessed in his neighbourhood. The member of the public would not be regarded as a CHIS. He is not passing information as a result of a relationship which has been established or maintained for a covert purpose.

This would be the case for any intelligence gathered by officers of the Council where this has been volunteered. If the member of the public knows certain information which he/she volunteers due to an existing relationship and is asked to maintain that relationship and feedback information on an aspect of that relationship, then a CHIS may be appropriate.

## **Professional or statutory duty**

Certain individuals will be required to provide information to public authorities or designated bodies out of professional or statutory duty. Any such regulatory or professional disclosures should not result in these individuals meeting the definition of a CHIS, as the business or professional relationships from which the information derives will not have been established or maintained for the covert purpose of disclosing such information.

Furthermore, this reporting is undertaken “in accordance with the law” and therefore any interference with an individual’s Article 8 rights will satisfy that requirement of Article 8(2).

This statutory or professional duty, however, would not extend to the situation where a person is asked to provide information which they acquire as a result of an existing professional or business relationship with the subject but that person is under no obligation to pass it on.

## **Tasking not involving relationships**

Tasking a person to obtain information covertly may result in authorisation under RIP(S)A being appropriate. However, this will not be true in all circumstances. For example, where the tasking given to a person does not require that person to establish or maintain a relationship for the purpose of obtaining, providing access to or disclosing the information sought or where the information is already within the personal knowledge of the individual, that person will not be a CHIS.

Example: A member of the public is asked by a member of a public authority to maintain a record of all vehicles arriving and leaving a specific location or to record the details of visitors to a neighbouring house. A relationship has not been established or maintained in order to gather the information and a CHIS authorisation is therefore not available. Other authorisations under RIP(S)A eg for directed surveillance may need to be considered where there is an interference with the Article 8 rights of an individual.

### **Identifying when a human source becomes a CHIS**

Determining the status of an individual or organisation is a matter of judgement by the public authority. Public authorities should avoid inducing individuals to engage in the conduct of a CHIS either expressly or implicitly without obtaining a CHIS authorisation.

However, the tasking of a person should not be used as the sole benchmark in seeking a CHIS authorisation. It is the activity of the CHIS in exploiting a relationship for a covert purpose which is ultimately authorised by RIP(S)A, whether or not that CHIS is asked to do so by a public authority. It is possible therefore that a person will become engaged in the conduct of a CHIS without a public authority inducing, asking or assisting the person to engage in that conduct.

APPENDIX FOUR

GUIDE TO COMPLETING PART 1- APPLICATION FORM<sup>9</sup>



Unique Reference Number\* (\*Filing Ref)

**REGULATION OF INVESTIGATORY POWERS (SCOTLAND) ACT 2000 (RIP(S) ACT)**

**APPLICATION FOR AUTHORISATION TO CARRY OUT DIRECTED SURVEILLANCE**

<b>Public Authority</b> <i>(including full address)</i>	ABERDEEN CITY COUNCIL Town House Broad Street ABERDEEN AB10 1AQ
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Insert the unique reference number provided by the Regulatory & Compliance Team, Legal Services. This should be inserted on every page

Insert the section/department the applicant works in.

This should be the investigating officer's full name.

<b>Name of Applicant</b>	<b>Unit/Branch/Division</b>
<b>Full Address</b>	
<b>Contact Details</b>	
<b>Investigation/Operation Name (if applicable)</b>	

This should be the full postal address.

All known contact details should be provided. Include the dialling code, extension numbers and email address.

An operation or investigation name or reference number must be included. This must be something that officers can link to the record/ file within their office that corresponds with the complaint, allegation or investigation.

<sup>9</sup> Whilst the format of the form has been amended, the content is still the same. The Authorising Officer's part is now contained in a separate form; Part 2- Authorisation Form.

**Details of application:**

**1. Give rank or position of authorising officer in accordance with The Regulation of Investigatory Powers (Prescription of Offices, Ranks and Positions) (Scotland) Order 2000, No 343; The Regulation of Investigatory Powers (Prescription of Offices, Ranks and Positions) (Scotland) Amendment Order 2001, No. 87; and The Regulation of Investigatory Powers (Prescription of Offices, Ranks and Positions) (Scotland) Amendment (No. 2) Order 2003, No. 50 <sup>1</sup>**

It is a statutory requirement that certain officers are granted powers to authorise surveillance. In ACC this is the Director, Head of Service or Third Tier officer, where appropriate. The full job details of the authorised officer must be inserted here including their level in ACC. For up to date information, see the Intranet or Khub.

Why are you investigating this subject matter, what piece of legislation empowers you to undertake an investigation and enforce that particular law/ offence? What delegated powers to you have?

**2. Describe the conduct to be authorised and purpose of the investigation or operation.**

**3. Identify which grounds the directed surveillance is necessary under section 6(3) of RIP(S) Act. *delete as inapplicable***

- For the purpose of preventing or detecting crime or of preventing disorder;
- In the interests of public safety;
- For the purpose of protecting public health.

One of the grounds must be selected and the other non relevant grounds deleted. If you select the first ground, you will be required to detail what alleged crime/ offence has been committed. If you cannot satisfy a ground you should not continue with the application.

<sup>1</sup> For Local authorities: The exact position of the authorising officer should be given. For example, Head of rather than officer responsible for the management of an investigation.

**4. Explain why directed surveillance is necessary in this particular case.**

You are required to explain why a covert operation will obtain the information you want

**5. Explain why the directed surveillance is proportionate to what it seeks to achieve (why is the intrusion outweighed by the need for surveillance in operational terms or can the evidence be obtained by any other means?)**

Expanding on what you've put in 4. above, be clear about what efforts you've made to ascertain the information prior to this application e.g. house visits, written communication. Is what you are intending on doing excessive, is there a less intrusive way to get the information/intelligence required? Have previous attempts of ascertaining the information failed?

**Describe the nature of the surveillance to be authorised, including any premises or vehicles involved (e.g. camera, binoculars, video recorder) that may be used.**

You should include in this section whether surveillance is static, on foot, in a vehicle or a residence. Also what the surveillance involves; cameras, video, photographs, visual monitoring equipment, notebooks etc, whether a corroborating officer will be undertaking the surveillance; the times and location of the surveillance e.g the postal address. If you have a map of the area you are carrying out the surveillance in, mark this up and attach this to the application form.

**Describe the investigation or operation to be carried out. The identities, where known, of those to be subject of the directed surveillance.**

Name:  
Address:  
D.O.B:  
Other information as appropriate:

Where this information is known please ensure you insert it. If you have a description of the subject of surveillance then this should also be included. If you do not know the details of the subject, clarify why these details aren't known.

**8. Explanation of the information which it is desired to obtain as a result of the directed surveillance.**

You should include here what you want the surveillance to provide. This can be an expansion or repetition of 2.

Either include a copy of a risk assessment or detail what the risks are, how you have planned to minimise them and what exit strategy you have employed. Always have regard to the type of location someone is being tasked to observe/visit.

**9. Details of risk assessment on the security and welfare of those carrying out the directed surveillance.**

**10. Collateral intrusion.**

THE USE OF DIRECT SURVEILLANCE WITHIN THE PUBLIC DOMAIN WILL LEAD TO COLLATERAL INTRUSION OF OTHERS NOT ENGAGED IN SUSPECTED ILLEGAL OR CRIMINAL ACTIVITY. PERSONS WHO HAVE LEGITIMATE ACCESS TO AREAS WHICH ARE SUBJECT TO COVERT SURVEILLANCE MAY BE SUBJECT TO COLLATERAL INTRUSION. ALL REASONABLE EFFORTS MUST BE MADE TO MINIMISE COLLATERAL INTRUSION. THIS WILL INCLUDE:

- UTILISATION OF TRAINED SURVEILLANCE OPERATIVES WITH APPROPRIATE KNOWLEDGE AND EXPERTISE
- FOCUSING OF SURVEILLANCE ON THE SUBJECTS OF AUTHORISATION
- DAILY BRIEFING AND DEBRIEFING OF AND TO LINE MANAGERS
- CONSTANT REVIEW AND ASSESSMENT OF OPERATIONAL TACTICS.

INDICATE THE EXTENT OF ANY POTENTIAL FOR COLLATERAL INTRUSION ON PERSONS OTHER THAN THOSE TARGETED: (INCLUDING DETAILS IN THE BOX BELOW OF PLANS TO MINIMISE COLLATERAL INTRUSION)

In this section you need to be clear as to the potential for collateral intrusion. If others may also be surveyed, you need to identify how you will minimise this risk, if possible and what steps you'll take to record your observations.

Unique Reference Number\* (\*Filing Ref)

**11. Confidential Information**

INDICATE THE LIKELIHOOD OF ACQUIRING ANY CONFIDENTIAL INFORMATION:

[Empty box for confidential information details]

Confidential information is information which is subject to legal professional privilege (communications between a professional legal adviser and their client), personal information (such as information relating to someone's physical or mental health e.g. medical records) and journalistic material, e.g. the source of information. Any investigation/ operation which is likely to obtain confidential information should be authorised by the Chief Executive.

**12. Anticipated Start**

Date:

Time:

**13. Applicant's Details**

Name (print)

Tel No:

Grade/Rank

Date:

Signature

This section is to be completed by the Applicant

**14. Confirmation of urgent authorisation: details of why application is urgent.**

[Empty box for urgent authorisation details]

**15. Authorising Officer's comments explaining why in his view the directed surveillance is necessary and proportionate. This box must be completed.**

[Empty box for Authorising Officer's comments]

In this section the Authorising Officer needs to expand on why the surveillance is required, and why having regard to all the circumstances, it should be authorised.

An urgent authorisation may be authorised if an officer was out on official duty but not working under an authorisation and the authorising officer was of the view that the time taken to authorise the surveillance would be likely to endanger life or jeopardise the investigation or operation for which the authorisation was being sought. Details of the time, date and reason for granting an urgent authorisation should be completed by the Authorising Officer who sanctioned it.

Unique Reference Number* (*Filing Ref)	
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**16. Authorising Officer's Statement**

I, [insert name], hereby authorise the following directed surveillance investigation/operation [ ]. This authorisation will cease to have effect at the end of the period of three months commencing on the date of authorisation, unless renewed in writing (see separate form for renewals).

This authorisation will be reviewed frequently (see below) to assess the need for the authorisation to continue.

<b>Name (Print):</b>		<b>Grade/Rank:</b>	
<b>Signature:</b>		<b>Date:</b>	
		<b>Time:</b>	

<b>Date of first review:</b>	
<b>Date of subsequent reviews of this authorisation:</b>	

In this section the Authorising Officer should explain in his/her own words What is being authorised, Why the surveillance is necessary, whom the surveillance will be directed against, Where and When it will take place, what surveillance activity/ equipment will be used and How is it to be achieved.

**16. Confidential Information Authorisation.**

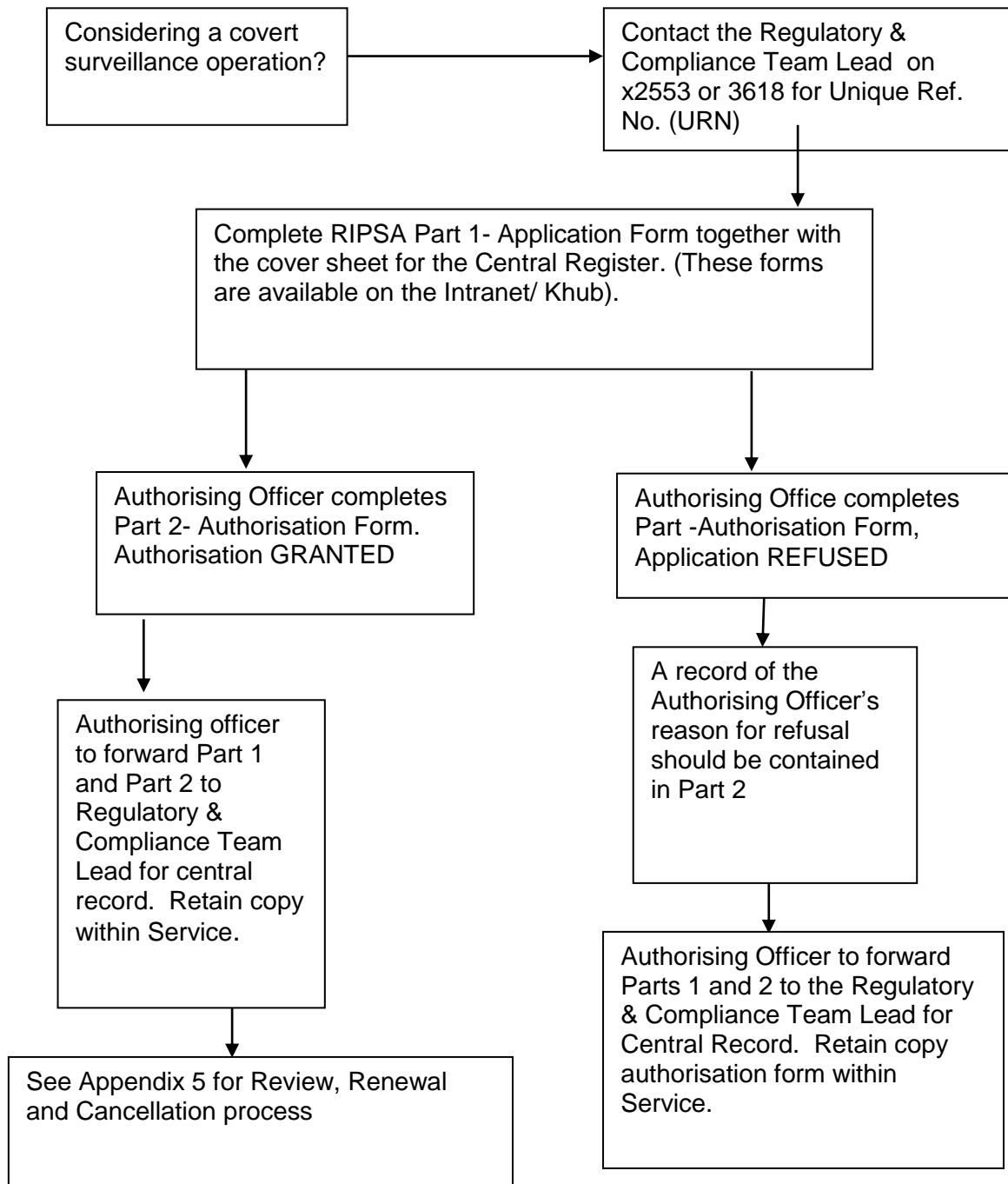
<b>Name (Print)</b>		<b>Grade/Rank</b>	
<b>Signature</b>		<b>Date</b>	

This section should be completed by the Chief Executive and should set out why it's necessary and proportionate to obtain confidential information having regard to the particular investigation.



## APPENDIX FIVE-

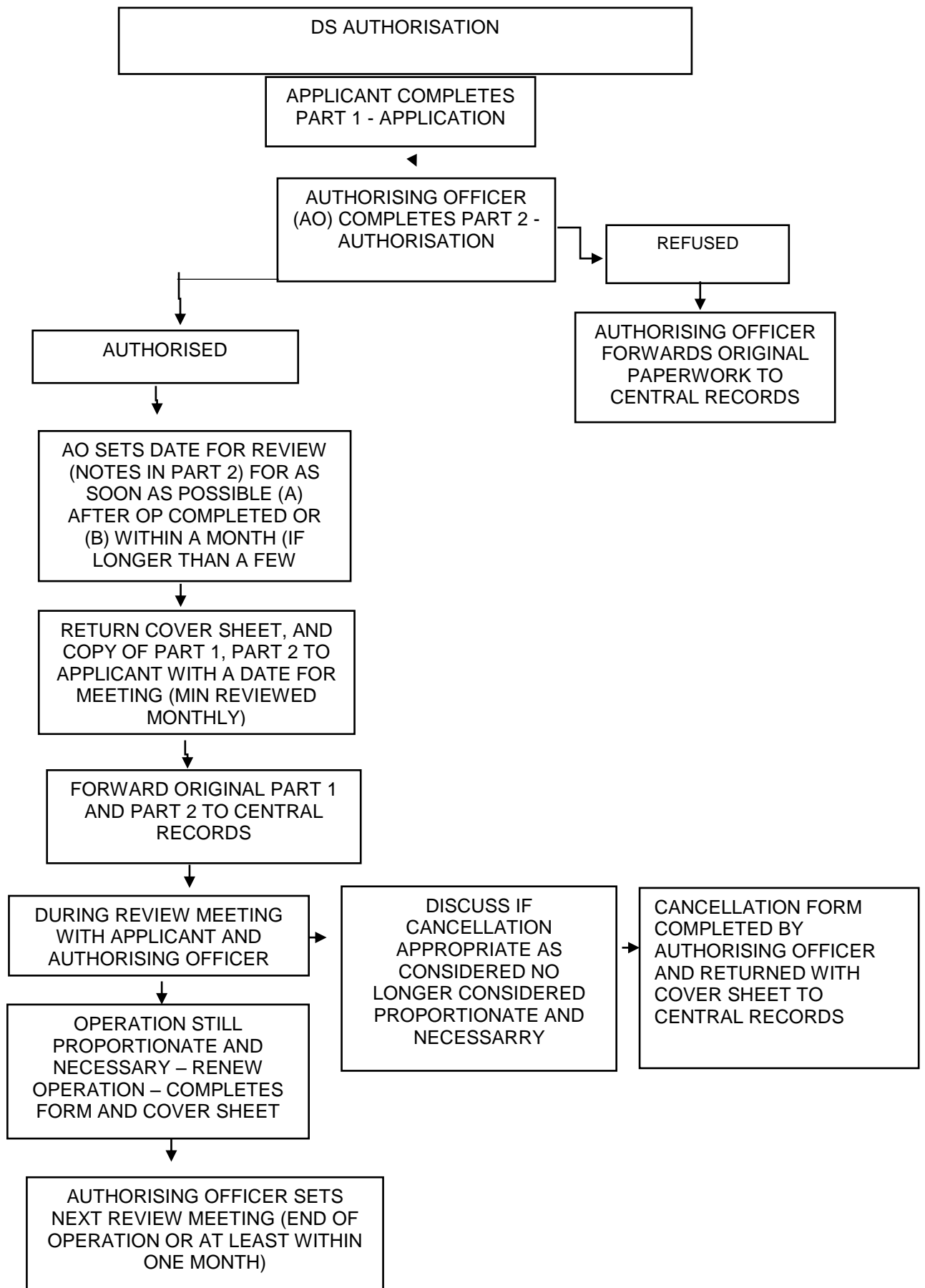
### RIPSA AUTHORISATION PROCESS



**REMEMBER** - it's the AUTHORISING OFFICER'S responsibility to ensure that the surveillance operation is cancelled, renewed and reviewed timeously.

**APPENDIX SIX-**

**REVIEW, RENEWAL AND CANCELLATION PROCESS**



## APPENDIX SEVEN –

### RIPSA TRAINING POLICY

#### Introduction

This policy outlines the training that will be provided across Aberdeen City Council in connection with powers under RIPSA to conduct Covert Surveillance in certain, limited circumstances.

The aim of this policy is to ensure that, across the organisation a high level of awareness of the restraints of undertaken covert surveillance exists and, where necessary, training of a suitably detailed nature is delivered in order that Officers are familiar with the legal and procedural requirements relating to Covert Surveillance. A further aim of the Training Policy is to ensure that those Officers who undertake Directed Surveillance and Covert Human Intelligence Source (CHIS) applications and those Officers appointed as Authorising Officers for such applications receive regular opportunities to refresh and update their knowledge and skills in this area.

#### Classification of Job Roles

For the purposes of identifying RIPSA training requirements, all job roles within Aberdeen City Council will be classified into one of four tiers.

<b>Tier</b>	<b>Description</b>	<b>Example Job Roles</b>
Tier 0	RIPSA Authorising Officers (including the Chief Executive and Directors who, in the absence of the Chief Executive deputise as the Head of Paid Service)  Officers within Legal Services with responsibility for oversight of RIPSA.	Solicitors Legal Team Leaders
Tier 1	Job Roles held by Officers who do or will prepare applications for consideration by a RIPSA Authorising Officer.	Trading Standards Officers Environmental Health Officers Fraud Officers Service Manager – Community Safety
Tier 2	Job Roles identified as those which have an Investigative or Enforcement function.	Anti-Social Behaviour Investigation Officers City Wardens Social Workers Licensing Standards Officers Human Resources Advisers / Investigatory Officers
Tier 3	All other job roles.	

## Training Requirements

**Tier 0 Roles:** Officers identified in Tier 0 roles must attend RIPSAs Authorising Training as soon as possible following their appointment. No Officer in Tier 0 will be permitted to Authorise or Review an Application for Covert Surveillance prior to having attended this training.

Officers should receive refresher training every 2 – 3 years and receive Update Bulletins, including practice improvement notes developed from previous applications, on at least one occasion per year.

**Tier 1 Roles:** Officers identified in Tier 1 roles must attend RIPSAs in Practice Training as soon as possible following their appointment. No Officer in Tier 1 will be permitted to make a Directed Surveillance or CHIS Application prior to having attending this training.

Officers in Tier 1 should attend refresher training every 2 -3 years and will receive Information Bulletin updates as appropriate.

**Tier 2 Roles:** Officers will be reminded, via a rolling campaign of Information Posters and banners, of the importance of considering whether covert surveillance of individuals is being undertaken and of appropriate steps being taken to regulate such activity prior to it being undertaken.

If any Officer identified as being in Tier 2 requires to make an application for authorising of Directed Surveillance or CHIS, they will require to complete the RIPSAs in Practice Training detailed in Tier 1 above prior to doing so.

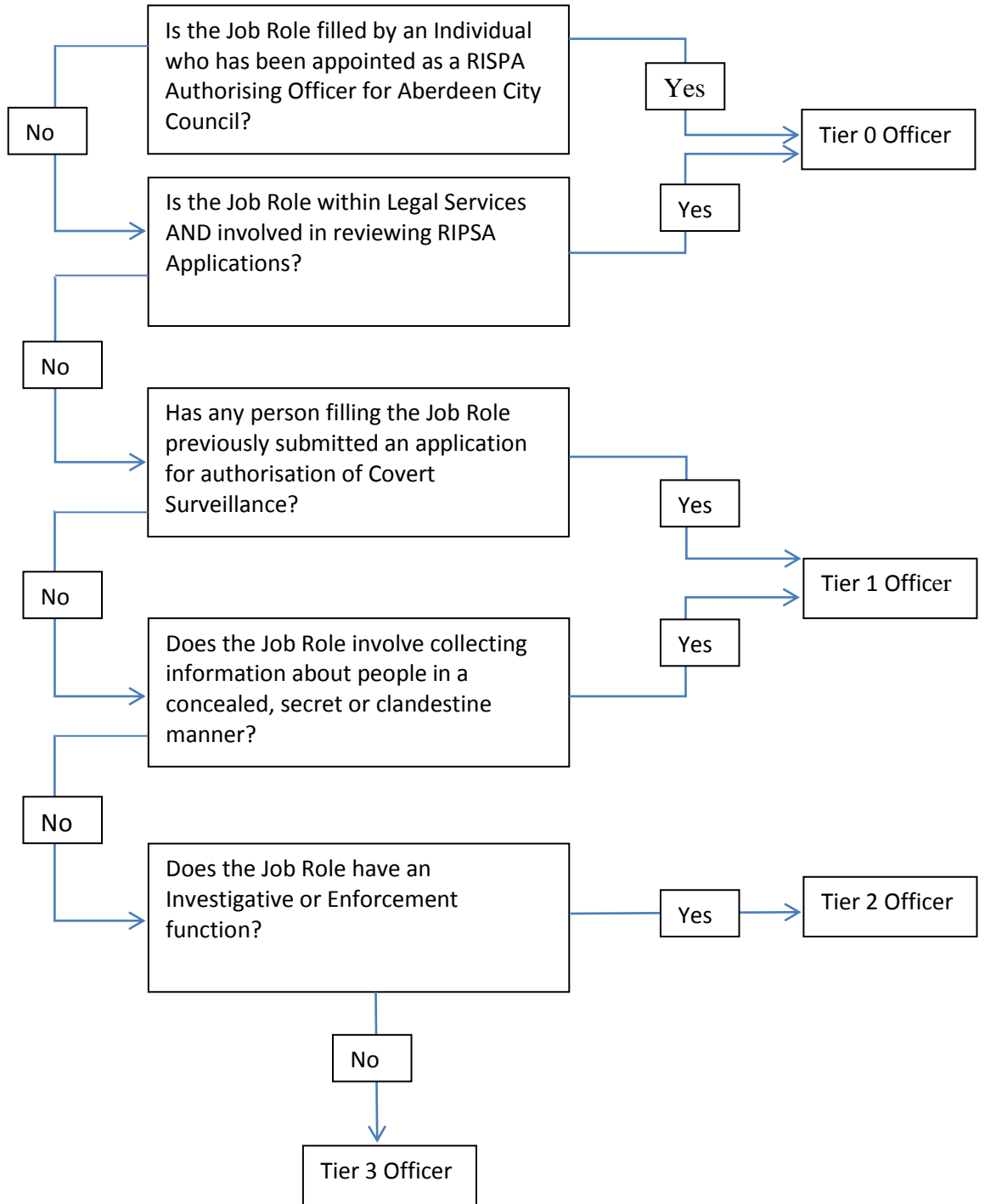
**Tier 3 Roles:** Officers in Tier 3 will be exposed to the rolling campaign of Information Posters and Intranet banners which will seek to raise awareness of Covert Surveillance and the need for such activity to be properly authorised prior to taking place.

Any Officer in Tier 3 who recognises that they may partake in Covert Surveillance as part of their job role will be required to complete the RIPSAs in Practice Training outlined in Tier 1 above as soon as possible following this recognition.

## Review

This training policy will be kept under review by Officers in Legal Services and will be subject to a formal review not more than three years following implementation.

Appendix One



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Investigatory Powers  
Commissioner's Office

PO Box 29105, London  
SW1V 1ZU

Angela Scott  
Chief Executive  
Aberdeen City Council  
Marischal College  
Aberdeen  
AB10 1AB

[anscott@aberdeencity.gov.uk](mailto:anscott@aberdeencity.gov.uk)

23 June 2020

Dear Chief Executive,

### Inspection of Aberdeen City Council

*Please be aware that IPCO is not a "public authority" for the purpose of the Freedom of Information (Scotland) Act (FOISA) and therefore falls outside the reach of the FOISA. It is appreciated that local authorities are subject to the FOISA and that they may receive requests for disclosure of our reports. In the first instance the SRO should bring the matter to the attention of the IPCO Data Protection Officer (at: [info@ipco.org.uk](mailto:info@ipco.org.uk)), before making any disclosure. This is also the case if you wish to make the content of this letter publicly available.*

Due to the ongoing Coronavirus situation your authority was recently subject to a remote inspection by one of my Inspectors, [REDACTED]. All the documentation and arrangements necessary for my Inspector to carry out the process was provided by Ms. Jess Anderson, Team Leader, Legal Services who acts as the RIP(S)A Co-ordinator for your authority. This enabled an examination of all relevant policies and an assessment of the progress made against the three recommendations from the last inspection in April 2017. Ms. Anderson also made herself available to be interviewed at length via telephone by [REDACTED] and from the documentation examined and the information provided during the telephone interview, the very good level of compliance shown by your authority removes, for the present, the requirement for a physical inspection.

At the last inspection your authority received three formal recommendations, and I note from the information provided by Ms Anderson significant effort has been made to ensure measures were implemented to enable these recommendations to be discharged. In relation to recommendation 1, I must compliment the process you now have in place to report to Elected Members in line with the requirements of the relevant codes of practice<sup>1</sup>. The process you have, in reporting annually and on a quarterly basis to your Audit, Risk and Scrutiny Committee, is exactly as required by the codes of practice. The standard of these reports, particularly that produced to the committee in February this year, was exemplary and is one that is worthy of sharing to a wider audience. My Inspector was very impressed by the attitude of Ms. Anderson who, not only being very enthusiastic and knowledgeable on matters related to RIP(S)A, demonstrated a very proactive and innovative approach to governance and oversight of any use, or potential use, of the powers. This process is clear evidence of the pride she takes in her role as RIP(S)A Co-ordinator.

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<sup>1</sup> Scottish Government Code of Practice on Covert Surveillance and Property Interference, December 2017, para. 4.43 and Scottish Government Code of Practice on Covert Human Intelligence Sources, December 2017, para. 3.27

The maintenance of your central record of authorisations, the advice function provided by Legal Services, and the introduction of quarterly governance meetings involving the Authorising Officers has also been observed as being good practice. At the most recent meeting a demonstration was given by the Principal Trading Standards Officer (PTSO) of the capability of the surveillance equipment held by the Council. This is a practice worthy of praise given the importance of Authorising Officers being able to consider the risk of using technical surveillance equipment and how it may impact on collateral intrusion, and the need to make knowledgeable determinations around that risk when considering directed surveillance applications. I also note that as a result of this meeting it is intended to implement measures to make the asset management processes of surveillance equipment more robust and to be linked more widely with your Information Asset Register.

This inspection has highlighted other notable areas of good practice, including the development of a programme of RIP(S)A training and awareness raising, a full revision of protocols and procedures in line with the potential for an increased use of the internet and social media as an investigative resource, and the very innovative introduction of a restricted [REDACTED] web portal. [REDACTED] was permitted access to the Knowledge Hub web portal and was hugely impressed by the potential this resource has in delivering real benefit to practitioners. Possessing the capability to provide web-based training, the storage of reports and hosting a knowledge sharing portal which allows the speedy distribution of key guidance will no doubt, as the resource develops, improve staff awareness and the skills of your practitioners. It was clearly apparent that Ms Anderson has a real passion in delivering this function for the Council and again demonstrative of the commitment she has towards RIP(S)A compliance.

Recommendation 3 from 2017 related to the policy you maintained, like some other local authorities, of not affording the protection of RIP(S)A to test purchase operations where council operatives may enter premises to provide corroboration of the transaction. I note that in each case where this tactic was deployed, a total of nine occasions since the last inspection, each instance was afforded the protection of RIP(S)A by a directed surveillance authorisation, each authorised for the statutory period of three months. It is true that each case should be considered upon its own merits and the nature of the deployment and, whilst being a policy decision for you, the approach you have taken allows this recommendation, and recommendation 2, to be discharged.

I note that Ms Anderson has placed considerable focus on assessing the potential use of the internet and social media across various business areas within the Council to ensure it has robust oversight measures in place and that appropriate guidance is maintained in that regard. A separate appendix, *'Using Social Media as an Investigatory Tool'*, is now attached to your *Corporate Protocol and Procedures on Directed Surveillance* which is a good quality document providing scenario-based examples to practitioners in cases where RIP(S)A may require to be considered. It must be noted that both current Scottish Government Codes of Practice contain enhanced guidance at paragraphs 3.11 to 3.16<sup>2</sup> and 4.7 to 4.14<sup>3</sup> and it may benefit the document if staff are signposted to these sections. Ms. Anderson has intimated that this topic will feature prominently in the programme of training under development, and given the privacy risks attached to the use of social media as an investigative resource, it is very important such guidance is reinforced to uphold the obligations towards the rights afforded to citizens under Article 8 of the European Convention on Human Rights (ECHR).

In discussion with Ms. Anderson it was abundantly clear she was alive to the possibility of the potential of online social media research being carried out in respect of Council priorities which would not generally be within the purview of RIP(S)A. She has already embarked on wider awareness raising of the issue, and it is important that regardless of the reasons for conducting such research, employees are reminded of the obligations public authorities have to the Article 8 Rights of individuals, and of the need to demonstrate legitimate and proportionate reasons for carrying out online research.

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<sup>2</sup> Scottish Government Code of Practice on Covert Surveillance and Property Interference, December 2017

<sup>3</sup> Scottish Government Code of Practice on Covert Human Intelligence Sources, December 2017



The Investigatory Tribunal's decision in *BA & others v Chief Constable of Cleveland IPT/11/129/CH (13 July 2012)* was highlighted to Ms. Anderson where the IPT commended the adoption in non-RIPA cases "a procedure as close as possible" to that required by the legislation. A documented record and audit trail would reduce the risk of there being a disproportionate use of social media in these circumstances and helps ensure legitimate aims are being pursued. It is also important that the policies you have in place highlight to staff the dangers aligned to using personal social media accounts for business purposes, especially those of a covert nature, and that they are cognisant of their own personal online security and of the vulnerabilities attached to using any insecure or personal online platform.

RIP(S)A permits your authority to recruit and authorise CHIS, and whilst there appears to be no real appetite for the use of CHIS, good guidance is available to practitioners within section 6 of your protocol outlining the principles underpinning the tactic. It is to your credit that awareness of the tactic is delivered to staff, and that your PTSO has some operational experience of CHIS, which is important in enabling staff to be conscious of situations where potential considerations of CHIS may be necessary. You have included an appendix within your protocol, '*Identifying when a Human Source becomes a CHIS*', which is a very useful document to help achieve this type of operational awareness. Some good examples of situations are described in paragraphs 2.18, 2.23 and 2.25<sup>4</sup>, the highlighting of which within your policy would benefit staff who may interact with members of the public who offer information, particularly those who may do so repeatedly, and where it may be necessary for them to give some consideration to the guidance within the code of practice.

The *Corporate Protocol and Procedures on Directed Surveillance* has been very recently updated by Ms. Anderson and shared with my Inspector. The protocol takes account of the changes in the legislation, as well as the introduction of revised Scottish Government codes of practice in December 2017. My Inspector has commented on the considerable work undertaken by Ms. Anderson in developing the protocol to make it more meaningful to staff by incorporating relevant scenario examples, process flow charts, and an outline of the identified training requirements and the training programme, which no doubt will benefit your staff should situations arise where they contemplate the use of covert tactics.

I am aware that you have received my letter dated 1<sup>st</sup> May 2020 outlining IPCO's Data Assurance Programme and that Ms. Anderson is already placing significant focus on the issue and reviewing the processes in place for those business areas which may make use of covert powers. It appears that she is very much in control of the issue and it is encouraging that the most recent revisions in the protocol incorporate guidance on the storage, management and retention of material obtained as a result of covert tactics. This topic was discussed at length during the remote inspection and it was emphasised as being an area of compliance which IPCO will focus on more deeply in future inspections. The relevant sections of Chapter 8 within each of the Scottish Government Codes of Practice on Covert Surveillance and Property Interference and Covert Human Intelligence Sources are appropriately referenced within your policies and it is important that practitioners are fully cognisant of their responsibilities in this regard.

Oversight continues to be a strength within your authority with your RIP(S)A Coordinator taking an extremely proactive and intrusive approach ensuring that there is regular engagement with Authorising Officers regardless of the level of use of the powers. This is an area of good practice demonstrative of a positive and robust attitude to compliance, and my Inspector has commented in very complimentary terms on the extremely high level of professionalism and commitment Ms. Anderson displays to this aspect of her role within the authority, and given the relatively small part it plays in her wider role in Legal Services, she should be commended for that.

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<sup>4</sup> *Scottish Government Code of Practice on Covert Human Intelligence Sources, December 2017*

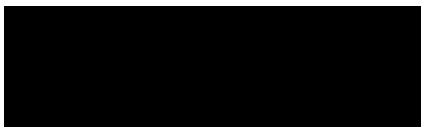
I note your authority is not registered to use the services of the National Anti-Fraud Network (NAFN), and it is suggested that a short statement to this effect is included within the review of your RIP(S)A policy. That said, changes to communications data powers available to local authorities brought about by the Investigatory Powers Act 2016 are considerable and may be of real investigative benefit. The primary purpose of NAFN is to acquire communications data which now includes events data (who a person has been in communications with), as well as where that communication was made or received. In addition, registration with NAFN can provide lawful access to other forms of data from the DVLA, Equifax and a variety of other financial/fraud check organisations, and might also include, in the future, Automated Number Plate Recognition (ANPR) data.

In conclusion, it must be emphasised that despite making very limited use of any powers, it is vital that the relevant staff are appropriately trained should the need arise to authorise and carry out covert activity. Given that your authority's attitude to training and oversight is strong, I am confident the development of your training programme will ensure that officers engaged in investigatory or enforcement areas can maintain their levels of knowledge and know whom to approach for guidance. The RIP(S)A Coordinator, on behalf of the SRO, has given assurances that the integrity of your processes and governance procedures will be maintained to ensure that high standards of compliance with the Act and relevant codes of practice continue to be achieved.

I am sure you will be pleased that elements of good practice have been identified, and that you have a RIP(S)A Co-ordinator who possesses such commitment to her role. I would highlight that any observations made are designed to assist your organisation and enable your staff to be more efficient in their respective roles whilst applying the legislation to covert investigative techniques.

I hope that you find the outcome of this remote inspection helpful and constructive, and my Office is available to you should you have any queries following the receipt of this letter, or at any point in the future. Contact details are provided below. I shall in any case, be interested to learn of your proposed response to any of the observations made within the attached report within the next two months.

The Inspector would like to thank Ms. Jess Anderson for her very positive engagement and for providing the necessary documentation to enable this remote inspection.



**The Rt. Hon. Sir Brian Leveson**  
The Investigatory Powers Commissioner

## ABERDEEN CITY COUNCIL

<b>COMMITTEE</b>	Audit Risk and Scrutiny
<b>DATE</b>	8 October 2020
<b>EXEMPT</b>	No
<b>CONFIDENTIAL</b>	No
<b>REPORT TITLE</b>	Scottish Public Services Ombudsman Decisions and Inspector of Cremations Complaint Decisions
<b>REPORT NUMBER</b>	CUS/20/136
<b>DIRECTOR</b>	Andy MacDonald
<b>CHIEF OFFICER</b>	Jacqui McKenzie
<b>REPORT AUTHOR</b>	Lucy McKenzie
<b>TERMS OF REFERENCE</b>	6.4

### 1. PURPOSE OF REPORT

- 1.1 This report provides information on all Scottish Public Services Ombudsman (SPSO) and Inspector of Cremations 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.

### 2. RECOMMENDATION(S)

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

### 3. BACKGROUND

- 3.1 A report detailing all Scottish Public Services Ombudsman (SPSO) and/or Inspector of Cremations decisions relating to Aberdeen City Council is submitted to Audit Risk and Scrutiny Committee each reporting cycle. This is to provide assurance that complaints and Scottish Welfare Fund decisions are being handled appropriately. The last report on this matter was submitted to the 12 February 2020 Committee.

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

- 3.2 The Scottish Complaints Handling Procedure (CHP) followed by Aberdeen City Council is outlined by the SPSO. Details of the CHP can be accessed at [www.aberdeencity.gov.uk/complaints](http://www.aberdeencity.gov.uk/complaints)
- 3.3 There are two SPSO decisions relating to Aberdeen City Council complaints since the last reporting period to notify the Committee of. The SPSO reviewed a provisional decision originally reported at the 25 September 2019 Committee and have amended the outcome to partially upheld. The second is an upheld decision. Further information is detailed in Appendix A.

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

- 3.4 The Scottish Welfare Fund is delivered by Local Councils across Scotland and offers two types of grants – Crisis Grants and Community Care Grants. Further information is available at <https://www.aberdeencity.gov.uk/services/benefits-and-advice/apply-scottish-welfare-fund>
- 3.5 There have been two SPSO Second Tier Reviews in relation to Aberdeen City Council Scottish Welfare Fund application decisions since the last reporting period. The SPSO did not change the council's decision. See Appendix B for further details.

### **Inspector of Cremations Decisions**

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

## **4. FINANCIAL IMPLICATIONS**

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

## **5. LEGAL IMPLICATIONS**

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

## **6. MANAGEMENT OF RISK**

<b>Category</b>	<b>Risk</b>	<b>Low (L) Medium (M) High (H)</b>	<b>Mitigation</b>
<b>Strategic Risk</b>	If we do not handle complaints or Scottish Welfare Fund applications	L	

	correctly then there is risk that we do not meet our objectives in relation to		
<b>Compliance</b>	The (SPSO) is the regulatory body for public services in Scotland. If we are non-compliant in our handling of a complaint or Scottish Welfare Fund application then there is risk that this is highlighted by the SPSO.	L	Support in complaint handling is available to responding officers through a variety of methods. In addition, all Stage 2 responses are also quality assured to ensure that responses are appropriate. Officers responsible for Scottish Welfare Fund applications receive full training to ensure they have the necessary knowledge to undertake assessments.
<b>Operational</b>	Staff morale may be lowered as a result of a negative outcome of a SPSO decision.	L	Whilst it is not pleasant to receive a complaint, officers are encouraged to view complaints in a positive light, as a learning point going forwards.
<b>Financial</b>	Each time a complaint escalates it is more costly to the council than the previous stage due to the effort involved, therefore financially it is in the council's best interest to resolve complaints early in the process. There is also a risk that the council may be required to undertake additional actions as a result of an SPSO decision, including financial compensation.	L	The complaint handling procedure encourages frontline resolution whenever possible and there is guidance and training in place to support staff in effective complaint handling. The financial benefit of early resolution is highlighted to responding officers in training.
<b>Reputational</b>	Non-compliance carries reputational risk. Customer perception of the council could also be negatively impacted if complaints and Scottish Welfare	L	There is a centralised Customer Feedback Team responsible for ensuring that complaints are being handled consistently and appropriately across the council. Staff within the Scottish Welfare Fund

	Fund applications are not handled correctly.		Team receive comprehensive training to ensure applications are handled correctly and there is a robust procedure in place to review decision making when necessary.
<b>Environment / Climate</b>	There are no environment / climate risks associated with this report.	N/A	Not applicable

<b>Category</b>	<b>Risk</b>	<b>Low (L), Medium (M), High (H)</b>	<b>Mitigation</b>
<b>Financial</b>	Each time a complaint escalates it is more costly to the council than the previous stage due to the effort involved, therefore financially it is in the council's best interest to resolve complaints early in the process. There is also a risk that the council may be required to undertake additional actions as a result of an SPSO decision, including financial compensation.	L	The complaint handling procedure encourages frontline resolution whenever possible and there is guidance and training in place to support staff in effective complaint handling. The financial benefit of early resolution is highlighted to responding officers in training.
<b>Legal</b>	There are no legal risks associated with this report.	N/A	Not applicable
<b>Reputational</b>	There is reputational risk to the council if complaints are not handled appropriately. Customer perception of the council could also be negatively impacted if complaints and Scottish Welfare Fund	L	There is a centralised Customer Feedback Team responsible for ensuring that complaints are being handled consistently and appropriately across the council. Staff within the Scottish Welfare Fund Team receive comprehensive

	applications are not handled correctly.		training to ensure applications are handled correctly and there is a robust procedure in place to review decision making when necessary.
<b>Employee</b>	Staff morale may be lowered as a result of a negative outcome of a SPSO decision.	L	Whilst it is not pleasant to receive a complaint, officers are encouraged to view complaints in a positive light, as a learning point going forwards.
<b>Customer</b>	There is a risk to the council's relationship with customers if a complaint or a Scottish Welfare Fund application is not handled correctly.	L	Support in complaint handling is available to responding officers through a variety of methods. In addition, all Stage 2 responses are also quality assured to ensure that responses are appropriate. Officers responsible for Scottish Welfare Fund applications receive full training to ensure they have the necessary knowledge to undertake assessments.
<b>Environment</b>	There are no environmental risks associated with this report	N/A	Not applicable
<b>Technology</b>	There are no technological risks associated with this report.	N/A	Not applicable

## 7. OUTCOMES

<b><u>COUNCIL DELIVERY PLAN</u></b>	
<b>Impact of Report</b>	
<b>Aberdeen City Council Policy Statement</b>	Complaints are a vital part of organisational learning and improvement therefore enabling the Council to realise its aims across its policy statement. The report focuses on complaints outcomes which provide rich customer insight for the organisation to act upon to help transform service delivery.

<b>Aberdeen City Local Outcome Improvement Plan</b>	
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Prosperous Place Stretch Outcomes	The Scottish Welfare Fund supports the delivery of the LOIP stretch outcome 13 as it can provide short term financial assistance to help with food costs which can relieve the pressure on use of food banks. It also works with partner agencies to identify citizens and signpost them for budget management, debt advice and benefit maximisation.
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## 8. IMPACT ASSESSMENTS

Assessment	Outcome
Impact Assessment	Not required
Data Protection Impact Assessment	Not required

## 9. BACKGROUND PAPERS

N/A

## 10. APPENDICES (if applicable)

Appendix A – SPSO complaint decisions

Appendix B - Scottish Welfare Fund SPSO Review Decisions

## 11. REPORT AUTHOR CONTACT DETAILS

Lucy McKenzie

Customer Services Manager

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## Appendix A – SPSO Complaint Decisions

Complaint Received Date	SPSO Decision Date	Complaints Investigated by the SPSO	Cluster	SPSO Decision	SPSO Recommendations	Date Implemented
15 November 2017	4 August 2020.	<ol style="list-style-type: none"> <li>1) The restrictions put in place in relation to the complainant's son were unreasonable (not upheld)</li> <li>2) Information about the complainant's son was inappropriately shared with a health visitor (upheld)</li> <li>3) The Council did not respond to your complaint appropriately (not upheld)</li> </ol>	Integrated Children's and Family Services	Complaint partially upheld	<ol style="list-style-type: none"> <li>1) Letter of apology to be sent to the complainant and son.</li> <li>2) Review whether training arrangements and guidance in place ensures that staff are aware of the procedural requirements relating to information sharing.</li> </ol>	<ol style="list-style-type: none"> <li>1) 1 July 2020</li> <li>2) Due 27 October 2020</li> </ol>
6 June 2018	24 February 2020	<ol style="list-style-type: none"> <li>4) The council failed to take reasonable enforcement action in respect of planning breaches in Duthie park (upheld)</li> <li>5) The council failed to handle the complaint reasonably (upheld)</li> </ol>	Strategic Place Planning	Complaint Upheld	<ol style="list-style-type: none"> <li>1) Apologise to the complainant for the failure to take reasonable steps to investigate breaches of planning control and for the failure to handle the complaint reasonably.</li> <li>2) Accurately record actions taken by Council during planning enforcement investigations, including the outcome of any informal negotiations</li> <li>3) Remind staff of the importance of accurate record keeping</li> <li>4) Staff should accurately identify the substantive issues contained within a complaint and apply time constraints appropriately.</li> </ol>	All completed by 24 March 2020

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

<b>Crisis Grant Application Received Date</b>	<b>Application Type</b>	<b>Aberdeen City Council 1<sup>st</sup> Tier Review Decision Date</b>	<b>SPSO 2<sup>nd</sup> Tier Review Decision Date</b>	<b>SPSO Decision</b>
14 January 2020	Crisis Grant	14 January 2020	17 January 2020	Aberdeen City Council decision upheld (Council's decision unchanged)
6 July 2020	Crisis Grant	10 July 2020	7 August 2020	Aberdeen City Council decision upheld (Council's decision unchanged)

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## ABERDEEN CITY COUNCIL

<b>COMMITTEE</b>	Audit, Risk and Scrutiny
<b>DATE</b>	9 October 2020
<b>REPORT TITLE</b>	Best Value Assurance Report
<b>REPORT NUMBER</b>	COM-20-177
<b>CHIEF OFFICER</b>	Fraser Bell
<b>REPORT AUTHOR</b>	Vikki Cuthbert
<b>TERMS OF REFERENCE</b>	Remit – 6.4

### 1. PURPOSE OF REPORT

To provide an update on the forthcoming Best Value audit of Aberdeen City Council.

### 2. RECOMMENDATIONS

It is recommended that the Committee:

- a) note the update regarding the forthcoming Best Value audit; and
- b) instruct the Chief Officer - Governance to write to the Accounts Commission to agree arrangements for notifying the London Stock Exchange of the outcome of the Best Value Audit.

### 3. BACKGROUND

3.1 Each local authority in Scotland receives a Best Value audit every 5 years as part of a rolling programme of audits established by the Accounts Commission. The purpose of the audit is to provide assurance that the Council is meeting its statutory duties in respect of Best Value, defined within the Local Government in Scotland Act 2003 as:

- continuous improvement in performance, while maintaining an appropriate balance between quality and cost;
- achieving break-even trading accounts;
- observing proper accounting practices;
- making arrangements for the reporting to the public of the outcome of the performance of functions.

3.2 The Council was last audited in 2014, reporting to the Accounts Commission in [July 2015](#). Members will also be aware that the annual external audit reports include an assessment of 'Wider Scope' that is built around four dimensions. In addition, more focused auditing takes place annually on a cyclical basis on specific

areas of audit focus. The dimensions and areas of audit focus for the last two years are set out in the table below. That work which has been undertaken annually will inform the Best Value Audit.

Core themes	Wider scope	
	2019	2020
Financial Management		
Financial Sustainability		
Governance and Accountability		Preventing Fraud and Corruption in Procurement
Best Value and Value for Money	Performance Improvement and Outcomes	Equalities

3.3 Audit Scotland have appointed KPMG to complete the 2020 audit, which is scheduled to report Aberdeen City Council's Best Value Assurance Report to the Accounts Commission in June 2021. The report will also be presented to this Committee at that time.

3.4 KPMG advise that they are awaiting confirmation of some details from Audit Scotland but that they expect to begin fieldwork in November, running into the early months of 2021. Whilst further details are awaited, we are so far advised that:

- The audit will be completed according to revised [Best Value guidance](#) which is built around a number of audit themes (see below);
- Fieldwork will be completed remotely using enabling technology such as Microsoft Teams;
- Evidence will be reviewed and follow up meetings arranged with elected members, the Corporate (and extended) Management Team, third tier officers and frontline staff. This will include some 1-2-1 sessions as well as focus groups of staff.
- The report will be shared with us as a draft for comments prior to final publication by the Accounts Commission

3.5 Officers have commenced preparation for the audit whilst formal notification is awaited. Sponsors have been identified for each theme, as below:

Audit Theme	Audit Sponsor
Vision and Leadership	Angela Scott
Governance and Accountability	Fraser Bell
Effective Use of Resources	Steve Whyte
Sustainable Development	Gale Beattie
Partnerships and Collaborative Working	Michelle Cochlan and Alison Macleod
Working with Communities	Neil Carnegie
Fairness and Equality	Jacqui McKenzie and Isla Newcombe
Service Performance and Improvement	Martin Murchie

3.6 Each sponsor has established a team of support staff to assist with self-assessment of performance against the requirements expected for the audit.

The Leadership Forum are a key participant in the process and will take ownership of the self-assessment alongside the theme sponsors. It is important that all staff feel they have contributed to the audit process and to the audit outcomes as this is an audit of our performance as an organisation

#### 4. FINANCIAL IMPLICATIONS

4.1 There are no direct financial implications arising from this report however the nature and scope of the audit focuses on the Council's statutory duty of best value.

#### 5. LEGAL IMPLICATIONS

5.1 There are no direct legal implications arising from this report. The purpose of the audit is to seek assurance on the extent to which we are fulfilling legal obligations under the Local Government in Scotland Act 2003. Consideration will be given to the timing of the disclosure of the Best Value report through the London Stock Exchange in order to coincide with the proposed timing of publication on the Audit Scotland website.

#### 6. MANAGEMENT OF RISK

Category	Risk	Low (L) Medium (M) High (H)	Mitigation
<b>Strategic</b>	Failure to effectively audit the Council results in a lack of assurance in the controls in place.	L	External audit provides valuable assurance that the Council is effectively managing its risk profile.
<b>Compliance</b>	As above	L	As above
<b>Operational</b>	As above	L	As above
<b>Financial</b>	As above	L	As above
<b>Reputational</b>	As above	L	As above
<b>Environment / Climate</b>	As above	L	As above

#### 7. OUTCOMES

7.1 The recommendations within this report have no direct impact on the Council Delivery Plan.

#### 8. IMPACT ASSESSMENTS

Assessment	Outcome
<b>Impact Assessment</b>	Full impact assessment not required.
<b>Data Protection Impact Assessment</b>	Not required.

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**9. BACKGROUND PAPERS**

Relevant background papers are linked within the report.

**10. APPENDICES**

None.

**11. REPORT AUTHOR CONTACT DETAILS**

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## ABERDEEN CITY COUNCIL

<b>COMMITTEE</b>	Audit, Risk and Scrutiny Committee
<b>DATE</b>	8 October 2020
<b>EXEMPT</b>	No
<b>CONFIDENTIAL</b>	No
<b>REPORT TITLE</b>	Audit, Risk and Scrutiny Committee Annual Effectiveness Report
<b>REPORT NUMBER</b>	COM/20/140
<b>DIRECTOR</b>	
<b>CHIEF OFFICER</b>	Fraser Bell
<b>REPORT AUTHOR</b>	Karen Finch
<b>TERMS OF REFERENCE</b>	GD 8.5

### 1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to present the annual report of the Audit, Risk and Scrutiny Committee to enable Members to provide comment on the data contained within.

### 2. RECOMMENDATION

That Committee:-

- 2.1 provide comments and observations on the data contained within the annual report; and
- 2.2 note the annual report of the Audit, Risk and Scrutiny Committee.

### 3. BACKGROUND

#### **Annual Reports on Committee Terms of Reference**

- 3.1 The annual committee effectiveness reports were introduced in 2018/19 following a recommendation from the Chartered Institute of Public Finance and Accountancy (CIPFA) as part of the Council's work towards securing that organisation's accreditation in governance excellence. The Terms of Reference set out that each Committee will review its own effectiveness against its Terms of Reference through the mechanism of the annual report.
- 3.2 The annual effectiveness reports were mentioned by CIPFA in their recent report which awarded the Mark of Excellence in Governance accreditation to Aberdeen City Council. CIPFA highlighted the implementation of the annual effectiveness reports as a matter of good practice in governance and were encouraged that, during consideration of the reports at Committee and Council, Members had made suggestions for improvements to the reports in future years.
- 3.3 As well as the CIPFA Accreditation, Committee Services also recently won SOLAR Administration Team of the Year 2020 in March 2020 in recognition of

the introduction of the annual committee effectiveness reports and the process which allows Committees to examine how they can improve the way they do business, while providing assurance that they are undertaking their role effectively.

- 3.3 Data from the annual effectiveness reports was used to inform the review of the Scheme of Governance, ensuring that Committee Terms of Reference were correctly aligned, and identifying any areas of the Terms of Reference which had not been used throughout the year in order that they could be reviewed and revised if necessary. The information from the effectiveness reports will also be used to feed into the Annual Governance Statement.
- 3.4 The reports provide a mechanism for each committee to annually review its effectiveness, including data on attendance, any late reports, referrals to Council and the number of times officer recommendations were amended, and to ensure that it is following its Terms of Reference.
- 3.4 Similarly, recording the sections of the Local Outcome Improvement Plan (LOIP) which apply to each report allows Members to be aware of the direct impact of any proposals before them on the LOIP, and gives a general overview at the end of each year of the number of reports which have had an impact on the LOIP outcomes. Officers also actively review the data gathered to ensure that it aligns to the Council's operating model and decisions taken by the Council throughout the year. This part of the annual report will be expanded for the next year of reporting to incorporate the changes to the outcomes section of the committee report template. That section now asks report authors to consider the implications of their report for the Council Delivery Plan, which incorporates the LOIP outcomes.
- 3.5 While the above is one section of the annual effectiveness report template which officers aim to amend for future reporting, any comments from Members on additional areas of data that should be considered would be welcomed to ensure that Members are presented with meaningful data.
- 3.6 The annual report for 2019/2020 is therefore appended for the Committee's consideration. Following consideration by the Committee, the report will be submitted to Council in December for noting.

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

- 4.1 There are no direct financial consequences 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

Category	Risk	Low (L) Medium (M) High (H)	Mitigation
Strategic Risk	N/A		
Compliance	N/A		
Operational	N/A		
Financial	N/A		
Reputational	N/A		
Environment / Climate	N/A		

## 7. OUTCOMES

There are no links to the Council Delivery Plan, however the committee effectiveness annual reports link to the Scheme of Governance, by ensuring that each committee is fulfilling its Terms of Reference.

## 8. IMPACT ASSESSMENTS

Assessment	Outcome
Impact Assessment	Full impact assessment not required
Data Protection Impact Assessment	Not required

## 9. BACKGROUND PAPERS

None.

## 10. APPENDICES

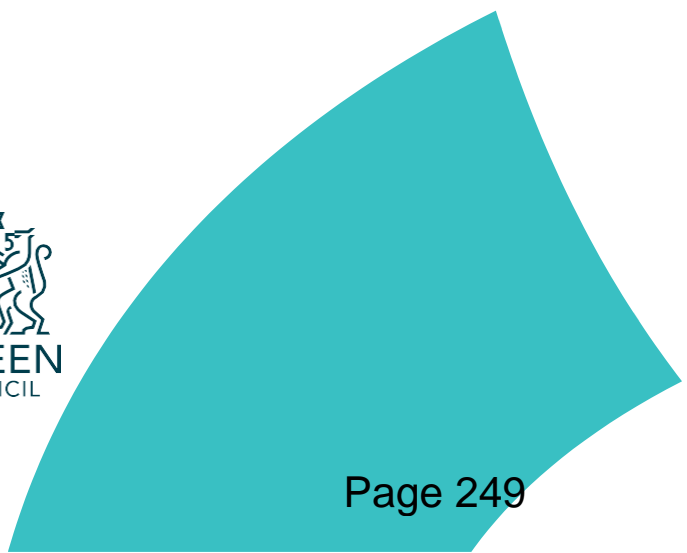
- 10.1 Audit, Risk and Scrutiny Committee Annual Effectiveness Report 1 April 2019 to 30 April 2020.

## 11. REPORT AUTHOR CONTACT DETAILS

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# Audit, Risk and Scrutiny Committee Annual Effectiveness Report, 1 April 2019 to 30 April 2020



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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 continued to take a constructive and collegiate approach to the way it conducts the business and look forward to building on that through the course of 2020-2021.
- 1.2 I would also like to take this opportunity to thank former Chief Internal Auditor David Hughes and former Convener Stephen Flynn for their service to the committee.



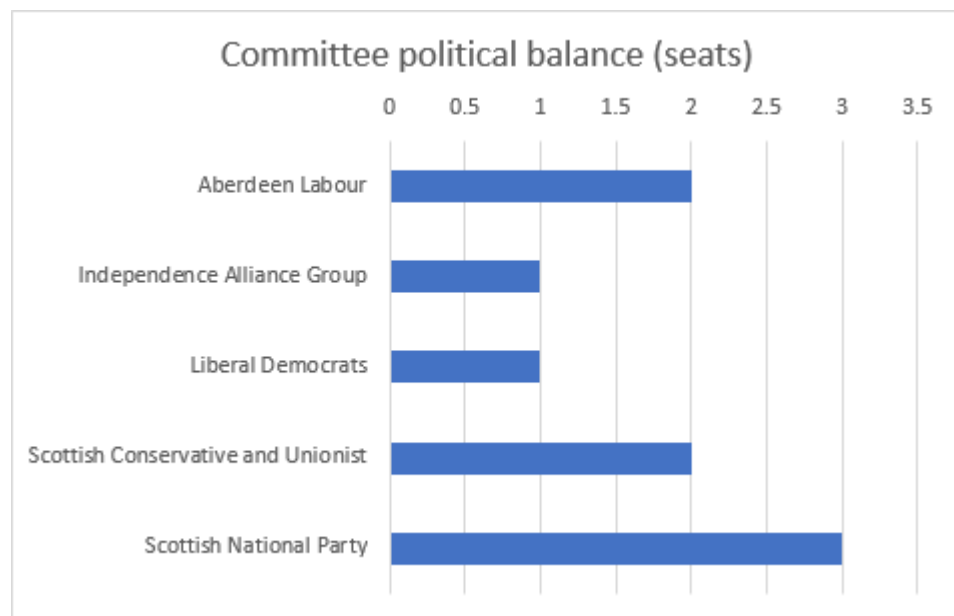
**Councillor Ian Yuill**  
Vice Convener, Audit, Risk and Scrutiny Committee

## 2 THE ROLE OF THE COMMITTEE

- 2.1 The role 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.
- 2.2 The Terms of Reference for the Committee as approved by Council on 4 March 2019 that applied to the committee's business during 2019/2020 are appended to the report.

## 3 MEMBERSHIP OF THE COMMITTEE DURING 2019/2020

- 3.1 **The Audit, Risk and Scrutiny Committee has 9 Elected Members.**



## 4 MEMBERSHIP CHANGES

- 4.1 Councillor Flynn was the Convener of the Committee until he was appointed as an MP for Aberdeen South in December 2019.
- 4.2 Councillor Allard was replaced on the Committee by Councillor Jackie Dunbar in June 2019.
- 4.3 Councillor Townson was replaced by Councillor Mennie in December 2019.
- 4.4 Councillor Flynn was replaced by Councillor Alex Nicoll in February 2020.



## 5 MEMBER ATTENDANCE

Member	Total Anticipated Attendances	Total Attendances	Nominated Substitute
Stephen Flynn	4	4	
Ian Yuill	5	5	
Christian Allard	1	1	
Jackie Dunbar	4	3	Neil Copland
Sarah Duncan	5	4	Yvonne Allan
Gordon Graham	5	3	Yvonne Allan, Alan Donnelly
Douglas Lumsden	5	4	Philip Bell
Avril MacKenzie	5	4	Ryan Houghton
Jessica Mennie	2	2	
John Reynolds	5	2	John Wheeler (2), Ryan Houghton
Gordon Townson	3	3	
Alex Nicoll	1	1	

## 6 MEETING CONTENT

6.1 During the 2019/2020 reporting period (29 April 2019 to 30 April 2020), the Committee had 5 meetings and considered a total of 58 reports.

### 6.2 Terms of Reference

Of the 58 reports received the following table details how the reports aligned to the Terms of Reference for the Committee.

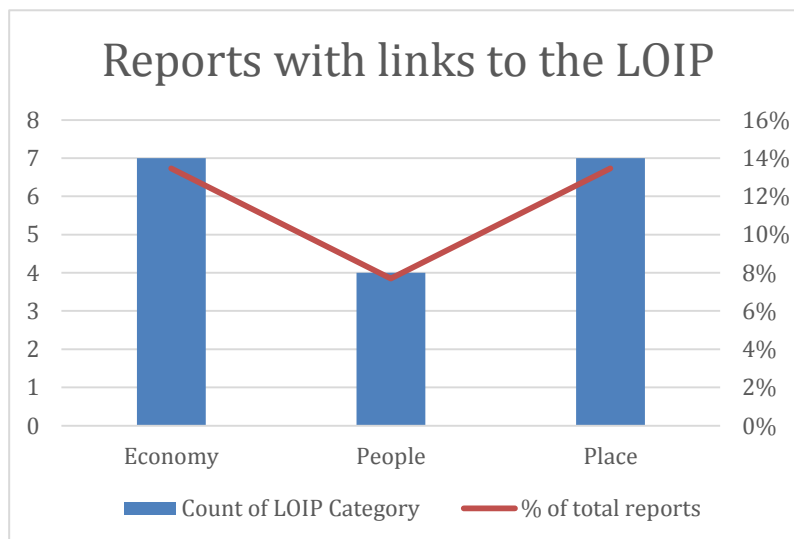
Terms of Reference	Count of Terms of Reference
General Delegations to Committees 7.5	1
Purpose of Committee 1.1	1
Purpose of Committee 1.2	1
Remit of Committee 1.1	2
Remit of Committee 1.2	2
Remit of Committee 1.3	3
Remit of Committee 1.4	1
Remit of Committee 1.5	1
Remit of Committee 2.1	1
Remit of Committee 2.2	25
Remit of Committee 2.3	8
Remit of Committee 2.4	7
Remit of Committee 3.1	3
Remit of Committee 3.3	1

Remit of Committee 4.1	2
Remit of Committee 4.2	1
Remit of Committee 5.2	5
Remit of Committee 6.4	1
Remit of Committee 6.9	4

- 6.3 Most of the reports considered related to remit 2.2, consider reports issued by the Internal Auditor.
- 6.4 The majority of the sections of the Committee’s Terms of Reference were discharged throughout the course of the reporting period. This would indicate that the Committee has discharged its role as determined by Council.
- 6.5 In relation to Terms of Reference 3.2, 3.4, 6.5 and 6.7 whilst these weren't explicitly listed in the reports, the subject matter related to them but it was felt that the specific Term of Reference used on the reports was the most appropriate.
- 6.6 There have been no reports under remits 5.1, 6.1,6.2, 6.3, 6.6 and 6,8 as there was no cause to report on these.

**6.7 Local Outcome Improvement Plan (LOIP)**

The following table details of the 58 reports how many had a link to the themes of the Local Outcome Improvement Plan.



**6.8 Reports and Committee Decisions**

The following table details the outcome of the Committee’s consideration of the 58 reports presented to it throughout the year.

Terms of Reference	Total	% Total Reports
Confidential	1	2%
Exempt	1	2%

Number of reports where the Committee has amended officer recommendations	0	0%
Number and percentage of reports approved unanimously	58	100%
Number of reports or service updates requested by members during the consideration of another report to provide additional assurance and not in forward planner	1	2%
Service update requested	0	0%
Number of decisions delayed for further information	0	0%
Number of times the Convener has had to remind Members about acceptable behaviour and the ethical values of Public Life	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%
Number of referrals to Council, or other Committees in terms of Standing Order 33.1	0	0%

#### 6.9 Notices of Motion, Suspension of Standing Orders, Interface with the Public

Number of notices of motion	0
Number of times Standing Orders were suspended and the specific Standing Orders suspended	0
Standing order number (ref)	0
Number of deputations or other indicators of interface with the public, i.e. engagement and social media.	0
Number of petitions considered	0
Number of Members attending meetings of the committee as observers	12
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	0

## 7 TRAINING REQUIREMENTS

7.1 During 2019/2020 the Audit, Risk and Scrutiny Committee received a training

session presented by the Chief Officer – Governance, Assurance Manager and the Corporate Risk Lead. The training incorporated the assurance cycle, risk management, the ‘three lines of defence’ model and questioning techniques. There was also discussion on the proposed approach to developing a risk appetite for the Council.

- 7.2 Other relevant training available to members of the committee during the year included training on the Councillors’ Code of Conduct, Effective Decision Making, ‘paper-light’ meetings. These training opportunities were designed to help members carry out their roles at committee meetings.

## 8 CODE OF CONDUCT – DECLARATIONS OF INTEREST

- 8.1 Three declarations of interest were made by Councillor’s during the reporting period. Information in respect of declarations of interest is measured 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’s focus is on the risks to the institution rather than focus on the risks to the place of Aberdeen. Nonetheless, it has worked in partnership with outside bodies such as the Council’s Arm’s Length External Organisations (ALEOs) through the ALEO Assurance Hub and external audit.

## 10 OFFICER SUPPORT TO THE COMMITTEE

Officer	Total Anticipated Attendances	Total Attendances	Substitute Attendances
Chief Officer - Governance	5	5	
Director of Resources	5	5	
Chief Internal Auditor	5	4	1
External Auditor	5	4	

## 11 EXECUTIVE LEAD’S COMMENTS

- 11.1 At the heart of the Council’s success is the maintenance of robust governance and an effective control environment. A key responsibility of the Audit, Risk and Scrutiny committee is to ensure that the organisation’s governance arrangements remain effective and adhered to.
- 11.2 As part of the Council’s aspiration to deliver the CIPFA Governance Mark of Excellence, the Council introduced a system of annual reports for each committee. The first reports were published for the 2018/2019 term and help to provide assurance to Full Council and relevant third parties on the effectiveness of the Council’s political governance arrangements. The system of annual reporting also helps to inform the Council’s Annual Governance Statement (which forms part of the Council’s Annual Accounts) and annual reviews of the Council’s Scheme of Governance.

- 11.3** During 2019/2020, the Council achieved the CIPFA Governance Mark of Excellence. It was the first authority in Scotland to achieve this award. External Audit commented that the Council exhibits strong and effective governance. It noted that members robustly challenged and scrutinised management with a clear focus on governance and the communities and citizens members represent.
- 11.4** The committee appears to be working well, noting that:
- no decisions required to be delayed;
  - all reports were approved unanimously; and
  - the vast majority of reports were considered in public with only two not considered in public (same position as 2018/2019).
- 11.5** The total number of recommendations made by the Council's internal audit team rose as follows:
- 2016-17: 340;
  - 2017-18: 274;
  - 2018-19: 159; and
  - 2019-20: 218.
- 11.6** The total number of outstanding recommendations increased slightly as follows:
- Feb 2018: 45
  - March 2019: 17
  - March 2020: 67
- 11.7** With an increased number of internal audit recommendations, it may have been expected that the number of outstanding recommendations would increase likewise. It is also likely that the impact of the emerging pandemic during March 2020 will have had an impact on the completion of internal audit recommendations. Nonetheless, it is important to ensure that where recommendations have been approved by management, that they are addressed on time. During the early part of 2020, the Extended Corporate Management Team began to monitor the outstanding recommendations monthly and this should facilitate further accountability.

## 12 NEXT YEAR'S FOCUS

- 12.1** The impact of the Covid-19 pandemic has had an impact on the Council's governance arrangements and control environment. This includes delays to planned audit activity and inspections that were due to be carried out by the relevant regulatory bodies. Arrangements were put in place to ensure that the Council was able to manage effectively new risks to the organisation brought about by the pandemic as well as pre-existing risks. The re-introduction of the Audit, Risk and Scrutiny committee meetings from October will help to facilitate the necessary scrutiny of the Council's governance arrangements and associated control environment.
- 12.2** The pandemic has significantly affected the committee's business planner. During the course of 2020/21, meetings of the Audit, Risk and Scrutiny

Committee were cancelled in order to prioritise the response to the pandemic. Reports due to go to the committee were deferred or reported to the Urgent Business Committee (UBC). The UBC, for example, considered the annual accounts and external audit's annual report. The Urgent Business Committee also agreed to make changes to the Internal Audit Plan for 2020/21 in May to reflect the significant changes to the Council's risk profile. These changes enabled Internal Audit to maintain a risk-based approach to its work.

- 12.3** During 2020/21, the committee's business planner will be reset to reflect in the impact of Covid-19. This will account for an anticipated increase in the number of internal audit reports that are delayed. It is also anticipated that there will be an increase in the number of outstanding audit recommendations. This reflects the fact that the Council's resources are being prioritised to address higher risks created by the pandemic compared to some lower risks associated with Internal Audit's recommendations. Nonetheless, the coordinated attempt will be taken by the Extended Corporate Management Team to drive accountability and performance so far as possible.

## Appendix 1

## Audit Risk and Scrutiny Committee Terms of Reference Approved by Council on 4 March 2019

### PURPOSE OF COMMITTEE

1. To ensure 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.

### REMIT OF COMMITTEE

1. **Risk Management**  
The Committee will ensure the effectiveness of the Council's risk management system and 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;
  - 1.4 receive reports to provide assurance on the Council's information governance; and
  - 1.5 approve all relevant policies.
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;
  - 3.3 receive reports from the Local Area Network; and
  - 3.4 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 ensure the effectiveness of the Council's compliance with its statutory obligations relating to surveillance, information governance, bribery, corruption and fraud, including the approval of all relevant policies.

## 6. Scrutiny

The Committee will:

- 6.1 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;
- 6.2 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 and will only review the effectiveness of decision making or monitoring and may make recommendations to the relevant committee or Council;
- 6.3 on occasion, where appropriate 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 monitor the Council's continued commitment and adherence to the key elements of good governance and approve such action as is appropriate;
- 6.5 monitor the implementation of the Council's ALEO Assurance Framework and approve such action as is appropriate;
- 6.6 approve and monitor 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 systems 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



