

Public Document Pack



To: Councillor Alex Nicoll, Convener; Councillor Yuill, Vice-Convener; and Councillors Allard, Duncan, Graham, MacKenzie, Mason, Mennie and Reynolds.

Town House,
ABERDEEN 21 September 2021

AUDIT, RISK AND SCRUTINY COMMITTEE

The Members of the **AUDIT, RISK AND SCRUTINY COMMITTEE** are requested to meet in **Council Chamber - Town House** on **WEDNESDAY, 29 SEPTEMBER 2021 at 2.00 pm.**

FRASER BELL
CHIEF OFFICER - GOVERNANCE

BUSINESS

NOTIFICATION OF URGENT BUSINESS

1.1 There are no items of urgent business at this time

DETERMINATION OF EXEMPT BUSINESS

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

DECLARATIONS OF INTEREST

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

DEPUTATIONS

4.1 There are no requests at this time

MINUTE OF PREVIOUS MEETING

- 5.1 Minute of Previous Meeting of 30 June 2021 (Pages 7 - 12)

COMMITTEE PLANNER

- 6.1 Committee Business Planner (Pages 13 - 20)

NOTICES OF MOTION

- 7.1 There are none at this time

COMMITTEE BUSINESS

Risk Management

- 8.1 ALEO Assurance Hub - COM/21/220 (Pages 21 - 48)
- 8.2 Information Governance Annual Report - CUS/21/180 (Pages 49 - 64)

Internal Audit

- 8.3 Internal Audit Progress Report - IA/21/008 (Pages 65 - 84)
- 8.4 Internal Audit - Follow up on Recommendations - IA/21/009 (Pages 85 - 106)
- 8.5 Internal Audit Reporting - Proposed New Format - IA/21/010 (Pages 107 - 126)
- 8.6 Vehicle Replacement Policy and Procurement - IA/AC/2116 (Pages 127 - 136)
- 8.7 Housing - Waiting List and Allocations - IA/AC/2117 (Pages 137 - 150)
- 8.8 Health and Safety - Operations and Protective Services - IA/AC/2113 (Pages 151 - 166)
- 8.9 Timesheets and Allowances - IA/AC/2114 (Pages 167 - 180)
- 8.10 Bon Accord Care Budget Monitoring - IA/AC/2110 (Pages 181 - 192)

Legal Obligations

8.11 RIPSA Quarter 3 Report - COM/21/215 (Pages 193 - 198)

Scrutiny

8.12 Union Terrace Gardens - Removal of Materials - COM/21/221 (Pages 199 - 214)

EXEMPT/CONFIDENTIAL BUSINESS

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

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

Website Address: 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

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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 xxx, 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, 30 June 2021. Minute of Meeting of the AUDIT, RISK AND SCRUTINY COMMITTEE. Present:- Councillor Alex Nicoll, Convener; Councillor Yuill, Vice-Convener; and Councillors Allard, Duncan, Graham, MacKenzie, Mason, Mennie and Reynolds.

The agenda and reports associated with this minute can be found [here](#).

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.

NOTIFICATION OF URGENT BUSINESS

1 In terms of Section 50B(4)(b) of the Local Government (Scotland) Act 1973, the Committee was informed that the Convener had accepted two reports onto the agenda and that they had to determine whether they would discuss them today and make decisions on the items.

The Committee resolved:-

to agree that (1) the External Audit Annual Report (8.6) was of an urgent nature and required to be considered this day to enable members to consider the report along with the annual accounts; and (2) the Audited Annual Accounts 2020/21 (8.7) was of an urgent nature and required to be considered this day to provide assurance on the Council's financial management ahead of the first quarterly reporting of the new financial year, to provide certainty and assurance to the Council.

DECLARATIONS OF INTEREST

2 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 12 MAY 2021

3 The Committee had before it the minute of its previous meeting of 12 May 2021.

The Committee resolved:-

to approve the minute as a correct record.

AUDIT, RISK AND SCRUTINY COMMITTEE

30 June 2021

COMMITTEE BUSINESS PLANNER

4 The Committee had before it the Committee Business Planner as prepared by the Chief Officer – Governance.

The Committee resolved:-

- (i) to note that item 6 (Best Value Audit) would be submitted to Full Council in August 2021;
- (ii) to note that items 11 (IT Infrastructure Systems) and 12 (Licensing Income), had been deferred until September 2021;
- (iii) in relation to item 13 (Ripsa Quarterly report) to note that the Chief Officer – Governance would circulate by email an update as to whether any requests for surveillance had been made during quarter 2;
- (iv) to note that item 16 (Bon Accord Care – Budget Monitoring), had been deferred and would be presented to Bon Accord Care prior to the report being presented to this Committee in September 2021;
- (v) to note that item 82 (Marchburn Park) would be updated and that a report was expected in September 2021;
- (vi) to note that there was no date available for item 83 (School/Pupil Security) and that the Internal Auditor would continue to work with the cluster to progress the report; and
- (vii) to otherwise note the content of the business planner.

INTERNAL AUDIT PROGRESS REPORT - IA/21/04

5 With reference to article 6 of the minute of its previous meeting, the Committee had before it a report by the Interim Chief Internal Auditor which advised on progress against the approved 2019/20 and 2020/21 Internal Audit Plans.

The report recommended:-

That the Committee reviews, discusses and comments on the issues raised within the report and appendices A and B.

The Committee resolved:-

- (i) to note that a review into the current Internal Audit Plan would be submitted to the next meeting of this Committee; and
- (ii) to otherwise note the content of the report.

INTERNAL AUDIT FOLLOW UP ON AGREED RECOMMENDATIONS - IA/21/05

6 With reference to article 7 of the minute of its previous meeting, the Committee had before it a report by the Interim Chief Internal Auditor which advised on the progress made by Services with implementing the recommendations that had been agreed in Internal Audit reports.

AUDIT, RISK AND SCRUTINY COMMITTEE

30 June 2021

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 relating to whether a report on the actions completed could be provided, the Interim Chief Internal Auditor advised that when actions were due, he relied on officers advising whether they had been completed and that he followed up on those items prior to the next Committee meeting therefore the information contained in this report was the most up to date position.

The Committee resolved:-

- (i) in response to a question as to whether a report on the actions completed could be submitted, to note that the Chief Officer – Finance would circulate by email an update in relation to all reports assigned to Finance;
- (ii) to note the update provided by the Interim Chief Internal Auditor in relation to when he received updates on outstanding audit recommendations; and
- (iii) to otherwise note the content of the report.

CLIMATE CHANGE - IA/AC2109

7 The Committee had before it a report by the Interim Chief Internal Auditor which presented an audit in relation to Climate Change which was undertaken to provide assurance that the Council was taking appropriate measures to comply with its statutory obligations in addressing climate change and that progress was being monitored.

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 relating to whether the mapping was complete across the Council for the allocation of carbon emission budgets to selected Council Functions, the Chief Officer – Strategic Place Planning advised that this was a complicated area that required the right approach to achieve the targets within the resources available and that the oversight group were monitoring the situation.

The Committee resolved:-

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

AUDIT, RISK AND SCRUTINY COMMITTEE

30 June 2021

FINANCIAL SUSTAINABILITY - IA/AC2104

8 The Committee had before it a report by the Interim Chief Internal Auditor which presented an audit in relation to Financial Sustainability which was undertaken to provide assurance that the Controls and Assurance Actions were operating as expected in ensuring that the identified risk was adequately mitigated.

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 relating to whether this audit was to ensure that everything was done correctly rather than the profile of the risk, the Interim Chief Internal Auditor advised that yes it was to ensure that the correct actions and mitigations were in place against the risks identified.

In response to a question relating to whether there was a danger in the process of the Council being risk adverse, the Chief Officer – Finance advised that the Risk Appetite Statement was one element of how the Council measured risks and showed that the Council were open to risks as defined in the Risk Appetite Statement.

In response to a question relating to risk registers and whether all risks were managed and reported, the Chief Officer – Governance advised that there was a good system in place to monitor the risks including the Risk Board to monitor corporate risks, risk managers monitored risks within their clusters and the system of risk was reported to this Committee on an annual basis.

The Committee resolved:-

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

TEACHERS PAYROLL - IA/AC2115

9 The Committee had before it a report by the Interim Chief Internal Auditor which presented an audit in relation to Teacher's Payroll which was undertaken to provide assurance that all aspects of payroll administration were adequately controlled and that payment was being made accurately to bona fide employees, covering new starts, changes of circumstance, and leavers along with the payment of additional hours and allowances.

The report recommended:

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

AUDIT, RISK AND SCRUTINY COMMITTEE

30 June 2021

The Committee resolved:-

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

EXTERNAL AUDIT ANNUAL REPORT

10 The Committee had before it a report by KPMG, External Auditor which presented their draft annual external audit report and summarised their audit opinions and conclusions on significant issues arising from the audit of the Council's 2020/21 annual accounts and for registered charities.

The Committee resolved:-

- (i) to thank officers and external audit for the work undertaken in relation to the audit of the annual accounts; and
- (ii) to otherwise note the content of the report.

AUDITED ANNUAL ACCOUNTS 2020/21 - RES/21/160

11 The Committee had before it a report by the Director of Resources which provided an overview of the Council's 2020/21 audited Annual Accounts and the registered charities where the Council was the sole trustee and is subject to statutory requirements for separate accounts and audit opinions.

The report recommended:-

That the Committee –

- (a) approve the Council's audited Annual Accounts for the financial year 2020/21 as presented, subject to the final amendments being agreed with external auditors as highlighted in their report, following consultation with the Chief Executive and five political group leaders; and
- (b) approve the audited Annual Accounts 2020/21, as stated at paragraph 2.1, for those registered charities where the Council is the sole trustee and nominate a trustee to sign the accounts.

In response to a question relating to the separation of risk from Brexit and Covid-19, the Chief Officer – Finance advised that the risk was based on the views from the Economic Panel and Moody's and that they had not provided these as separate risks to be able to separate them.

The Committee resolved:-

- (i) to agree that the Convener of the City Growth and Resources Committee sign the registered charities accounts on behalf of the Trustees;
- (ii) to congratulate staff on the preparation and presentation of the annual accounts which was done in a timeous and professional manner; and
- (iii) to otherwise approve the recommendations contained within the report.

AUDIT, RISK AND SCRUTINY COMMITTEE

30 June 2021

SPSO DECISIONS, INSPECTOR OF CREMATORIA COMPLAINT DECISIONS - CUS/21/136

12 With reference to article 14 of the minute of its meeting of 24 February 2021, the Committee had before it a report by the Director of Customer Services which provided information on all Scottish Public Services Ombudsman (SPSO) and Inspector of Cremations decisions made in relation to Aberdeen City Council since the last report to this Committee, 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.

	A	B	C	D	E	F	G	H	I
1	AUDIT, RISK & SCRUTINY COMMITTEE BUSINESS PLANNER The Business Planner details the reports which have been instructed by the Committee as well as reports which the Functions expect to be submitting for the calendar year.								
2	Report Title	Minute Reference/Committee Decision or Purpose of Report	Update	Report Author	Chief Officer	Directorate	Terms of Reference	Delayed or Recommended for removal or transfer, enter either D, R, or T	Explanation if delayed, removed or transferred
3	29 September 2021								
4	Internal Audit Progress Report	To provide an update on progress for the 2020/21 and 2021/22 audits	a report is on the agenda	Colin Harvey	Governance	Commissioning	2.2		
5	Internal Audit Follow Up on Recommendations	To provide an update on where Services are with implementing agreed recommendations	a report is on the agenda	Colin Harvey	Governance	Commissioning	2.3		
6	Internal Audit - Update on the 2021/22 Internal Audit Plan	To reaffirm the plan for the remainder of the year or to consider any proposals to amend the plan based on the risk to the organisation at that point.		Colin Harvey	Governance	Commissioning	2.2	R	This report will be combined with the Internal Audit Progress Report (item 4 on the planner)
7	Internal Audit Reporting - Proposed New Format	to present an updated format for advising the Committee of progress made by Services with implementing recommendations that have been agreed in Internal Audit reports.	a report is on the agenda	Colin Harvey	Governance	Commissioning	2.3		
8	RIPSA Quarterly Report	to present the quarterly Ripsa report	A report is on the agenda.	Jess Anderson	Governance	Commissioning	5.2		
9	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	R	There aren't any SPSO decisions to report since the last Committee cycle.
10	ALEO Assurance Hub	to present the findings from the latest ALEO Assurance Hub meeting.	a report is on the agenda	Vikki Cuthbert	Governance	Commissioning	1.2		
11	Corporate Risk Register and Assurance Maps	to present the Corporate Risk Register and the Assurance Maps		Ronnie McKean	Governance	Commissioning	1.1	D	So that these items can presented at the same time as other relevant reports including, Internal Audit Plan, ALEO Assurance Hub Plan, External Audit Strategy, report to be presented in February 2022.
12	Information Governance Annual Report	to present the annual report for the Council's Information Governance	A report is on the agenda	Caroline Anderson	Data Insights	Customer	1.3		

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13	Bon Accord Care - Budget Monitoring	To provide assurance over Bon Accord Care's budget monitoring procedures including monitoring of savings programme.	a report is on the agenda	Colin Harvey	Governance	Commissioning	2.2		
14	IT Infrastructure Systems	To obtain assurance over the procurement and adequacy of the Council's IT Infrastructure Systems		Colin Harvey	Governance	Commissioning	2.2	D	The audit was temporarily suspended pending the new CO – Digital & Technology commencing in post. The audit programme remains under discussion with the CO - Digital and Technology. Report expected in December 2021.
15	Licensing Income	To provide assurance over controlling income from the processes in place for licensing applications		Colin Harvey	Governance	Commissioning	2.2	D	System access delayed due to service requirement. Report expected in December 2021.
16	Financial System Interfaces and Reconciliations	To obtain assurance that appropriate checks and balances are in place to confirm the accuracy of information transferred into the financial system.		Colin Harvey	Governance	Commissioning	2.2	D	Audit was delayed due to Service and Internal Auditor availability. Report expected in December 2021.
17	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.	a report is on the agenda	Colin Harvey	Governance	Commissioning	2.2		
18	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	Commissioning	2.2	D	The assigned auditor had sickness absences which have delayed progress. Report expected in December 2021.
19	Timesheets and Allowances	To provide assurance that payments are accurate and justified and that improvements recommended in previous reviews have been fully implemented.	a report is on the agenda	Colin Harvey	Governance	Commissioning	2.2		
20	Housing - Waiting List and Allocations	To provide assurance that the Housing Waiting List is maintained efficiently and allocations are made in accordance with policy.	a report is on the agenda	Colin Harvey	Governance	Commissioning	2.2		
21	Health and Safety - Operations and Protective Services	to provide assurance that appropriate processes are being employed in managing health and safety within the Cluster.	a report is on the agenda	Colin Harvey	Governance	Commissioning	2.2		

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22	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	Commissioning	2.2	D	The lead officer has been absent and the audit could not be concluded. Report expected in December 2021.
23	Commissioning	Review of plans and progress with implementation of the Council's Strategic Commissioning Approach set out in the Council Delivery Plan		Colin Harvey	Governance	Commissioning	2.2	D	Due to Internal Audit resource issues, the audit was delayed. Work has commenced on this audit. Report expected in December 2021.
24	Children with Disabilities - Contracts and Direct Payments	To obtain assurance that care is being arranged and paid for in accordance with procedure to secure best value outcomes.		Colin Harvey	Governance	Commissioning	2.2	D	Due to Internal Audit resource issues, the audit was delayed. Work has commenced on this audit. Report expected in February 2022.
25	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	Commissioning	2.2	D	Due to Internal Audit resource issues, the audit was delayed. Work has commenced on this audit. Report expected in February 2022.

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26	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."	<u>Audit, Risk and Scrutiny 30 April</u> 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	D	The remedial works are ongoing with further contractual work required. The timescales will not allow a report this cycle therefore it is expected to report to the December meeting.
27	Union Terrace Gardens Development	Council 21 June 2021, article 16 - Urgent Notice of Motion - Union Terrace Gardens Agrees following the conclusion of Police Scotland's investigation, to instruct the Chief Officer - Capital and Chief Officer – Governance to bring a report to the next meeting of the Audit, Risk and Scrutiny Committee detailing the events relating to the removal of granite and other items from the UTG site to a private residence, as well as providing details of Elected Member(s) involvement with any of the parties involved in the removal of granite from UTG before the granite was removed from the private residence on the instructions of the main contractor, and to provide the Committee with a full audit of all the granite and other items removed from UTG to ensure that the main contractor can provide Council with a guarantee that all granite and other items from Union Terrace Gardens can be accounted for.	a report is on the agenda	Fraser Bell John Wilson	Governance Capital	Commissioning Resources	6.2		
28	2 December 2021								
29	Internal Audit Progress Report	To provide an update on progress for the 2020/21 and 2021/22 audits		Colin Harvey	Governance	Commissioning	2.2		

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30	Internal Audit Follow Up on Recommendations	To provide an update on where Services are with implementing agreed recommendations		Colin Harvey	Governance	Commissioning	2.3		
31	RIPSA Quarterly Report	to present the quarterly Ripsa report		Jess Anderson	Governance	Commissioning	5.2		
32	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		
33	Annual Accounts Key Dates	to advise on the key reporting dates for the annual accounts for 2021/22.		Lesley Fullerton	Finance	Resources	4.1		
34	The Recruitment Process	To obtain assurance over adherence to the recruitment process, including pre-employment checks and document retention.		Colin Harvey	Governance	Commissioning	2.2	D	Report expected in February 2022 due to delays with other audits.
35	Attendance Management	To obtain assurance over compliance with corporate policy and determine whether the Council's absence improvement plan is having a positive impact on attendance.		Colin Harvey	Governance	Commissioning	2.2	D	In March 2020 all employee relations processes were suspended due to the pandemic, some casework was recommenced in October 2020 but a return to business as usual only recommenced in April 2021. The Service has requested that audit fieldwork be deferred until January 2022 by when there should be a period of greater normalisation from which to assess. Report expected in June 2022
36	Revenue Budget Monitoring	To ensure that robust procedures are in place for monitoring the revenue budget.		Colin Harvey	Governance	Commissioning	2.2		
37	Care Establishments Financial Administration	To obtain Assurance over financial administration including payroll, timesheets and purchasing.		Colin Harvey	Governance	Commissioning	2.2		
38	22 February 2022								
39	Internal Audit Progress Report	To provide an update on progress for the 2020/21 and 2021/22 audits		Colin Harvey	Governance	Commissioning	2.2		
40	Internal Audit Follow Up on Recommendations	To provide an update on where Services are with implementing agreed recommendations		Colin Harvey	Governance	Commissioning	2.3		
41	Internal Audit Plan 2022/23	to present the Internal Audit Plan for 2022/23		Colin Harvey	Governance	Commissioning	2.1		
42	External Audit Strategy	to present the external audit strategy		Michael Wilkie	Governance	Commissioning	3.1		

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43	RIPSA Annual Report	to present the annual Ripsa report		Jess Anderson	Governance	Commissioning	5.2		
44	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		
45	Recovery Arrangements for Sundry Debt	To ensure that procedures for recovering debts are adequate, efficient and consistently applied		Colin Harvey	Governance	Commissioning	2.2		
46	Transport Arrangements for Education and Social Care	To obtain assurance over procurement, provision and management of transport for educational and social care needs.		Colin Harvey	Governance	Commissioning	2.2		
47	Grant Funding to External Organisation	To obtain assurance that grant payments to external organisations during financial year 2021/22 comply with the Council's policy and procedure, including the Following the Public Pound Code of Practice		Colin Harvey	Governance	Commissioning	2.2		
48	Council Owned Land and Property	To review systems and procedures in place for ensuring that the Council has surety over the Land and Buildings it owns, including title.		Colin Harvey	Governance	Commissioning	2.2		
49	Health and Social Care Transformation	To provide assurance that the JCB is continuing to make progress with delivery of its transformation agenda.		Colin Harvey	Governance	Commissioning	2.2		
50	Pensions System	To consider whether appropriate control is being exercised over the system used to administer the Fund, including access, contingency planning and disaster recovery, data input and that interfaces to and from other systems are accurate and properly controlled.		Colin Harvey	Governance	Commissioning	2.2		

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51	School/Pupil Security	to provide assurance that the Council had adequate arrangements regarding school security.		Colin Harvey	Governance	Commissioning	2.2		
52	30 June 2022								
53	Internal Audit Progress Report	To provide an update on progress for the 2020/21 and 2021/22 audits		Colin Harvey	Governance	Commissioning	2.2		
54	Internal Audit Follow Up on Recommendations	To provide an update on where Services are with implementing agreed recommendations		Colin Harvey	Governance	Commissioning	2.3		
55	RIPSA Quarterly Report	to present the quarterly RipSA report		Jess Anderson	Governance	Commissioning	5.2		
56	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		
57	Payroll and HR System Amendments	To obtain assurance over the accuracy and completeness of the payroll as a result of changes to the workforce		Colin Harvey	Governance	Commissioning	2.2		
58	Internal Movement of Staff, relief staff and agency workers	To obtain assurance over adherence to procedures for internal movement of staff, use of relief pool staff and agency worker engagement procedures.		Colin Harvey	Governance	Commissioning	2.2		
59	Inspections, Aids and Adaptions	To ensure that adequate control is being exercised over income and expenditure		Colin Harvey	Governance	Commissioning	2.2		
60	Financial Administration - Waste	To obtain assurance over financial administration including payroll, timesheets and purchasing.		Colin Harvey	Governance	Commissioning	2.2		
61	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.		Colin Harvey	Governance	Commissioning	2.2		
62	Care Management Recording and Transactions	To obtain assurance over coordination, recording and payment for care services.		Colin Harvey	Governance	Commissioning	2.2		
63	27 September 2022								

	A	B	C	D	E	F	G	H	I
1	AUDIT, RISK & SCRUTINY COMMITTEE BUSINESS PLANNER The Business Planner details the reports which have been instructed by the Committee as well as reports which the Functions expect to be submitting for the calendar year.								
2	Report Title	Minute Reference/Committee Decision or Purpose of Report	Update	Report Author	Chief Officer	Directorate	Terms of Reference	Delayed or Recommended for removal or transfer, enter either D, R, or T	Explanation if delayed, removed or transferred
64	Internal Audit Progress Report	To provide an update on progress for the 2020/21 and 2021/22 audits		Colin Harvey	Governance	Commissioning	2.2		
65	Internal Audit Follow Up on Recommendations	To provide an update on where Services are with implementing agreed recommendations		Colin Harvey	Governance	Commissioning	2.3		
66	RIPSA Quarterly Report	to present the quarterly Ripsa report		Jess Anderson	Governance	Commissioning	5.2		
67	Information Governance Annual Report	to present the annual report for the Council's Information Governance		Caroline Anderson	Business Intelligence and Performance Management	Commissioning	1.3		
68	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		
69	13 December 2022								
70	Internal Audit Progress Report	To provide an update on progress for the 2020/21 and 2021/22 audits		Colin Harvey	Governance	Commissioning	2.2		
71	Internal Audit Follow Up on Recommendations	To provide an update on where Services are with implementing agreed recommendations		Colin Harvey	Governance	Commissioning	2.3		
72	RIPSA Quarterly Report	to present the quarterly Ripsa report		Jess Anderson	Governance	Commissioning	5.2		
73	SPSO Decisions, Inspector of Crematoria Complaint Decisions	In order to provide assurance to Committee that complaints and Scottish Welfare Fund applications are being handled appropriately, this report provides information on all Scottish Public Services Ombudsman (SPSO) and Inspector of Crematoria decisions made in relation to Aberdeen City Council since the last reporting cycle.		Lucy McKenzie	Customer Experience	Customer	6.4		
74	TBC								

ABERDEEN CITY COUNCIL

COMMITTEE	Audit, Risk and Scrutiny
DATE	29 September 2021
REPORT TITLE	ALEO Assurance Hub
REPORT NUMBER	GOV-21-220
CHIEF OFFICER	Fraser Bell
REPORT AUTHOR	Vikki Cuthbert
TERMS OF REFERENCE	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; and
- 2.2 Notes that Assurance Hub officers and ALEO Service Leads will discuss any outstanding issues identified in the appendices and identified at the Audit, Risk and Scrutiny Committee with ALEO representatives, with a view to further improving the assessment ratings at the next Hub meeting.

3. BACKGROUND

- 3.1 The report provides an overview of the ALEO Assurance Hub's most recent cycle of scrutiny following the Committee's endorsement of an oversight approach which balanced the Council's need for assurance with an ALEO's right to govern itself as an independent entity.
- 3.2 The Hub continues to adopt a proportionate and risk-based approach and receives assurance from ALEOs through exception reporting which allows it to assess the level of ALEO risk to the Council. The reporting is based on the degree of assurance provided on each ALEO's financial management; risk management and governance arrangements.
- 3.3 The Hub met in August and identified the following key assurance areas, in accordance with the workplan previously reported to the Committee:-

Governance

1. Assurance that the organisation has adequate workforce and succession planning arrangements in place.
2. Assurance on training and development of Board members and workforce to align the needs of the organisation to skillset.
3. Follow ups to some gaps identified at the last meeting were also sought:
Bon Accord Care – update on the Scheme of Governance audit plan.
Aberdeen Sports Village – Arrangements within governance documentation for delegated authority in the event of an emergency.
Aberdeen Heat and Power – Arrangements within governance documentation for delegated authority in the event of an emergency.

Finance

1. Assurance that accounts are being managed within budget and the level of financial risk to the Council is low, through quarterly trading accounts.
2. Assurance that ALEOs have prepared a medium-term financial plan or had incorporated medium term planning into a Business Plan to provide assurance that ALEOs are prepared for core funding pressures.
3. Assurance that accounts are being managed within budget, are in line with statutory requirements and that the level of financial risk to the Council is low, through presentation of audited annual accounts for 2019-20 and draft accounts for 2020-21.
4. Evidence that ALEOs have a strategy in place to meet the short to medium term effects of Covid and EU Exit as they affect financial risk.

Risk and Resilience

1. Risk register and evidence that it has been reviewed and updated. If EU Exit risks have been closed off, evidence of this. Reference to recruitment of EU nationals (process) and any risks remaining.
 2. Internal and external audit plans and evidence of the process for monitoring and completing internal and external audit recommendations.
 3. Assurance that ALEOs have an established risk appetite which is reflected in decision making structures.
 4. Assurance that the organisation is managing the impacts of EU Exit, that risks are identified and controls are in place.
 5. Assurance that appropriate business continuity arrangements are in place including testing and exercising.
- 3.4 The Hub's assessment of each ALEO, based on the information returned, has been attached within the summary report at **Appendix B**. The Assurance Standards and Risk Ratings are set out at **Appendix A**. **Appendices C-G** provide a summary of requests to and responses from, each ALEO, along with a breakdown of risk ratings.
- 3.5 The pandemic is evidently continuing to have impact on each ALEO, most notably for Aberdeen Performing Arts (APA) from the uncertainty over the future operating environment and subsequent business planning. However, the Hub is taking adequate assurance that APA is maximising each funding opportunity available, retaining a tight control over their financial stewardship arrangements, and continuing to ensure that risks are recorded, managed and

mitigated. The risk rating is medium in respect of financial governance, an improvement on the previous cycle of reporting due to the scenario planning around physical distancing and phased reopening from September, but this will remain an area of close scrutiny for the Council. Sport Aberdeen and Aberdeen Sports Village have faced similar challenges over the period of the pandemic and are well positioned in terms of recovery due to financial mitigations in place, however, the uncertainty over future funding creates challenges for long-term planning. Bon Accord Care have indicated that they are reviewing their long-term strategy, learning lessons from the pandemic and its impact on their operations. The appointment of a new Managing Director is a positive step in this journey and the Hub will look for assurance in the next cycle of meetings that improvements continue to be made in terms of governance.

3.6 At its May meeting, Committee instructed the Assurance Manager to seek feedback from the ALEOs on how helpful they find the Assurance Hub process. Following the meeting, a short survey was issued. Four ALEOs responded to this, all confirming that they find the process useful and adding commentary on what could be improved.

3.6 The Assurance Manager and Chief Officer – Governance met with the ALEOs on 15th September to follow up on the feedback. There was agreement that the process is well understood, well established and necessary. ALEOs welcome the workplan schedule which provides them with clarity on the content and timing of the information required. It is also recognised as a good model for local government and ALEOs and provides assurance not only to the Council but to the ALEO Boards themselves, where gaps can become evident, and then closed, through the Hub's reporting process. That said, there are areas for improvement which will be further explored by the Assurance Manager before the presentation of the ALEO Assurance Hub Workplan to this committee in February 2022: That said, there are some areas for improvement:

- Increasing joint planning of the annual Hub workplan would be helpful. This could be achieved by holding 1-2-1 meetings between the Hub and each ALEO before the workplan is submitted to Committee for approval each year. This would help the Hub to identify the most appropriate areas for review for each ALEO and to frame its questions in a way which extracts the most relevant information for assurance purposes taking into account the risk profile of each ALEO. The Assurance Hub may also benefit from receiving an outline from each ALEO on what the year ahead entails for them;
- ALEOs would also welcome the chance to discuss the Hub's risk ratings prior to their submission to this Committee, as there may be further clarifications which would be helpful;
- It was acknowledged that one size cannot fit all and that it may be useful to develop bespoke reporting arrangements for each ALEO. The Council is required to provide annual assurance to its external auditors, to the Credit rating agency and as part of the Annual Governance Statement, in respect of ALEOs. However, there may be scope to offer more flexibility in the process to allow each ALEO to report to the Hub in line with their own reporting schedules.

- The Hub could use the financial data held on each ALEO more constructively, before seeking additional information in each cycle. This would prevent repetition of the similar asks from different parts of the Council.
- The Council could explore ways of using the ALEOs information publicly to help raise community awareness of the process and also of the status of each ALEO. It was felt that there can sometimes be a lack of recognition of the good work being done and the extent to which ALEOs are supporting the Council in the achievement of its objectives; and
- Occasional attendance from the Hub at Board meetings may provide additional assurance and help with a shared understanding of ALEO business and priorities. The Assurance Manager attended the Board of Sport Aberdeen on 15th September, which was a helpful exercise.

3.7 The proposed ALEO Assurance Hub Workplan will be presented to the Audit, Risk and Scrutiny Committee meeting on 22 February 2022 for noting.

3.8 Training on civil contingencies obligations, including ALEOs' contribution to these and the PREVENT strand of the CONTEST strategy, is to take place in October. An update on this will be provided in the next round of Hub meetings.

4. FINANCIAL IMPLICATIONS

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

4.2 The role of the Hub is to ensure that ALEOs provide assurance that risks, including financial ones are identified and managed. One of the Hub's primary functions is to ensure that the Council is able to follow the public pound as outlined in Accounts Commission guidance.

5. LEGAL IMPLICATIONS

5.1 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 a further layer of assurance to the Council's existing Bond governance arrangements.

6. MANAGEMENT OF RISK

Category	Risk	Low (L) Medium (M) High (H)	Mitigation

Strategic Risk	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.
Compliance	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 Regulatory and Compliance Team provide support and advice to the Hub on the steps ALEOs are taking on GDPR compliance in order for the Hub to provide</p>

			assurance to Committee on ALEOs' management of this risk.
Operational	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.
Financial	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.
Reputational	Impact of performance or financial risk on reputation of ACC.	L	Regular reporting to this Committee from the Hub provides adequate control.
Environment / Climate	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 – Assurance Standards and Ratings

Appendix B – Summary of ALEO Risk Ratings

Appendix C – Aberdeen Heat and Power

Appendix D – Aberdeen Performing Arts

Appendix E – Aberdeen Sports Village

Appendix F – Bon Accord Care

Appendix G – Sport Aberdeen

11. REPORT AUTHOR CONTACT DETAILS

Vikki Cuthbert

Assurance Manager

vcuthbert@aberdeencity.gov.uk

01224 522858

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Appendix A

Assurance Standard	Risk Rating
Unambiguous responses demonstrating clear understanding and comprehensive ability to fulfil ACC requirements, giving full detail as how these are achieved.	Very Low
Responses provide evidence of good understanding and compliance although limited detail provided for some areas.	Low
Responses provide some indication of understanding and compliance	Medium
Minimal or poor responses providing little evidence of understanding or compliance.	High
Nil or inadequate responses with little or no understanding of requirement or evidence of compliance.	Very High

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Appendix B

	Overall Risk Rating															
	Mar-18		Sep-18		Feb-19		June-19		Dec-19		Oct-20		May-21		Sept-21	
Aberdeen Heat and Power	Low/	Medium	Low/	Medium	Low		Very Low/	Low	Very Low/	Low	Low/	Medium	Very Low/	Low	Very Low/	Low
Aberdeen Performing Arts	Low/	Medium	Low		Low/	Medium	Low/	Medium	Low/	Medium	High		Medium		Medium	
Aberdeen Sport Village	Low/	Medium	Low/	Medium	Low/	Medium	Low		Very Low/	Low	Low/	Medium	Very Low/	Low	Very Low/	Low
Bon Accord Care	Low/	Medium	Low/	Medium	Low/	Medium	Very Low/	Low	Very Low/	Low	Low/	Medium	Low/	Medium	Very Low/	Low
Sport Aberdeen	Low/	Medium	Low		Low		Very Low		Very Low/	Low	Medium		Very Low/	Low	Very Low/	Low

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Assurance Request	Hub Response	Risk Rating
Assurance that the organisation has adequate workforce and succession planning arrangements in place. Outline the nature of any changes to workforce or succession plans required as a result of the pandemic.	The Hub noted that there had been no changes to the AH&P workforce as a result of the pandemic. Succession planning for day to day operations is covered within AH&P's Business Continuity Plan which had been revised based upon auditor input. Revisions included the development of a communications protocol, training for everyone involved in the Business Recovery Plan, and the inclusion of all contact details to support recovery of operations.	Very Low
Assurance on training and development of Board members and workforce to align the needs of the organisation to skillset. Explain the process for training and development of Board members, particularly to advise how any gaps in capability are being addressed.	The Hub noted that AH&P board members were subject to an annual skills audit and any shortcomings in training were identified and addressed at the audit. The Hub noted that this was contained within AH&P's governance policy which had recently been audited by Wylie and Bisset.	Very Low
Assurance that provision has been made for delegated authority in the event of emergency (was due to be reviewed in June 2021 by auditors Wylie & Bissett).	The Hub reviewed the delegated authority which clearly set out the responsibilities of the CEO in the absence of the Board, as well as setting out sub-delegations to other members of the workforce. This document had been revised very recently which provided assurance to the Hub.	Very Low
Assurance that risk registers are in place, are kept under regular review with control actions monitored to completion, and are linked to the achievement of outcomes for the ALEO and the Council. Provide a copy of your risk register and evidence that it has been reviewed and updated since the last cycle of Hub meetings.	<p>AH&P provided the Hub with copies of the Risks Registers and confirmed that the risk registers are reviewed at the Board, Development and Policy and Ops meetings.</p> <p>The format of the risk registers has remained unchanged since it was presented for the last reporting cycle i.e. risks registers are contained within one workbook and are grouped by the review forums as detailed above.</p>	Very Low
Assurance that ALEOs have an established risk appetite which is reflected in decision making structures. Advise of any plans for introducing a risk appetite statement, or do you already have one? If so, can this be shared. If not, can you outline current thinking on whether you would find this useful to guide decision making. The Council approved a risk appetite statement in December 2020 (copy provided).	AH&P confirm that risk appetite is considered within their project decision tree but is not set out within existing policy or as a standalone document however, they confirm that this will be discussed at the next P&O meeting and the Hub will request an updated for the next reporting cycle. The Hub reviewed an example of how risks are reviewed during project selection, and noted that this aligned with the Risk Policy which is due for review (it had been produced in response to an audit in September 2019).	Very Low

<p>Assurance that the organisation is managing the impacts of EU Exit, that risks are identified and controls are in place.</p>	<p>AH&P EU Exit risks are recorded within the risk register workbook, they are grouped separately and are recorded in the same format as the other risk registers.</p> <p>The risks recorded on the "Brexit" risk register remain consistent with the last reporting cycle in that the risks identified relate to cost increases and supply chain risks such as increased lead times.</p> <p>AH&P confirm that they are still managing the supply chain risk around pipe shortages as previously reported. This risk is being managed by increasing the stock levels of pipes required and by having pipe orders "front ended" within each project to ensure that delivery times are unaffected.</p> <p>The updates detailed on the "Brexit" risk register confirm that the risks identified are still being actively monitored.</p>	<p>Very Low</p>
<p>Assurance that ALEOs have risk-based internal and external audit plans in place and a process to address and close out audit recommendations to completion. Confirm to what extent audit plans have progressed since the update to the last cycle of meetings.</p>	<p>AH&P provided the Hub with a copy of their Internal Audit Plan for 2021/22 which included four audits over 15 days, plus follow up days allocated. An update was also provided on the audit from the previous cycle in respect of Business Continuity and Disaster Recovery, which remained on-going. Given the relevance of business continuity to AH&P's strong governance, this will be followed up again by the Hub in the next cycle to gain assurance on progress.</p>	<p>Low</p>
<p>Assurance that appropriate business continuity arrangements are in place including testing and exercising.</p>	<p>The Hub reviewed the revised Business Continuity Plan which had been audited by Wyllie & Bisset. The Hub was assured that this remains a live working document with regular refresh and oversight, having been revised four times in the past year. It is good practice, especially in the current operating environment and when there is the risk to workforce, that this is done routinely.</p>	<p>Very Low</p>
<p>Assurance that accounts are being managed within budget and the level of financial risk to the Council is low through presentation of quarterly trading accounts.</p>	<p>The AHP draft annual figures to March 2021 have been reviewed and subject to audit, these give no cause for concern.</p>	<p>Low</p>
<p>Assurance that ALEOs have prepared a medium-term financial plan or had incorporated medium term planning into a Business Plan to provide assurance that ALEOs are prepared for core funding pressures.</p>	<p>This aspect is contained within the business plan and has been found to be sufficiently robust. The Hub noted that the two year budget is approved by the Board on an annual basis and will review this when it has been updated.</p>	<p>Low</p>
<p>Assurance that accounts are being managed within budget, are in line with statutory requirements and that the level of financial risk to the Council is low through presentation of Audited Annual Accounts 2019-20 and draft accounts for 2020-21</p>	<p>The Hub reviewed the financial documents and accounts submitted by AHP and agreed that whilst the 2020-21 accounts are still subject to audit that the risk rating continues to be low and there are no areas of concern for the Hub. The 2020-21 accounts will be re-scrutinised when the audit is complete. The draft accounts indicate that AHP continue to meet its Reserves Policy of having 3 months sales and this has been achieved.</p>	<p>Low</p>

Assurance that ALEOs have a strategy in place to meet the short to medium term effects of Covid and EU Exit as they affect financial risk. Provide responses to the following questions:

- Does your organisation have a medium term (3 - 5 years) financial strategy/plan in place?
- If yes - how many years does it cover?
- If yes - does you review the financial strategy/plan on an annual basis?
- Does the medium term financial strategy/plan contain details on the following:
 - Changes in partner funding level
 - Demand pressures (costs)
 - Costs pressures (inflation and new costs)Income from fees and charges (including service grants)
 - Savings details and target (including sufficient detail of how savings will be achieved)
 - Fundamental service redesign
 - Scenario planning
 - Assets/liabilities & reserves

The Hub has reviewed the Business Plan and have noted that elements continue to be put before the AHP Board and updates are tracked within the BP as this occurs. This is over a rolling five year period, though the plan is reviewed annually and further developed at annual strategy days, as well as each time prices increase or new connections are established. The Hub noted that financial aspects of projects and new connections are linked to the 3 year energy tariff. For this reason the financial estimates contained within the BP finish in March 2022 and the Hub will review these when this element of the BP is updated as part of the annual cycle.

Low

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Assurance Request	ALEO Assurance Hub Review	Risk Rating
Assurance that the organisation has adequate workforce and succession planning arrangements in place. Outline the nature of any changes to workforce or succession plans required as a result of the pandemic.	<p>The Hub noted that APA had been reviewing their workforce and team structures as they prepared to re-open, to ensure the organisation was fit for purpose, efficient and resilient. The Hub was provided with assurance as APA embarked upon a phased learning and development and recruitment strategy to support the return of staff to work after closure and building in additional capacity/capability where possible through additional expertise in agreed areas.</p> <p>The Hub noted the recovery plans for re-opening that had been provided and agreed that this provided assurance regarding people, venues and communications.</p>	Very Low
Assurance on training and development of Board members and workforce to align the needs of the organisation to skillset. Explain the process for training and development of Board members, particularly to advise how any gaps in capability are being addressed.	<p>The Hub noted that APA Board members received an induction and orientation sessions as they joined the board, as well as annual review with the Chair to review their participation and to identify any skills gaps or areas for development. The Hub also noted that Board members attended an annual development day to support both business and individual development.</p> <p>The Hub was provided with assurance with regard to further activities and initiatives undertaken by APA, such as external training and short bite-size learning at Board meetings.</p> <p>The Hub noted that APA were currently looking to recruit three Board members over the course of the next year and would be using this opportunity to add additional skills and experience. In that regard the Hub noted the recruitment pack that had been provided. The Hub agreed that an update on the recruitment should be provided to a future Hub meeting.</p>	Very Low
Assurance that risk registers are in place, are kept under regular review with control actions monitored to completion, and are linked to the achievement of outcomes for the ALEO and the Council. Provide a copy of your risk register and evidence that it has been reviewed and updated since the last cycle of Hub meetings.	<p>The Hub reviewed the General Risk Register that has risks grouped by the following categories: Financial, Operational, Management & Governance. The actions being undertaken to mitigate the risk were listed against each risk and each risk has a date specified as to when it is next due for review. The change column indicates where the level of risk has either increased, decreased or remained unchanged since the previous review according to the scores allocated using a risk matrix.</p> <p>The highest scoring risks on this register are within the Financial category and risks relating to existing funding streams and risks to revenue resulting from external factors including the pandemic and local economics.</p> <p>The Risk Register provided was last reviewed in August 2021 and the Hub was advised that the Risk Register is reviewed at regular points through the year by Leadership team and by the Board in March/April and November.</p>	Very Low
Assurance that ALEOs have an established risk appetite which is reflected in decision making structures. Advise of any plans for introducing a risk appetite statement, or do you already have one? If so, can this be shared. If not, can you outline current thinking on whether you would find this useful to guide decision making. The Council approved a risk appetite statement in December 2020 (copy provided).	The Hub was provided with a draft risk appetite statement currently under development which will be reviewed by the APA Board in November 2021. The document sets out APA's Risk Appetite (Low, Medium or High) against the key operational areas of the business, statement of principle sets out how they anticipate and avoid risks, and the opportunity inherent in some risks. The Hub was satisfied with the Statement.	Very Low
Assurance that the organisation is managing the impacts of EU Exit, that risks are identified and controls are in place.	Risk 1.6 on the Risk Register relating to impacts resulting from EU Exit remains open on the Risk Register and will be reviewed in October 2021 and provides the hub with assurance that the risk in this area is still being monitored.	Very Low
Assurance that ALEOs have risk-based internal and external audit plans in place and a process to address and close out audit recommendations to completion. Confirm to what extent audit plans have progressed since the update to the last cycle of meetings.	<p>The Hub was advised that external audit work for financial year 2020/21 is almost completed and the audited accounts will be presented to the Finance, Audit and Property Committee in November 2021. APA note that another "clean" audit has been completed and that no areas of risk have been identified.</p> <p>APA confirmed that Internal Audits have been conducted during the current reporting cycle and added that the Internal Audit Schedule for 22/23 will be set at the Finance, Audit and Property Sub Committee on the 25th October.</p> <p>The external audit for the 2020/21 financial year, conducted by AAB, will be concluded imminently with the accounts being presented to our Finance, Audit & Property Committee in November 2021. We have received another clean audit report with no areas of risk being identified.</p>	Very Low

<p>Assurance that accounts are being managed within budget and the level of financial risk to the Council is low through presentation of quarterly trading accounts.</p>	<p>The Hub noted that APA continue to actively fundraise and most recently secured £500,000 of stabilisation funding from the Performing Arts Venues Relief Fund. APA shared their most recent cashflow for information, which shows a small surplus at the end of the financial year.</p>	<p style="text-align: center;">Medium</p>
<p>Assurance that ALEOs have prepared a medium-term financial plan or had incorporated medium term planning into a Business Plan to provide assurance that ALEOs are prepared for core funding pressures.</p>	<p>The documents provided show that APA have been looking at phased reopening from September with full reopening from November. APA papers provided show review and restructuring of operations is underway to provide compensatory savings for 2022-23. Cashflow projections indicate a small surplus in March 2022 would be available if income levels are in line with this forecast. APA have used the closure period to look at both potential social distancing works as well as review various aspects of its operations including food and catering. Whilst APA is positioned to restart operations as per any ScotGov guidelines this area (Theatres) would be a high risk in the event of further lockdowns. The risk rating has reduced from high to medium as a result of the scenario planning around physical distancing and phased reopening from September, but this will remain an area of close scrutiny for the Council. APA have strong governance arrangements and have been continued to update cashflows and submit these for Board review in the current financial year 2021-22.</p>	
<p>Assurance that accounts are being managed within budget, are in line with statutory requirements and that the level of financial risk to the Council is low through presentation of Audited Annual Accounts 2019-20 and draft accounts for 2020-21</p>	<p>The Hub also noted that a guarantee of £356k additional funding during 2021-22 is still in place as approved by Council (10 March 2021).</p>	
<p>Assurance that ALEOs have a strategy in place to meet the short to medium term effects of Covid and EU Exit as they affect financial risk. Provide responses to the following questions:</p> <ul style="list-style-type: none"> • Does your organisation have a medium term (3 - 5 years) financial strategy/plan in place? • If yes - how many years does it cover? • If yes - does you review the financial strategy/plan on an annual basis? • Does the medium term financial strategy/plan contain details on the following: <ul style="list-style-type: none"> - Changes in partner funding level - Demand pressures (costs) - Costs pressures (inflation and new costs)Income from fees and charges (including service grants) - Savings details and target (including sufficient detail of how savings will be achieved) - Fundamental service redesign - Scenario planning - Assets/liabilities & reserves 	<p>APA advised as follows "Given the impact of Covid-19 pandemic on our organisation, our focus on survival for the last 18 months, and our current focus on getting the business reopen and back on its feet, we do not currently have a medium term financial plan in place. However once reopened we will be turning our attention to this as part of our review and update of our next business plan."</p> <p>The Hub would wish to review this when it becomes available. We do recognise the impact of Covid on APA and also recognise that until APA undergoes phased re-opening in September that footfall and capacity figures will have a direct bearing on any medium term financial plan. The Hub does also note has that APA has already been reviewing elements areas which would require to be included within the MTFP, including cost mitigation, various cash flow scenarios and review of operations with a view to ensuring a sound financial platform moving forward.</p>	<p style="text-align: center;">Medium</p>

Assurance Request	ALEO Assurance Hub Review	Risk Rating
Assurance that the organisation has adequate workforce and succession planning arrangements in place. Outline the nature of any changes to workforce or succession plans required as a result of the pandemic.	<p>The Hub noted that ASV had been required to significantly reduce its staff costs as a result of the first national lockdown and had embarked upon an extensive restructuring process which concluded in September 2020.</p> <p>The Hub further noted that the ASV Board had asked the Executive Team to present its succession planning framework to a future Board meeting and it was anticipated that this would take place at the Board meeting in December 2021 which would allow time for the new ASV Training Academy to grow.</p> <p>The Hub was advised that ASV's new strategy (to be launched in October 2021) would contain a commitment to succession planning.</p> <p>The Hub agreed that an update following the launch of the new strategy and consideration of the succession planning framework by the ASV Board should be sought for a future Hub meeting.</p>	Very Low
Assurance on training and development of Board members and workforce to align the needs of the organisation to skillset. Advise how any gaps in capability are being addressed.	<p>The Hub noted the ASV Board skills matrix which had been submitted and which had been recently updated to reflect the skills of new Board members. The Hub agreed that this provided a good level of assurance.</p> <p>The Hub further noted that an annual appraisal process for Board members was being developed and it was anticipated that this would be in place in early 2022. The Hub agreed that an update on its development and rollout be provided to a future Hub meeting in 2022.</p> <p>ASV advised that during June 2021, Board members had contributed to the development of the new ASV strategy through 121 sessions, allowing them to add their distinct skill set and experience. This provided evidence of aligning Board members' training with the company's strategy. In addition, a professionally facilitated Board session was held on 10th August, providing further opportunity to influence and develop the strategic direction of ASV. This provided assurance to the Hub of embedded skills and behaviours.</p>	Very Low
Assurance in respect of written or specific delegated powers to make provisions for emergency structures and decision making to be initiated should the Board be unable to meet.	The Hub noted that the matter of delegated authority was deferred from June's Board meeting due to the length of the meeting. It has been added to the Board meeting on the 17th September.	Low
Assurance that risk registers are in place, are kept under regular review with control actions monitored to completion, and are linked to the achievement of outcomes for the ALEO and the Council. Provide a copy of your risk register and evidence that it has been reviewed and updated since the last cycle of Hub meetings.	<p>ASV provided a copy of the current risk register for review.</p> <p>The risks with the highest residual risk scores relate to the risk of further operational restrictions or closure due to the pandemic, financial risks associated with funding and increased operating costs and technology/IT infrastructure. Mitigation/response activities are identified for all risks recorded.</p> <p>The format of the risk of the risk register and risk categorisation remains unchanged since the last reporting cycle and continues to demonstrate effective risk recording and management.</p>	Very Low
Assurance that ALEOs have an established risk appetite which is reflected in decision making structures. Advise of any plans for introducing a risk appetite statement, or do you already have one? If so, can this be shared. If not, can you outline current thinking on whether you would find this useful to guide decision making. The Council approved a risk appetite statement in December 2020 (copy provided).	ASV does not have a risk appetite statement in place and confirmed that the ACC risk appetite statement would be reviewed and considered. The Hub will request progress on this activity in the next reporting cycle.	Very Low

Assurance that the organisation is managing the impacts of EU Exit, that risks are identified and controls are in place.	The Hub noted that it is proposed that the risk relating to the impact of EU Exit is removed from the register. The Hub is satisfied with this proposal due to the low level of risk presented to ASV by EU Exit.	Very Low
Assurance that ALEOs have risk-based internal and external audit plans in place and a process to address and close out audit recommendations to completion. Confirm to what extent audit plans have progressed since the update to the last cycle of meetings.	<p>External Audit:</p> <p>ASV provided evidence of External Audit activities in relation to Statutory Accounts as noted within the Board Meeting Minutes from December 2020.</p> <p>Internal Audit:</p> <p>The Hub will request 21/22 Internal Audit Plan in the next reporting cycle as the ASV financial year begins in August.</p>	Very Low
Assurance that accounts are being managed within budget and the level of financial risk to the Council is low through presentation of quarterly trading accounts.	The Hub noted that the ASV annual accounts are made up to 31 July each year and a draft set of accounts for 2020-21 are not yet available. However, financial reports are regularly submitted to the ASV Board and these figures are available. The forecast trading deficit for 20-21 is £550k which is £190k favourable against budget. The most recent cashflow figure provided indicated that ASV's operating reserves policy is still in place at the end of April, with a balance in excess of the £1.3m Operating Reserves target. The 2020/21 audited accounts will be covered in future Hub reporting cycle when these become available.	Low-Medium
Assurance that ALEOs have prepared a medium-term financial plan or had incorporated medium term planning into a Business Plan to provide assurance that ALEOs are prepared for core funding pressures.	The 3 Year Plan Update was presented to the 19 March 2021 ASV Board Meeting and further reviewed by Chief Officers at the 13 April 2021 Joint Partnership meeting. The plan made reference both to Covid mitigation actions as well as future funding levels.	Low-Medium

Assurance Request	Hub response	Risk Rating
Assurance that the organisation has adequate workforce and succession planning arrangements in place. Outline the nature of any changes to workforce or succession plans required as a result of the pandemic.	<p>The Hub noted that work was ongoing to improve BAC's succession planning with regard to some key roles within the organisation. BAC had not experienced any changes to its workforce or succession planning as a result of the pandemic, however difficulties had been experienced with restrictions on staffing but these had been managed with a combination of different approaches.</p> <p>With regard to the EU Exit, BAC advised that they had not noticed any significant impact in terms of staffing, however the situation was being constantly reviewed in order to identify any impacts and take appropriate action. The Hub noted that the EU Exit was on the BAC Risk Register was frequently updated.</p> <p>The Hub noted that permanent MD and FD have been appointed and that this will hopefully provide a period of stability for BAC.</p>	Very low
Assurance on training and development of Board members and workforce to align the needs of the organisation to skillset. Explain the process for training and development of Board members, particularly to advise how any gaps in capability are being addressed.	<p>The Hub noted that a BAC Board Governance Development session had been held in July 2021, with evidence of additional sessions having been held previously, and agreed that the supporting documentation provided a good level of assurance in this area.</p> <p>BAC advised that its Non Executive and Executive Directors were all recent appointments (since January 2021), and that a formal recruitment process had taken place for all BAC Directors with the exception of one Non Executive Director who had been appointed for a shorter period and had thus been co-opted. The Hub noted that considerable work had been ongoing to familiarise Non Executive Directors with the work of BAC.</p>	Very low
Assurance that all governance documentation is regularly reviewed and supports the organisation's governance framework: - Delegated powers - Board Structure - Codes of Conduct	<p>The Hub noted that BAC's Scheme of Governance audit plan had been progressed in line with their agreed schedule. Various governance documents had been approved by the BAC Board, or scheduled to be, as below. The Hub agreed that this provided a good level assurance*</p> <ul style="list-style-type: none"> - Scheme of Delegation - approved - Terms of Reference for Board and Committees - approved - Procurement Policy - approved - Delegation of authority - approved in principle but subject to review from ACC (Legal and Procurement). Any updates required will be presented to the Board for adoption on 24th September - Board Code of Conduct - approved in principle but subject to one clarification from ACC. This update will be presented to the Board for adoption on 24th September 	Very low
Assurance that risk registers are in place, are kept under regular review with control actions monitored to completion, and are linked to the achievement of outcomes for the ALEO and the Council. Provide a copy of your risk register and evidence that it has been reviewed and updated since the last cycle of Hub meetings.	<p>BAC continue to demonstrate effective risk management and confirmed that the risk register continues to be updated every two months. Evidence of the most recent review was provided within the Risk Register update report that was provided to the board of Directors in July.</p> <p>The risks with the highest scores are noted as, "Failure to measure, monitor or control quality within the organisation", "Marketing & Communication strategy is not effective in promoting and protecting the brand" and "BAC fail to adapt to a changing environment both internally and externally"</p>	Very Low
Assurance that ALEOs have an established risk appetite which is reflected in decision making structures. Advise of any plans for introducing a risk appetite statement, or do you already have one? If so, can this be shared. If not, can you outline current thinking on whether you would find this useful to guide decision making. The Council approved a risk appetite statement in December 2020 (copy provided).	<p>BAC confirmed that they have a working draft of a Risk Appetite Statement that is pending approval by the MD and board.</p> <p>This work is being co-ordinated by an external consultant who has been appointed to assist BAC with governance. These sessions have involved members of BAC's Senior Management Team (SMT) presenting to the Board on individual risks, mitigations and risk appetite. The next session has been scheduled for mid September to give BAC's new Managing Director time to review what has been done to date and also discuss with other Board members. It is anticipated that the Risk Appetite statement will be agreed then.</p>	Very Low
Assurance that the organisation is managing the impacts of EU Exit, that risks are identified and controls are in place.	BAC confirm that EU Exit related risks are being actively monitored via a specific risk EU Exit risk on the risk register. BAC note that the organisation has not experienced any organisational impacts that can be attributed to EU Exit.	Very Low

<p>Assurance that ALEOs have risk-based internal and external audit plans in place and a process to address and close out audit recommendations to completion. Confirm to what extent audit plans have progressed since the update to the last cycle of meetings.</p>	<p>Internal Audit: The Hub are advised that discussions are progressing with the Internal Audit Team from Aberdeenshire Council with a view to appointing this team as the Internal Auditors to BAC. The Aberdeenshire Team are providing a presentation to the BAC Audit and Assurance Committee in August A meeting between BAC and the Aberdeenshire Council Internal Audit Team is scheduled to take place in September and it is anticipated that the appointment will be subsequently confirmed by the BAC Board on 24 September. BAC confirmed completion of one internal audit since the last reporting cycle which covered Budget Monitoring and a copy of the audit report which includes recommendations was provided to the Hub. BAC confirmed that Quality Management System (QMS) audits continue in accordance with the internal schedule which also includes internal Health and Safety audits. One internal audit has been completed since the last reporting cycle which covered Budget Monitoring and a copy of the audit report and the resulting recommendations was provided to the Hub. Audit recommendations and actions are recorded within the "Skedulo" system which supports the tracking of progress and monitoring of these activities through to completion.</p> <p>External Audit/Inspections BAC confirmed that the External Audit was completed by JCCA in June with Financial Statements approved by the auditors on 1st July with no adverse findings. BAC also noted that the organisation is subject External Audits and Inspections from other regulatory bodies such as the Care Inspectorate, HSE and Environmental Health and noted that no audits or inspections have been conducted in this area within the current reporting cycle.</p> <p>In summary, the level of assurance gained by BAC's audit activities remains high due to the scope and coverage provided by BAC's internal and external auditors.</p>	<p style="text-align: center;">Very Low</p>
<p>Assurance that appropriate business continuity arrangements are in place including testing and exercising.</p>	<p>BAC confirmed that a review of the Business Continuity Plans (BCP's) covering each service and support function was conducted in June/July.</p> <p>BAC provided evidence of the scenario-based test undertaken in June. This covered the scenario of a Failed Care Home and BAC's response as a provider of last resort. The exercise was completed in collaboration with ACHSCP and the NHS and the findings/lessons learned from the exercise will be reported to the Operations Director. The Hub noted strong evidence through the H&SCP that BAC have been reviewing business continuity arrangements on an on-going basis throughout the pandemic, through daily attendance at Partnership management meetings.</p> <p>The level of assurance in respect to BCP Testing activities remains high due to the review and scenario-based testing undertaken during the current reporting period.</p>	<p style="text-align: center;">Very Low</p>
<p>Assurance that accounts are being managed within budget and the level of financial risk to the Council is low through presentation of quarterly trading accounts.</p>	<p>The Hub reviewed the papers and documents provided and noted the following.</p> <p>Bon Accord Care were successful in meeting their 2021-22 savings targets, and had plans in place to meet their 2021-22 financial targets. Covid had a direct effect on BAC as it deals directly with vulnerable and elderly service users. BAC have accessed and continue to access additional government funding during 2021-22 as it remains available. The Board has been provided with current year financial data and is working on areas where financial performance is not in line with budget. The Hub also reviewed the internal audit report in respect of budget monitoring and noted whilst some improvements were recommended and agreed, these were indicated to be in the lowest risk category of findings.</p> <p>The Board continues to scrutinise the financial performance of certain services, notably its care homes and what measures are being taken to address the current financial deficit positions. Significant work is ongoing between BAC Finance and Operations to address the deficits and improve financial performance over the remaining financial year remaining.</p>	<p style="text-align: center;">Low</p>

<p>Assurance that ALEOs have prepared a medium-term financial plan or had incorporated medium term planning into a Business Plan to provide assurance that ALEOs are prepared for core funding pressures.</p> <p>Assurance that ALEOs have a strategy in place to meet the short to medium term effects of Covid and EU Exit as they affect financial risk. Provide responses to the following questions:</p> <ul style="list-style-type: none"> • Does your organisation have a medium term (3 - 5 years) financial strategy/plan in place? • If yes - how many years does it cover? • If yes - does you review the financial strategy/plan on an annual basis? • Does the medium term financial strategy/plan contain details on the following: <ul style="list-style-type: none"> - Changes in partner funding level - Demand pressures (costs) - Costs pressures (inflation and new costs)Income from fees and charges (including service grants) - Savings details and target (including sufficient detail of how savings will be achieved) - Fundamental service redesign - Scenario planning - Assets/liabilities & reserves 	<p>BAC are in the process of undertaking a review of their long term strategy, refreshing this where necessary and also ensuring it aligns to the long term strategy of both ACC and ACHSCP. Work on this has been paused to allow the new Managing Director to join and an appropriate time to understand the business in more detail. The Medium Term Financial Plan will be complementing the strategy review from a financial perspective and also addressing how BAC will achieve its fixed price contract through to 2024. Work on our Medium Term Financial Plan (MTFP) will be commencing late August and will be presented to the BAC Board in November.</p> <p>Whilst work has yet to commence on the MTFP it will cover a five year period as this will cover how BAC will perform post contract with ACHSCP ending in 2024. Evidently major assumptions will need to be made in this regard. BAC can confirm that the MTFP will cover the areas highlighted in the requests. The MTFP will also be refreshed annually thereafter and also provide BAC with a financial model in which to evaluate operational decisions from a financial perspective and/or run scenario planning. The MTFP will be a full income statement, balance sheet and cash flow model.</p> <p>At this time BAC are not experiencing any material effects from the impact of Covid or EU Exit. On Covid, this is obviously reliant on additional Covid funding being provided by the Scottish Government. There is a risk that BAC may need to operate with these operational requirements when funding has been removed, eg Care Home cleaning but this will affect the entire sector and not just BAC. On the EU exit, some inflationary cost pressures are currently being seen but these are market driven and it is hard to determine if they are solely the result of EU exit or more related to global economic impacts. Currently these pressures are not material but we are monitoring them given the impact they have on our ability to meet our fixed price contract.</p> <p>The Hub noted that the the MTFP is currently being updated and the latest version will be available. The Board has made reference to, and is aware of potential risks in relation to EU Exit, Covid and austerity measures. As the MTFP is currently being updated, the Hub will review this after it has been approved by the BAC Board in November 2021.</p>	<p>Low</p>
<p>Assurance that accounts are being managed within budget, are in line with statutory requirements and that the level of financial risk to the Council is low through presentation of Audited Annual Accounts 2019-20 and draft accounts for 2020-21</p>	<p>The Hub reviewed the papers and documents provided (audited financial statements signed 1st July). The external auditors raised no concerns in respect of the audited 2020-21 account. It was also noted that Bon Accord were successful in meeting their 2021-22 savings targets, and had plans in place to meet current year savings target. It was noted that Covid had a direct effect on BA as it deals directly with vulnerable and elderly service users. To this end, there was evidence that BA had accessed and continue to access additional government funding during 2021-22 as it remains available.</p> <p>BAC had also received an internal audit of its budget monitoring arrangements which also provided assurance that the internal budget monitoring process was acceptable. Although there were some recommendation around this process, these were at the lowest risk level and were accepted by BAC and were currently being implemented.</p>	<p>Low</p>

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Assurance Request	ALEO Assurance Hub Review	Risk Rating
Assurance that the organisation has adequate workforce and succession planning arrangements in place. Outline the nature of any changes to workforce or succession plans required as a result of the pandemic.	Sport Aberdeen confirmed that no significant changes to workforce or succession plans have been required as a result of the pandemic. The Hub noted that a small percentage of the company's workforce remained furloughed as a result of being unable to deliver services at swimming pools based at education sites, however this was anticipated to change once access was approved.	Very Low
Assurance on training and development of Board members and workforce to align the needs of the organisation to skillset. Explain the process for training and development of Board members, particularly to advise how any gaps in capability are being addressed.	<p>The Hub was provided with assurance regarding the training and development of Board members within Sport Aberdeen, and noted the in-depth induction that takes place and the provision of a training manual upon appointment which is regularly referred to. The Hub noted that a periodic review of board members' experience, skills and capabilities was undertaken as and when a board position became vacant, with any identified gaps used to inform Sport Aberdeen's selection process where applicable.</p> <p>The Hub was advised that a Board review day was planned for the autumn which would consider the Board's performance during the pandemic, along with planning how it would approach the next year and would include a self-assessment to be completed by trustees. The Hub agreed that it would be worthwhile to receive an update on this review exercise at its next meeting.</p>	Very Low
Assurance that risk registers are in place, are kept under regular review with control actions monitored to completion, and are linked to the achievement of outcomes for the ALEO and the Council. Provide a copy of your risk register and evidence that it has been reviewed and updated since the last cycle of Hub meetings.	<p>SA confirmed that its Strategic Risk Register is regularly monitored on an informal basis by the Director of Customer and Commissioning. The register is subjected to a formal review at the Corporate Governance Committee and will reported to this committee at its next meeting on 15/09/21.</p> <p>The Hub was not provided with a copy of the risk register however, when the register was last reviewed for the last reporting cycle the level of assurance gained was high for SA Risk Management activities. The risk register being reported to the Corporate Governance Committee on the 15/09/21 will be reviewed at the next cycle.</p>	Very Low
Assurance that ALEOs have an established risk appetite which is reflected in decision making structures. Advise of any plans for introducing a risk appetite statement, or do you already have one? If so, can this be shared. If not, can you outline current thinking on whether you would find this useful to guide decision making. The Council approved a risk appetite statement in December 2020 (copy provided).	<p>SA confirmed that the organisation's Risk Appetite is incorporated within the Risk Management Policy which was last updated in February 2021.</p> <p>The statement confirms that the organisation is "risk aware" in that they seek to identify and manage the risks associated with the achievement of objectives whilst recognising the opportunities within risks that will deliver added benefits.</p>	Very Low
Assurance that the organisation is managing the impacts of EU Exit, that risks are identified and controls are in place.	SA advised the Hub that the potential risks to the organisation resulting from EU Exit are kept under review and are reported to the Human Resources & Organisational Development Committee. The two main risks in this area related to staffing and the supply of pool chemicals and that whilst these risks have not yet materialised, they will continue to monitor and review.	Very Low

<p>Assurance that ALEOs have risk-based internal and external audit plans in place and a process to address and close out audit recommendations to completion. Confirm to what extent audit plans have progressed since the update to the last cycle of meetings.</p>	<p>Internal Audit:</p> <p>SA confirmed progress with the 2021 internal audit planning cycle with five internal audits having been completed as follows:</p> <ol style="list-style-type: none"> 1. Governance arrangements 2. Data Protection 3. Marketing 4. Recruitment and Selection 5. Payroll <p>Recommendations resulting from these audits have been allocated a timescale for completion/implementation by the Senior Leadership Team.</p> <p>External Audit:</p> <p>SA confirmed that the draft annual accounts for 01/04/20 to 31/03/21 had been audited by Johnston Carmichael and are being presented to the Board AGM on 15/09/21.</p>	<p>Very Low</p>
<p>Assurance that appropriate business continuity arrangements are in place including testing and exercising.</p>	<p>SA confirmed that the Business Continuity Plans in place covers access to systems, resources and buildings. The COVID-19 specific Business Continuity Plan has been deactivated due to the reinstatement of most services.</p> <p>SA report that the plans in place were tested at a practical level as they had been activated during the pandemic to respond to relocation of staff, remote/home working and reduced staffing numbers.</p> <p>The Hub noted that the existing plan is scheduled for review by March 2022 and will request an updated on this at the next cycle.</p>	<p>Very Low</p>
<p>Assurance that accounts are being managed within budget and the level of financial risk to the Council is low through presentation of quarterly trading accounts.</p>	<p>The Hub received a copy of the June 2021 quarterly monitoring position and note these indicate a positive trading position. It was further noted that these reports are submitted for review by the Board at regular intervals in line with best practice.</p>	<p>Very Low</p>
<p>Assurance that ALEOs have prepared a medium-term financial plan or had incorporated medium term planning into a Business Plan to provide assurance that ALEOs are prepared for core funding pressures.</p>	<p>The Hub noted that whilst normally a 3 year plan would be in place, the company was advised by Chief Officers that for 2021/22, only a one-year business plan was required, with the focus being placed on business recovery and getting to a sustainable position by end of March 2022. SA has had a 3 year MTFP in place prior to this year, although would wish the 3 year rolling plan to include greater certainty in respect of annual Council contributions.</p>	<p>Low</p>
<p>Assurance that accounts are being managed within budget, are in line with statutory requirements and that the level of financial risk to the Council is low through presentation of Audited Annual Accounts 2019-20 and draft accounts for 2020-21</p>	<p>The Hub reviewed both the audited annual accounts for 2019-20 and the draft 2020-21 annual accounts. This was a clean audit report with no concerns raised by auditors. The 2019-20 accounts did make a reference to Going Concern but this was nominal and linked to the uncertainty around Covid. The 2020-21 Annual accounts will be reviewed once again when the audit is complete. Sport Aberdeen have continued to make use of the Job Retention Scheme, as per the draft 2020-21 accounts. The current cashflow figures support Sport Aberdeen's recovery position. The Hub further confirmed that financial monitoring/budgets are standing agenda item at Board meetings and there is a process in place whereby department heads are given access to monthly financial figures.</p>	<p>Low</p>

<p>Assurance that ALEOs have a strategy in place to meet the short to medium term effects of Covid and EU Exit as they affect financial risk. Provide responses to the following questions:</p> <ul style="list-style-type: none"> • Does your organisation have a medium term (3 - 5 years) financial strategy/plan in place? • If yes - how many years does it cover? • If yes - does you review the financial strategy/plan on an annual basis? • Does the medium term financial strategy/plan contain details on the following: <ul style="list-style-type: none"> - Changes in partner funding level - Demand pressures (costs) - Costs pressures (inflation and new costs)Income from fees and charges (including service grants) - Savings details and target (including sufficient detail of how savings will be achieved) - Fundamental service redesign - Scenario planning - Assets/liabilities & reserves 	<p>The Hub noted the requirement for a one-year 2021/22 business plan, and noted that that this had been reviewed both by the SA Board in March 2021 and ACC Chief Officers in April 2021.The Hub will review future business plans when they become available.</p> <p>Sport Aberdeen indicated that, in light of current funding arrangements, it is not possible to provide a realistic and robust medium-term financial plan but that it does review the financial strategy/plan on an annual basis. Ideally, if funding were advised further in advance, the business plan and future funding strategy would take account of known factors at the time of preparing the report/plan eg changes to key contract prices, assumptions for utility and other inflation, trends in customer expectations, new services etc. As part of business planning arrangements, all aspects of service design and delivery are challenged and transformation, redesign or reductions are identified where possible. Also consideration given to addition of new services and the potential to use change to offset the cost of new services.</p>	<p>Low</p>
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ABERDEEN CITY COUNCIL

COMMITTEE	Audit, Risk and Scrutiny
DATE	29 September 2021
EXEMPT	No
CONFIDENTIAL	No
REPORT TITLE	Information Governance Management Annual Statement 2020-2021
REPORT NUMBER	CUS/21/180
DIRECTOR	Andy MacDonald
CHIEF OFFICER	Martin Murchie
REPORT AUTHOR	Caroline Anderson
TERMS OF REFERENCE	1.3

1. PURPOSE OF REPORT

- 1.1 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)

- 2.1 It is recommended that Committee:

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

- 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 fifth 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 2020-June 2021.

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 UK 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.
- 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 has now left the EU, and so applicable Data Protection legislation in the UK is now the UK GDPR, and the Data Protection Act 2018. The UK has now received an 'Adequacy Decision' from the EU in respect of its data protection arrangements, which simplifies the arrangements in relation to data flows between the UK and the EU, now that the transition period has ended.

6. MANAGEMENT OF RISK

Category	Risk	Low (L) Medium (M) High (H)	Mitigation
Strategic Risk	Strategic Risk	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
Compliance	Compliance	As above	Not applicable
Operational	Operational	As above	Not applicable
Financial	Financial	As above	Not applicable
Reputational	Reputational	As above	Not applicable
Environment / Climate	Environment / Climate	As above	Not applicable

7. OUTCOMES

<u>COUNCIL DELIVERY PLAN</u>	
Impact of Report	
Aberdeen City Council Policy Statement	The Council's Information Governance arrangements are a vital part of enabling the Council to realise its aims across its policy statement.
Aberdeen City Local Outcome Improvement Plan	
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 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
Regional and City Strategies	The Council's Information Governance arrangements are vital to the implementation of regional and city strategies.
UK and Scottish Legislative and Policy Programmes	The report sets out the Information Governance Management Annual Statement. It covers the Council's compliance with a variety of legislation particularly: The UK GDPR; 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

Appendix 1: Annual Information Governance Report 2020-2021

11. REPORT AUTHOR CONTACT DETAILS

Name	Dr Caroline Anderson
Title	Information and Data Manager
Email Address	canderson@aberdeencity.gov.uk

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Information Governance Management

Annual Report 2021

Senior Information Risk Owner



July 2020 -
June 2021

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 fifth 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 2020 - June 2021

2.1 Data Protection Rights Requests

Fig 1: Annual number of requests received

Type of Request	12 months to June 2021	12 months to June 2020
Subject Access	281	234
Third Party	407	521
Other Rights Request	21	16

Fig 2: Requests received in the 12 month to end June 2021

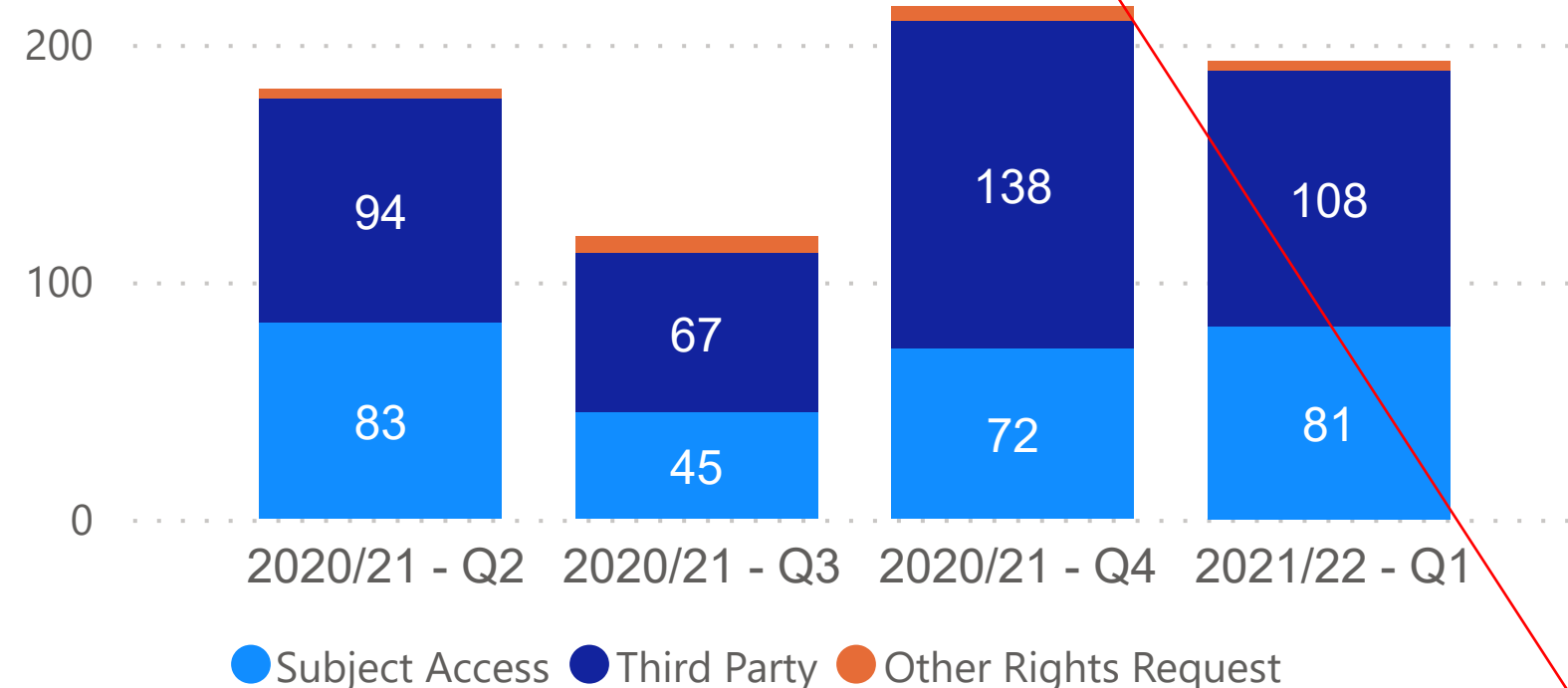


Fig 3: Corporate compliance with timescales for requests

Type of Request	12 months to June 2021	12 months to June 2020
Subject Access Requests	75%	72%
Other Data Protection Rights Requests	88%	93%

Data Protection Rights Requests

Data protection law gives people certain rights about their data, including the right to access their data.

Third Party Requests

Other organisations (for example, Police Scotland, or the Care Inspectorate) can also request a customer's 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.

Commentary on number of requests

In the last 12 months there has been an increase in Subject Access Requests and other rights requests. There has been a decrease in reported Third Party Requests.

Commentary on compliance

Only 21% of complex requests due in the financial year were completed within three months. Unfortunately, due to the complexity and specialism required to deal with such requests, it is challenging to consistently meet response deadlines. A specialist multi-skilled team is being recruited to within Customer Services to focus on these requests.

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.

2.2 Data Protection Breaches

Fig 4: Annual number of reported data breaches

Breaches	12 months to June 2021	12 months to June 2020
Data Protection Breaches	183	113
Near Misses	33	17
Reports to the ICO	6	2

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:

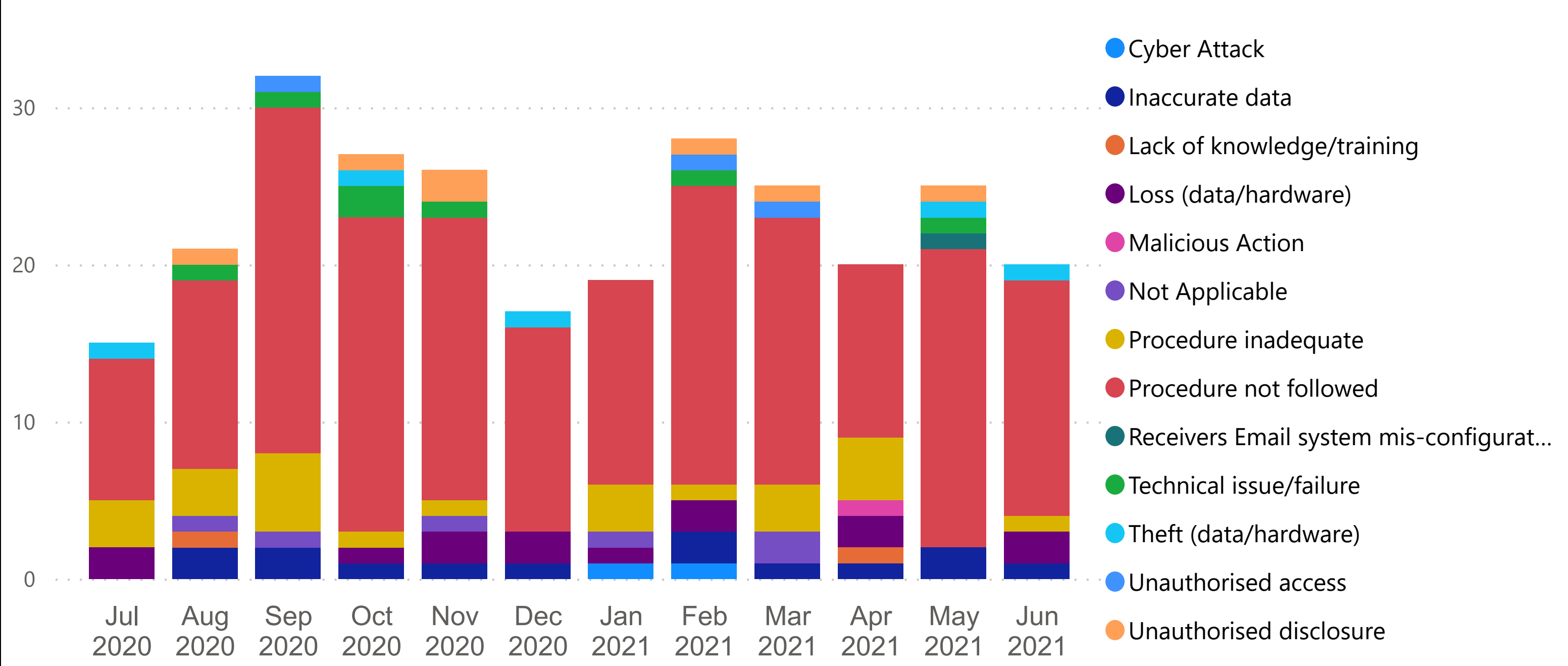
- A data protection breach
- Not a data protection breach
- Not a data protection breach but a near miss

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).

Commentary on number and type of breaches

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

Figure 5: Breaches by root cause in 12 months to end of June 2021



ICO Reported Breaches

There has been an increase 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.

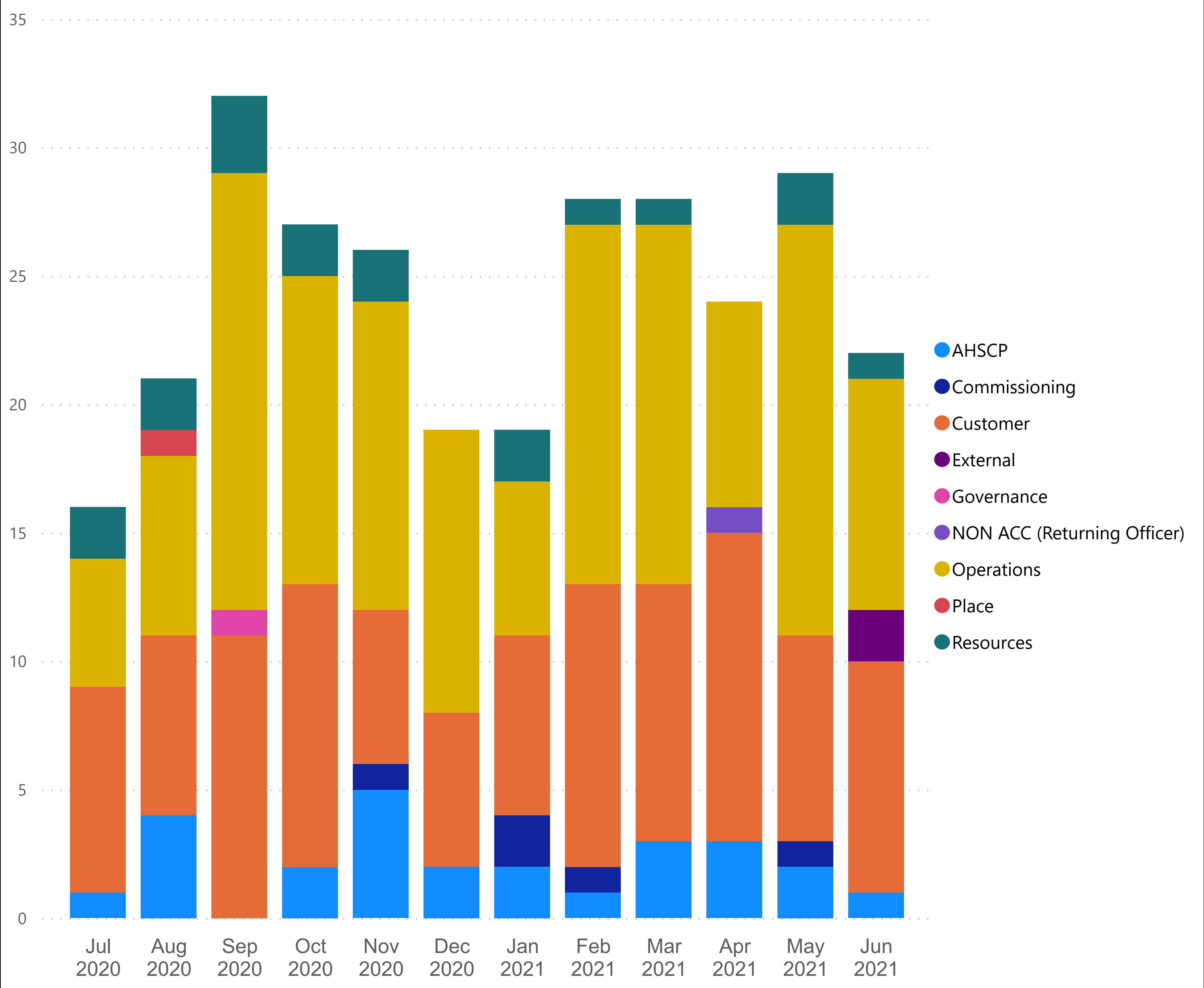
Root causes and interventions

Non-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.

2.2 Data Protection Breaches (cont'd)

Figure 6: Breaches by Function in 12 month to end June 2021



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

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.

Fig 7: Annual number of requests received in the period

Number of requests received	12 months to June 2021	12 months to June 2020
Number of FOISA Requests	950	1021
Number of EIR Requests	316	456

Commentary on requests received

There has been a small decline in recorded requests, likely related to the Covid-19 pandemic.

Fig 8: Request numbers in the last 12 months

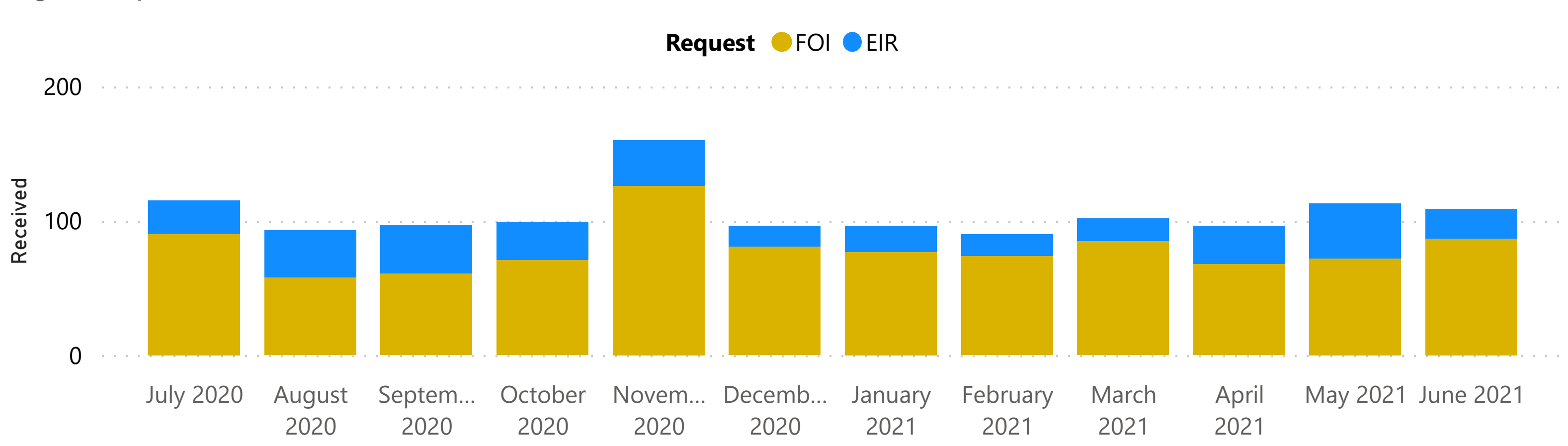


Fig 9: Compliance with timescales in the period

Number of requests received	12 months to June 2021	12 months to June 2020
Number of FOISA Requests	74%	80%
Number of EIR Requests	71%	83%

Commentary on compliance

Compliance for FOI requests has fallen. This is primarily due to the Covid 19 pandemic which had an impact on resource allocation and also access to data.

2.4 FOISA and EIR Request Internal Reviews

Fig 10: Internal Reviews received by type in the period

Type of review received	12 months to June 2021	12 months to June 2020
No response received	8	6
Unhappy with response	19	24

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.

Fig 11: Internal Review Panel outcomes in the period

Type of review outcome	12 months to June 2021	12 months to June 2020
Response Upheld	20	11
Response overturned or amended	6	13

Commentary on Internal Reviews

There has been an increase in overturned or amended reviews. Areas for improvement have been identified as further training and support for officers when applying exemptions and better advice and assistance to be provided at response stage.

2.5 FOISA and EIR Request Appeals

Fig 12: FOISA and EIR Appeals received and closed in the period

No. of Appeals	12 months to June 2021	12 months to June 2020
Received	3	4
Closed	3	3

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

The outcome from Appeals have been positive in that where an applicant has approached the Commissioner the decision has been in our favour. The need to provide further advice and assistance was identified as a learning point.

2.6 Cyber Incidents

Fig 13: Annual number of cyber incidents in the period

Incident Type	12 months to June 2021	12 months to June 2020
Internal Cyber Incident Attempts Prevented	1	0
Internal Cyber Incidents	0	1
External Cyber Incident Attempts Prevented	9,995,496	23,900,182
External Cyber Incidents	7	8

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 have been no internal cyber incidents in the past 12 months.

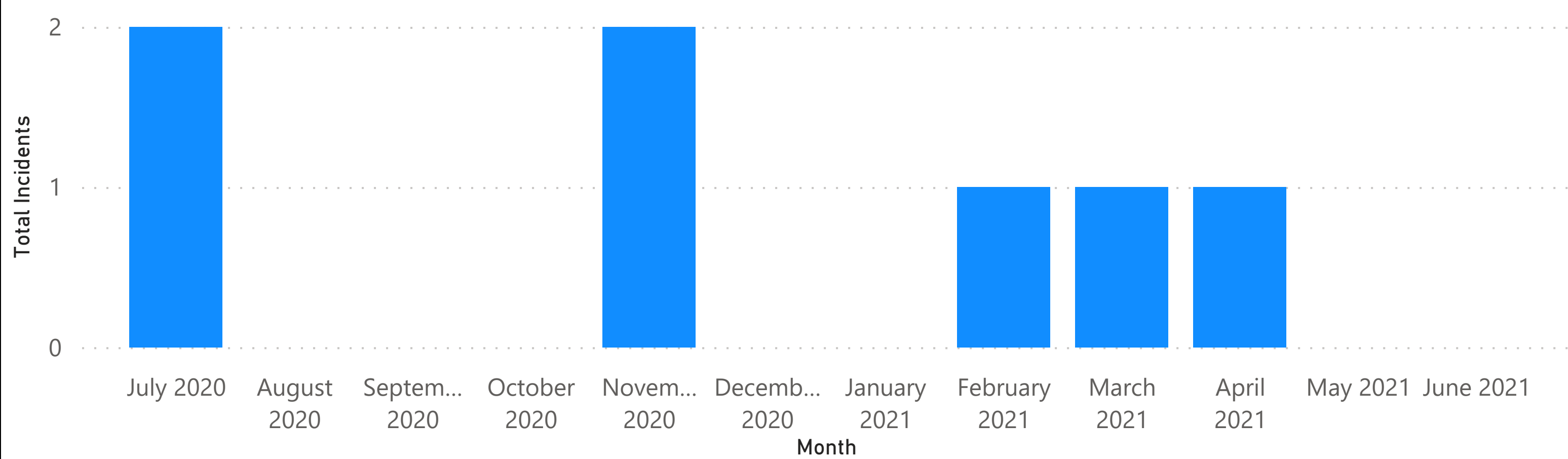
External Cyber Incidents

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).

Commentary on External Cyber Incidents

There has been a reduction in the number of external cyber incident attempts compared with the equivalent period 12 months ago. Intrusion attempts have returned to a more expected level.

Fig 15: External Cyber Incidents in the period



2.7 Lost ID Badges

Fig 13: Annual number of lost ID Badges in the period

Incident Type	12 month to June 2021	12 months to June 2020
No. lost ID badges	63	137

Lost ID Badges

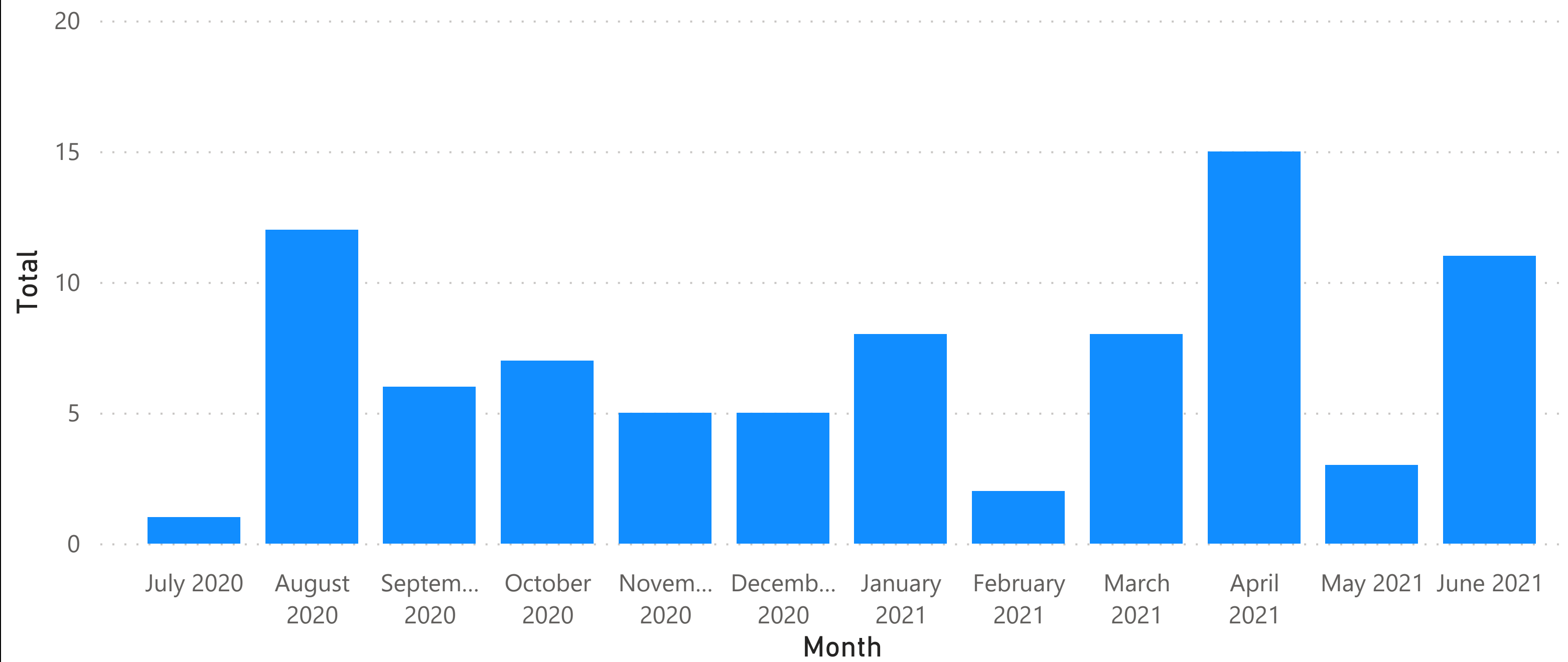
These are tangible and material risks or threats to the Council's information assets that originate from within the premises or organisation.

Commentary on Lost ID Badges

There has been reduction in the number of lost ID badges in the past 12 months. Lost badges are deactivated following notification. The decrease coincides with COVID-19 lockdown measures and many of our staff working from home.

Fig 14: Lost ID Badges in the period

Incident Type ● No. lost ID badges



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COMMITTEE	Audit, Risk and Scrutiny Committee
DATE	29 September 2021
EXEMPT	No
CONFIDENTIAL	No
REPORT TITLE	Internal Audit Progress
REPORT NUMBER	IA/21/008
DIRECTOR	N/A
REPORT AUTHOR	Colin Harvey
TERMS OF REFERENCE	2.2 and 2.4

1. PURPOSE OF REPORT

- 1.1 This report advises the Committee of Internal Audit's progress against the approved 2020/21 and 2021/22 Internal Audit plans.

2. RECOMMENDATIONS

It is recommended that the Committee:

- 2.1 Reviews, discusses and comments on the issues raised within this report and appendices;

3. BACKGROUND / MAIN ISSUES

Internal Audit Plan 2020/21

- 3.1 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, and changes to the Council's risk profile as a result, 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 revised plan included an indicative date by when it was planned to report each audit to Committee. Progress against the plan has been reported to each subsequent meeting of the Committee.
- 3.2 Appendix A to this report shows progress with audits contained in the 2020/21 plan which have still to be concluded and reported to the Committee. All audits have commenced and the majority are now complete or in final stages of reporting. A summary is shown in the following table:

2020/21 Planned Audit Status	As at 17 September 2021					%
	by Original Target Committee Date					
	Oct- 20	Dec- 20	Feb- 21	May- 21	Total	
Complete	5	1	2	4	12	75%
Draft Report Issued	0	1	0	0	1	6%
Work in Progress	1	0	1	1	3	19%
Total	6	2	3	5	16	100

Internal Audit Plan 2021/22

- 3.3 The Internal Audit plan for 2021/22 was approved by the Audit, Risk and Scrutiny Committee on 24 February 2021. The plan detailed what Internal Audit anticipated being able to review in the year, assuming stability in resources available to the Section. The plan included an indicative date by when it was planned to report each audit to Committee, noting that these may be subject to change based on availability of resources within Clusters to respond to Internal Audit's enquiries, resources within Internal Audit, the risk profile of the organisation, and the extent to which processes are documented and complied with.
- 3.4 It was proposed that the Chief Internal Auditor (Interim) would report back to Committee in September 2021 to reconfirm the plan or propose any necessary adjustments, to reflect the Council's changing risk context and available resources.
- 3.5 The Risk Board has regularly considered the key risks to the Council's strategic objectives, functions and activities – including horizon scanning, updates to risk profiles, consideration of the Council's risk tolerance in particular scenarios and extended analysis of specific risks. The Chief Internal Auditor (Interim) regularly attends the Board, and has given consideration to whether the risks and changes thereto have an impact on the Internal Audit plan. Generally this has reconfirmed Internal Audit's priorities as continuing to reflect key risk areas.
- 3.6 Internal Audit's resources have been constrained due to the direct and indirect impacts of Covid 19 on team absence statistics, and a series of vacancies following the departure of the former Chief Internal Auditor, recruitment for which is still ongoing. Two of the Section's key roles (the Chief Internal Auditor and one Senior Auditor) are not currently filled on a permanent basis, pending recruitment processes. Acting up arrangements have been implemented in the interim, and additional Assistant Auditors have been offered fixed term contracts to back-fill capacity. However, it has taken some time to conclude recruitment and some of this capacity will

be required for training and development. Limited management capacity has also reduced opportunities to address performance issues identified within the team. Turnover and absence has increased, including some experienced members of the team.

3.7 It is anticipated that the ongoing permanent Chief Internal Auditor (CIA) recruitment process will be concluded in October 2021. In the interim, acting-up arrangements remain in place within the team, and recruitment of Assistant Auditors is in progress. Opportunities to improve the efficiency of the team’s work are being pursued where this will not impact on the level of assurance obtained and delivered. On conclusion of CIA recruitment, the team will progress towards a full staffing complement to restore capacity currently lost through back-filling of posts.

3.8 Given the challenges set out in section 3.6, the 2021/22 Internal Audit Plan has not progressed to the extent originally anticipated to date. Work has however commenced, with a summary shown in the following table:

2021/22 Planned Audit Status	As at 17 September 2021						%
	by Original Target Committee Date						
	Jun- 21	Sep- 21	Dec- 21	Feb- 22	May- 22	Total	
Complete	0	0	0	0	0	0	0%
Draft Report Issued	1	0	0	0	0	1	5%
Work in Progress	1	3	2	0	1	7	33%
To Start	0	0	2	6	5	13	62%
Total	2	3	4	6	6	21	100

3.9 Appendix B to this report details the current position with audits contained in the 2021/22 plan agreed with the Audit Risk and Scrutiny Committee in February 2021. Work has been delayed commencing some of these audits, pending progress with concluding work carried forward from the previous year. Audited Services have also indicated continuing issues with their capacity to support Internal Audit’s work as they seek to re-establish and where appropriate adjust operations following Covid 19.

3.10 Further consideration has therefore been given to prioritising the remaining audit work in line with the anticipated level of risk pertaining to each area. During 2020/21 lower-risk audits were added to a Reserve List, and thereafter removed or deferred following consultation with Officers and the Audit Committee.

- 3.11 A similar approach to reviewing and re-prioritising the Audit Plan has been undertaken for 2021/22, however it is not proposed to formally remove or defer specific pieces of work at this stage. Whilst delivery of the Internal Audit Plan within 2021/22 is at risk due to the circumstances outlined at 3.6 above, the audits included therein remain a priority, and will be progressed as resources allow. Similar to previous years, this is likely to mean a proportion of the Audit Plan will be reported to the Committee in the following financial year, and some of the indicative dates for reporting audits to the Committee may be subject to moderate delays.
- 3.12 In order to support the Chief Internal Auditor's annual report, prior to the end of the financial year assurance will be sought from relevant Services in respect of audited areas where a full review cannot be concluded within the year. More detailed review of supporting evidence will be undertaken thereafter, and reported to the Audit, Risk and Scrutiny Committee as soon as practicable in the following financial year. The areas in which this is currently anticipated to apply, on a risk-prioritised basis, have been highlighted in Appendix B, with a revised provisional reporting date of June 2022 (Committee dates pending).
- 3.13 The Internal Audit plan for 2021/22 also included elements of consultancy and support work. A summary of progress with these activities is set out in Appendix C to this report.

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

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

9. APPENDICES

- 9.1 Appendix A – Progress with 2020/21 Internal Audit Plan
- 9.2 Appendix B – Progress with 2021/22 Internal Audit Plan
- 9.3 Appendix C – 2021/22 Internal Audit Consultancy Work

10. REPORT AUTHOR DETAILS

Colin Harvey, Chief Internal Auditor (Interim)
colin.harvey@aberdeenshire.gov.uk
(01467) 530701

APPENDIX A

PROGRESS WITH 2020/21 INTERNAL AUDIT PLAN

SUBJECT / SCOPE	OBJECTIVE	Progress as at 31 August 2021	Red Amber Green	Comment where applicable
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Originally Planned for October 2020 Committee

Consilium System	To provide assurance over system controls (to include access controls, system security and backups, interfaces, business continuity and contingency plans).	Audit Commenced Draft report due to be issued Draft report issued	14.01.21 08.03.21 tbc	Red	<i>The assigned auditor had sickness absences which have delayed progress.</i>
		Original Target Committee date Revised Target Committee Date	08.10.20 02.12.21	Red	Work in progress. Report anticipated December 2021.
Bon Accord Care Budget Monitoring	To provide assurance over Bon Accord Care's budget monitoring procedures including monitoring of savings programme.	Audit Commenced Draft report due to be issued Draft report issued Service response Final report agreed	03.12.20 18.02.21 26.05.21 02.07.21 19.07.21	Amber	<i>The assigned auditor had sickness absences which have delayed progress.</i> Report concluded
		Original Target Committee date Revised Target Committee Date	08.10.20 29.09.21	Red	Publication originally suspended pending BAC's Audit Committee, which was further delayed. Subsequently agreed with BAC Finance Director.

SUBJECT / SCOPE	OBJECTIVE	Progress as at 31 August 2021	Red Amber Green	Comment where applicable
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Originally Planned for December 2020 Committee

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.	Audit Commenced	19.01.21	Red	<i>The assigned auditor has had sickness absences which have delayed progress.</i>
		Draft report due to be issued	31.03.21		
		Draft report issued	13.08.21		
		Original Target Committee date	09.12.20	Red	Work in progress.
		Revised Target Committee Date	02.12.21		
					The draft report has been issued for comment.
					Report anticipated December 2021.

Originally Planned for February 2021 Committee

Vehicle Replacement	To provide assurance that the Council has an appropriate vehicle replacement policy, and that procurement complies with policy and procurement regulations / governance.	Audit Commenced	21.01.21	Amber	<i>Commencement was delayed pending conclusion of other work.</i>
		Draft report issued	09.06.21		
		Service response	29.06.21		
		Final report agreed	06.08.21		
		Original Target Committee date	24.02.21		Complete
		Presented to Committee	29.09.21		

SUBJECT / SCOPE	OBJECTIVE	Progress as at 31 August 2021	Red Amber Green	Comment where applicable
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Originally Planned for February 2021 Committee (continued)

School / Pupil Security	<p>To provide assurance that the Council has adequate arrangements regarding school security to include those in place to:</p> <ul style="list-style-type: none"> •Control access to schools •Ensure that knives / weapons are not brought into schools •Know where pupils are during the school day • Escort vulnerable young people 	<p>Audit Commenced Draft report due to be issued</p> <p>Original Target Committee date Revised Target Committee date</p>	<p>02.11.20 31.12.20</p> <p>24.02.21 Tbc.02.22</p>	<p>Red</p> <p>Red</p>	<p><i>Commenced November 2020, access and Service availability is restricted due to Covid 19.</i></p> <p><i>Due to revised Covid measures applicable between December 2020 and February 2021, the Service did not have capacity to assist Internal Audit's review. The Service was asked to provide a revised date for work to recommence.</i></p> <p>This was on hold pending return from school holidays. The Service has requested the audit now commence following the October break.</p> <p>Report anticipated February 2022.</p>
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SUBJECT / SCOPE	OBJECTIVE	Progress as at 31 August 2021	Red Amber Green	Comment where applicable
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Originally Planned for May 2021 Committee

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.	Audit commenced Draft report issued Service response Original Target Committee date Revised Target Committee date	22.06.21 12.05.21 02.12.21	Red	Commenced June 2021 Work in progress. Report anticipated February 2022.
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Housing Waiting List and Allocations	To provide assurance that the Housing Waiting List is maintained efficiently, and allocations are made in accordance with policy.	Audit Commenced Draft report issued Service response Final report agreed Original Target Committee date Presented to Committee	17.03.21 18.05.21 30.07.21 31.08.21 12.05.21 29.09.21	Amber	Service response delayed. Complete
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SUBJECT / SCOPE	OBJECTIVE	Progress as at 31 August 2021	Red Amber Green	Comment where applicable
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Originally Planned for May 2021 Committee (continued)

Health & Safety Arrangements in Operations and Protective Services	<p>To provide assurance that appropriate processes are being employed in managing health and safety within the Cluster. This follows on from a corporate review and is intended to provide assurance that corporate processes are being employed in managing the risks.</p> <p>This review will also cover two aspects of public safety – water safety and cemetery headstones – to provide assurance that the Council has appropriate arrangements in place to manage these areas.</p>	<p>Audit Commenced Draft report due to be issued Draft report issued Final report agreed</p> <p>Original Target Committee date Revised Target Committee date</p>	<p>19.01.21 31.03.21 12.05.21 23.08.21</p> <p>12.05.21 29.09.21</p>	Amber	Complete
Timesheets and Allowances	To provide assurance that payments are accurate and justified, and that improvements recommended in previous reviews have been fully implemented.	<p>Audit Commenced Draft report issued Service response Final report agreed</p> <p>Original Target Committee date Revised Target Committee date</p>	<p>29.01.21 01.06.21 18.06.21 31.08.21</p> <p>12.05.21 29.09.21</p>	Amber	Complete

APPENDIX B

PROGRESS WITH 2021/22 INTERNAL AUDIT PLAN

SUBJECT / SCOPE	OBJECTIVE	Progress as at 31 August 2021	Risk / Audit Priority Level	Proposal / Update
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Originally Planned for June 2021 Committee

IT Infrastructure Resilience	To obtain assurance over the procurement and adequacy of the Council's IT infrastructure systems.	Audit Commenced Draft report due to be issued Revised Target Committee date	02.05.21 23.07.21 02.12.21	High (Risk to various aspects of Council business)	<i>Temporarily suspended pending the new CO – Digital & Technology commencing in post.</i> The audit programme remains under discussion with the CO – Digital & Technology. Report anticipated December 2021.
Licensing Income	To provide assurance over the processes in place for controlling income from licensing applications.	Audit Commenced Draft report issued Revised Target Committee date	28.05.21 02.09.21 02.12.21	Low (Largely routine, financial and compliance risks)	System access delayed due to service requirements. The draft report has been issued for comment. Report anticipated December 2021.

SUBJECT / SCOPE	OBJECTIVE	Progress as at 31 August 2021	Risk / Audit Priority Level	Proposal / Update
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Planned for September 2021 Committee

Commissioning	Review of plans and progress with implementation of the Council's Strategic Commissioning Approach set out in the Council Delivery Plan	Audit Commenced Target Committee date Revised Target Committee date	16.07.21 29.09.21 02.12.21	Medium (Risk to strategic plan delivery)	Work in progress. Report anticipated December 2021.
Children with Disabilities	To obtain assurance that care is being arranged and paid for in accordance with procedure to secure best value outcomes.	Audit Commenced Target Committee date Revised Target Committee date	30.06.21 29.09.21 02.12.21	Medium (Financial and care management risks)	Work in progress. Report anticipated February 2022.
Financial Interfaces	To obtain assurance that appropriate checks and balances are in place to confirm the accuracy of information transferred into the financial system.	Audit Commenced Draft report issued Target Committee date Revised Target Committee date	11.06.21 tbc 29.09.21 02.12.21	Medium (Key systems / processes)	Work in progress. Delayed due to Service and Auditor availability. Report anticipated December 2021.

SUBJECT / SCOPE	OBJECTIVE	Progress as at 31 August 2021	Risk / Audit Priority Level	Proposal / Update
-----------------	-----------	----------------------------------	-----------------------------------	-------------------

Planned for December 2021 Committee

Recruitment	To obtain assurance over adherence to the recruitment process, including pre-employment checks and document retention.	Audit Commenced Target Committee date	01.07.21 02.12.21	Medium (Key systems / processes)	Report anticipated February 2022.
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Attendance Management	To obtain assurance over compliance with corporate policy and determine whether the Council's absence improvement plan is having a positive impact on attendance.	Audit Commenced Target Committee date Revised Target Committee date	tbc 02.12.21 30.06.22	Medium (Key systems / processes)	In March 2020 all employee relations processes were suspended due to the pandemic, some casework was recommenced in October 2020 but a return to business as usual only recommenced in April 2021. The Service has requested that audit fieldwork be deferred until January 2022 by when there should be a period of greater normalisation from which to assess. Report anticipated June 2022.
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SUBJECT / SCOPE	OBJECTIVE	Progress as at 31 August 2021	Risk / Audit Priority Level	Proposal / Update
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Planned for December 2021 Committee (continued)

Revenue Budget Monitoring	To ensure that robust procedures are in place for monitoring the revenue budget.	Audit Commenced Target Committee date	03.09.21 02.12.21	Medium (Key systems / processes)	Work in progress. Report anticipated December 2021.
Care Establishments	To obtain assurance over financial administration including payroll, timesheets, purchasing.	Audit Commenced Target Committee date	tbc 02.12.21	Medium (Key systems / processes)	Report anticipated February 2022.

SUBJECT / SCOPE	OBJECTIVE	Progress as at 31 August 2021	Risk / Audit Priority Level	Proposal / Update
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Planned for February 2022 Committee

Debt recovery	To ensure that procedures for recovering debts are adequate, efficient, and consistently applied.	Audit Commenced Target Committee date	tbc Tbc.02.22	High (Key systems / processes)	Report anticipated June 2022.
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Client Transport	To obtain assurance over procurement, provision and management of transport for educational and social care needs	Audit Commenced Target Committee date	. tbc Tbc.02.22	Medium (Financial and care management risks)	Procurement risks are being considered under consulting work with C&PSS (see Appendix C) Report anticipated June 2022
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Following the Public Pound	To obtain assurance that grant payments to external organisations during financial year 2021/22 comply with the Council's policy and procedure, including the Following the Public Pound code of practice.	Audit Commenced Target Committee date	tbc Tbc.02.22	High (Discretionary, Key systems / processes)	Report anticipated February 2022.
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SUBJECT / SCOPE	OBJECTIVE	Progress as at 31 August 2021	Risk / Audit Priority Level	Proposal / Update
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Planned for February 2022 Committee (continued)

Land and Property	To review systems and procedures in place for ensuring that the Council has surety over the Land and Buildings it owns, including title.	Audit Commenced Target Committee date	tbc Tbc.02.22	Low (Compliance risks)	Report anticipated June 2022
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SUBJECT / SCOPE	OBJECTIVE	Progress as at 31 August 2021	Risk / Audit Priority Level	Proposal / Update
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Planned for June 2022 Committee (Originally noted as May 2022, Committee date is 30 June 2022)

Payroll and HR system amendments	To obtain assurance over the accuracy and completeness of the payroll as a result of changes to the workforce.	Audit Commenced Target Committee date	tbc 30.06.22	Medium (Key systems / processes)	Report anticipated June 2022.
Staff resourcing	To obtain assurance over adherence to procedures for internal movement of staff, use of relief pool staff, and agency worker engagement procedures.	Audit Commenced Target Committee date	tbc 30.06.22	Medium (Key systems / processes, new system)	Report anticipated June 2022.
Private Sector Housing	To ensure that adequate control is being exercised over income and expenditure.	Audit Commenced Target Committee date	tbc 30.06.22	Low (Financial risks)	Report anticipated June 2022
Financial Administration - Waste	To obtain assurance over financial administration including payroll, timesheets, and purchasing.	Audit Commenced Target Committee date	tbc 30.06.22	Low (Financial / compliance risks)	Assurance is still required over application of key processes in operation. Report anticipated June 2022

SUBJECT / SCOPE	OBJECTIVE	Progress as at 31 August 2021	Risk / Audit Priority Level	Proposal / Update
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Planned for June 2022 Committee (continued)

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.	Audit Commenced Target Committee date	24.08.21 30.06.22	Medium (Financial risks, complexity)	Work in progress. Report anticipated June 2022.
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Care Management Recording and Transactions	To obtain assurance over coordination, recording and payment for care services.	Audit Commenced Target Committee date	tbc 30.06.22	Medium (Key systems / processes, new system)	Report anticipated June 2022.
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SUBJECT / SCOPE	OBJECTIVE	Progress as at 31 August 2021	Risk / Audit Priority Level	Proposal / Update
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Other Committees

<i>Transformational Programme (IJB Risk Audit & Performance Committee)</i>	<i>To provide assurance that the IJB is continuing to make progress with delivery of its transformation agenda.</i>	<i>Audit Commenced Target Committee date (IJB RAPC)</i>	<i>tbc February 2022</i>	<i>High (Key programme, main IJB audit)</i>	<i>In line with previous agreement between Aberdeen City Council and the IJB, the report will be presented to the next available Audit Risk & Scrutiny Committee following presentation to the IJB RAPC.</i>
<i>Pensions System (Pensions Committee)</i>	<i>To consider whether appropriate control is being exercised over the system used to administer the Fund, including access, contingency planning and disaster recovery, data input, and that interfaces to and from other systems are accurate and properly controlled.</i>	<i>Audit Commenced Target Committee date (Pensions)</i>	<i>tbc February 2022</i>	<i>High (Key system, main Pensions audit)</i>	<i>Pension fund reports are not separately reported to Audit Risk & Scrutiny.</i>

APPENDIX C

2021/22 INTERNAL AUDIT CONSULTANCY WORK

SUBJECT / SCOPE	OBJECTIVE	Progress as at 31 August 2021
Compliance with Procurement Regulations	To support the Commercial and Procurement Shared Service in developing its controls and approach to improving compliance with procurement requirements.	Feedback has been provided to the Commercial and Procurement Shared Service on planned changes to improving compliance.
Cyber Security	To support the Digital and Technology Service in obtaining assurance and further developing controls over the Council's Cyber Security arrangements.	Discussions have commenced with the new CO - Digital and Technology with a view to identifying areas where Internal Audit input might add value.
Social Care System controls and readiness for deployment	To support the Digital and Technology Service in its development of controls in respect of the new social care system.	Engagement with Digital and Technology and key service officers has highlighted the key controls anticipated within the new system to ensure these are being considered at appropriate stages of system development.

ABERDEEN CITY COUNCIL

COMMITTEE	Audit, Risk and Scrutiny Committee
DATE	29 September 2021
EXEMPT	No
CONFIDENTIAL	No
REPORT TITLE	Internal Audit Reports – Follow-up of Agreed Recommendations
REPORT NUMBER	IA/21/009
DIRECTOR	N/A
REPORT AUTHOR	Colin Harvey
TERMS OF REFERENCE	2.3

1. PURPOSE OF REPORT

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

2. RECOMMENDATIONS

The Committee is requested to:

- 2.1 Review, discuss and comment on the issues raised within this report and the attached appendices
- 2.2 Consider and agree the proposal from C&PSS to close the actions included in section 4 below.

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 their meetings 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 2021 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.
- 3.5 Management has noted that implementation of several recommendations has been delayed due to the impact of the Covid-19 pandemic. This is to be anticipated. It is appropriate for the organisation to reallocate resource to address risks posed by the pandemic where those risks outweigh the risks of not completing some outstanding recommendations.

4. PROPOSAL TO CONCLUDE AUDIT ACTIONS

- 4.1 In addition to providing progress updates, Services have been asked to consider whether the actions agreed in respect of the risks originally identified during the audit process remain appropriate. Where there are other mitigations in place which address the identified risks, where the circumstances are considered by the Service to no longer pose as significant a risk, and where the Service has accepted any residual risk, these will be presented to the Audit, Risk & Scrutiny Committee for consideration.

4.2 AC2019 – Procurement Compliance

2.2.3a: All spend should be clearly linked, e.g. through consistent reference numbers and inclusion of approval details in the Contracts Register, back to a contract and its approval. (Significant within audited area)

2.2.3b: A clear and consistent method of recording contract details against each payment should be developed and implemented. (Significant within audited area).

Service discussion

- 4.3 The Service had previously requested to extend the deadline for all of the AC2019 actions to 31st March 2021, which aligned with similar recommendations for Aberdeenshire and would allow the Service to carry out development work on the Contract Register and develop and roll out further training.
- 4.4 The last update from the Service was that a short term working group is being established to look at mapping between the Contracts Register and Finance System. This was anticipated to be concluded by June 2021.
- 4.5 Initial work from the working group identified that there are a number of limitations in the Finance system and Feeder systems which means it is not possible to find a consistent approach to implement a methodology for

spend outwith a catalogue or punchout site, and would potentially involve updates to various systems at cost to the Council and require significant resource to implement as due to the way that systems are structured we would need to implement a number of different solutions to meet the recommendation. As an example it cannot report on the field in Pecos that a contract reference can be entered so cannot implement this as a solution via adding a Contract Reference to Purchase orders.

- 4.6 C&PSS therefore wish to request that these recommendations are closed out on the basis of the solution identified to close out elements of contract spend. C&PSS will continue to work with Finance but a solution cannot be fully implemented to cover all contracts at present and may not be possible unless / until there is a change in Finance system.

Internal Audit comment

- 4.7 The originally identified risk was that the Council will have less assurance over compliance with its own rules and procurement legislation, because without a clear and consistent method of recording contract details against each payment it will be difficult to ensure all spend is covered by a contract and is within approved levels of spend.
- 4.8 The Council's Risk Appetite Statement sets out that the Council is averse to risks that may result in non-compliance or breaches in statutory obligations, regulations and law. The Council is also averse to risks associated with internal controls. These risks are not increased by not concluding the agreed actions, but will not be further mitigated as a result.
- 4.9 Whilst the risk remains, the Service has sought to address it, undertaken a review, identified a partial solution and has accepted the residual risk.
- 4.10 Had the Service accepted the risk during the audit, it would have been highlighted to the Audit, Risk and Scrutiny Committee in the audit report, and concluded. It is therefore not unreasonable to conclude it at this point.
- 4.11 As an area in which there have been frequent audit findings, this will be scheduled for further internal audit review in due course, at which point the risk will be re-evaluated.

5. FINANCIAL IMPLICATIONS

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

6. LEGAL IMPLICATIONS

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

7. MANAGEMENT OF RISK

- 7.1 The Internal Audit process considers risks involved in the areas subject to review. Any risk implications identified through the Internal Audit process are 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.

8. OUTCOMES

8.1 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.

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

9. IMPACT ASSESSMENTS

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

10. APPENDICES

10.1 Appendix A – Position with Agreed Recommendations – Summary.

10.2 Appendix B – Position with Agreed Recommendations – Cross Service.

10.3 Appendix C – Position with Agreed Recommendations – Commissioning.

10.4 Appendix D – Position with Agreed Recommendations – Customer.

10.5 Appendix E – Position with Agreed Recommendations – Operations.

10.6 Appendix F – Position with Agreed Recommendations – Resources.

11. REPORT AUTHOR DETAILS

Colin Harvey, Chief Internal Auditor (Interim)
Colin.Harvey@aberdeenshire.gov.uk
(01467) 530701

APPENDIX A – SUMMARY

POSITION WITH AGREED RECOMMENDATIONS AS AT 31 JULY 2021

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

On 12 May 2021, the Committee was advised that, as at 29 April, there were 27 recommendations which were due to have been completed by 31 March 2021 which were not fully complete. This has now reduced to 7.

The total not fully complete, which had an original due date of before 31 July 2021, 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 June 2021	Confirmed complete by Service	New in June to July 2021	Confirmed complete by Service	Not fully complete by original due date	Major	Significant	Important
Cross Service	14	13	11	0	0	2	0	2	0
Commissioning	6	5	5	1	0	1	0	1	0
Customer	31	30	29	0	0	1	0	0	1
Operations	74	60	58	6	6	2	0	2	0
Resources	47	43	39	3	3	4	0	3	1
Health & Social Care	0	0	0	0	0	0	0	0	0
Total	172	151	142	10	9	10	0	8	2

KEY TO COLOURING USED IN FOLLOWING APPENDICES

Recommendation Grading:

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

Length of time overdue

Over 12 months
6 to 12 months
Less than 6 months

APPENDIX B
CROSS SERVICE

Report Number	Report Title	Date Issued	Number of Recommendations				Grading of overdue recommendations
			Agreed in Report	Due for implementation by 31.07.21	Confirmed Implemented by Service	Not implemented by original due date	
AC2018	Workforce Planning	August 2020	2	1	1	0	NA

Report Number	Report Title	Date Issued	Number of Recommendations				Grading of overdue recommendations
			Agreed in Report	Due for implementation by 31.07.21	Confirmed Implemented by Service	Not implemented by original due date	
AC2019	Procurement Compliance	September 2020	12	12	10	2	2 Significant
Chief Officer	Recommendation	Grading / Due Date	Position				
Commercial & Procurement	All spend should be clearly linked, e.g. through consistent reference numbers and inclusion of approval details in the Contracts Register, back to a contract and its approval. 2.2.3a	Significant	The Service had previously requested to extend the deadline for all of the AC2019 actions to 31 st March 2021, which aligns with similar recommendations for Aberdeenshire and allows the Service to carry out development work on the Contract Register and develop and roll out further training.				
		December 2020					
Commercial & Procurement	A clear and consistent method of recording contract details against each payment should be developed and implemented. 2.2.3b	Significant	Initial work from the working group established by C&PSS/Finance has identified a method to link BOrganised records to the EFin system that will cover Catalogue and Punchout items only.				
		December 2020					
			C&PSS work with Finance identified that there are a number of limitations in the Finance system and Feeder systems which means it is not possible to find a consistent approach to implement a methodology for spend outwith a catalogue or punchout site, and would potentially involve updates to various systems at cost to the Council and require significant resource to implement as due to the way that systems are structured we would need to implement a number of different solutions to meet the recommendation.				

			<p>As an example we cannot report on the field in Pecos that a contract reference can be entered so cannot implement this as a solution via adding a Contract Reference to Purchase orders.</p> <p>We would wish to request that these recommendations are closed out on the basis of the solution identified to close out elements of contract spend, we will continue to work with Finance but a solution cannot be fully implemented to cover all contracts at present and may not be possible until there is a change in Finance system.</p>
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APPENDIX C
COMMISSIONING

Report Number	Report Title	Date Issued	Number of Recommendations				Grading of overdue recommendations
			Agreed in Report	Due for implementation by 31.07.21	Confirmed Implemented by Service	Not implemented by original due date	
AC2014	Civil Contingencies	September 2020	6	6	5	1	N/A
Chief Officer	Recommendation	Grading / Due Date	Position				
Governance	Further development of the resilience plans should be scheduled, taking account of existing multi-agency plans. 2.5.4	Significant July 2021	To be completed by December 2021 due to on-going requirements for resilience support to the organisation and Local Resilience Partnership. Gaps are well understood but not fully scheduled.				

APPENDIX D

CUSTOMER

Report Number	Report Title	Date Issued	Number of Recommendations				Grading of overdue recommendations
			Agreed in Report	Due for implementation by 31.07.21	Confirmed Implemented by Service	Not implemented by original due date	

AC2012	Customer Access Points and Service Centre	January 2020	13	12	11	1	1 Important
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The position with the overdue recommendation is as follows:

Chief Officer	Recommendation	Grading / Due Date	Position
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 June 2020	<p>The Committee was last advised that 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 was proposed that the action completion date is moved to March 2021.</p> <p>It was subsequently proposed that the action completion date is moved to June 2021.</p> <p>Prioritisation of this action will be changed to ensure a procedure is in place for the end of the financial year, March 2022</p>

Report Number	Report Title	Date Issued	Number of Recommendations				Grading of overdue recommendations
			Agreed in Report	Due for implementation by 31.07.21	Confirmed Implemented by Service	Not implemented by original due date	
AC2023	Timesheets and Allowances	January 2020	18	18	18	0	NA

APPENDIX E
OPERATIONS

Report Number	Report Title	Date Issued	Number of Recommendations				Grading of overdue recommendations
			Agreed in Report	Due for implementation by 31.07.21	Confirmed Implemented by Service	Not implemented by original due date	
AC1925	Music Service	May 2019	22	20	22	0	N/A

AC2013	School Catering Income and Expenditure	January 2020	24	22	21	1	1 Significant
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The position with the overdue recommendations is as follows:

Chief Officer	Recommendation	Grading / Due Date	Position
Operations and Protective Services	The Service should work with Commercial and Procurement Services to progress the tendering process for a cashless catering contract. (2.4.4)	Significant	The Service has advised that the current contract license has been extended to October 2021 pending review in conjunction with Digital and Technology, Commissioning, and Scotland Excel, to determine the most advantageous route to market for the system replacement. Catering and Commercial and Procurement Service colleagues are engaged with Scotland Excel on the development of an online school payments framework. One of the lots which will be part of this framework is for Cashless Catering and Kitchen Management systems. It is expected that this framework will go live in Autumn 2021
		December 2020	

Report Number	Report Title	Date Issued	Number of Recommendations				Grading of overdue recommendations
			Agreed in Report	Due for implementation by 31.07.21	Confirmed Implemented by Service	Not implemented by original due date	

AC2021	SEEMiS	February 2020	10	10	9	1	1 Significant
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The position with the overdue recommendations is as follows:

Chief Officer	Recommendation	Grading / Due Date	Position
Education	Required Data Sharing Agreements will be developed where not in place. (2.4.10b)	Significant September 2020	<p>The Service last noted that this is progressing but as it involves a number of partners with whom there are ongoing discussions regarding data sharing arrangements this has been delayed and would now be completed by March 2021.</p> <p>Work continues to put this in place, however it has not progressed as quickly as hoped. Completion is now anticipated by the end of June 2021.</p> <p>Data sharing agreements are in place with key partners – two remain to be resolved and are being progressed with the relevant partners. An extension to December 2021 is required to ensure this is completed.</p>

AC2028	Fostering, Adoption & Kinship	July 2020	12	10	10	0	N/A
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AC2105	Vehicle Usage	April 2021	6	4	4	0	N/A
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APPENDIX F

RESOURCES

Report Number	Report Title	Date Issued	Number of Recommendations				Grading of overdue recommendations
			Agreed in Report	Due for implementation by 31.07.21	Confirmed Implemented by Service	Not implemented by original due date	
AC2008	Ring-Fenced Funding	March 2020	9	9	9	0	N/A

Report Number	Report Title	Date Issued	Number of Recommendations				Grading of overdue recommendations
			Agreed in Report	Due for implementation by 31.07.21	Confirmed Implemented by Service	Not implemented by original due date	

AC2009	Travel Policy	January 2020	14	14	12	2	2 Significant
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The position with the overdue recommendations is as follows:

Chief Officer	Recommendation	Grading / Due Date	Position
Finance	Ensuring value for money with the Travel Partnering arrangements and other significant supplies will be incorporated into the procurement compliance review (2.4.4b)	Significant	There are now more extensive checks and quotations in place through the updated process and with the commissioning intentions annual cycle this will be addressed as part of business as usual. The travel partnering review has been deferred due to Covid. It was considered that we should see what the travel footprint looked like post-Covid more closely before re-procuring travel arrangements. This will be completed by December 2021.
		December 2020	
Finance	The Council should ensure that action is taken to comply with its Procurement Regulations in respect of travel related expenditure (2.4.6)	Significant	There are now more extensive checks and quotations in place through the updated process and with the commissioning intentions annual cycle this will be addressed as part of business as usual. The procurement compliance review has been deferred due to Covid. A revised date of July 2021 was proposed. After ongoing resource prioritisation to other activities and lower levels of travel the recommendation remains outstanding. Looking forward the Chief Officer confirms that the date for addressing this recommendation should be March 2022. The team has engaged with the Commercial & Procurement Service to ensure that the appropriate actions are taken to achieve this
		December 2020	

Report Number	Report Title	Date Issued	Number of Recommendations				Grading of overdue recommendations
			Agreed in Report	Due for implementation by 31.07.21	Confirmed Implemented by Service	Not implemented by original due date	

AC2017	Industrial & Commercial Properties	February 2021	14	13	11	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
Corporate Landlord	The Service should update the Property Estates Strategy. (2.2.2)	Significant April 2021	The property strategy is being updated and will be presented to the Performance Board in July 2023.
Corporate Landlord	The Service should consider whether different approaches to property management could be applied across parts of the Investment Portfolio which might increase Portfolio income and deliver Portfolio objectives more efficiently and effectively. (2.2.14)	Important April 2021	The review of the commercial estate will be taken forward as part of transformational board activities later in 2021. It has been delayed at this time due to market uncertainties. An extension to December 2021 has been requested.

AC2024	Gas Servicing Contract	September 2020	10	10	10	0	NA
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COMMITTEE	Audit, Risk and Scrutiny Committee
DATE	29 September 2021
EXEMPT	No
CONFIDENTIAL	No
REPORT TITLE	Internal Audit Reporting
REPORT NUMBER	IA/21/010
DIRECTOR	N/A
REPORT AUTHOR	Colin Harvey
TERMS OF REFERENCE	2.3

1. PURPOSE OF REPORT

- 1.1 This report presents an updated format for advising 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 contents of this report and the attached appendices, and thereafter approve the proposed amendments to Internal Audit reporting.

3. BACKGROUND / MAIN ISSUES

Internal Audit Reports

- 3.1 Public Sector Internal Audit Standards require that Internal Audit report regularly to the “Board” on the outcome of audit engagements, and on management’s progress with implementing agreed actions arising from them. The content and format of reporting is not prescribed by the Standards. It is one of the functions of the Audit, Risk & Scrutiny Committee to review the activities of the Internal Audit function. This report presents proposals to revise the format of reporting from December 2021.
- 3.2 The Chartered Institute of Public Finance and Accountancy (CIPFA) recently recommended the use of a set of standard audit engagement opinions¹. These are: ‘Substantial Assurance’, ‘Reasonable Assurance’, ‘Limited Assurance’ and ‘No Assurance’. Having reviewed the CIPFA briefing, and current practice in other local authorities via the Scottish Local Authorities Chief Internal Auditor Group, the Chief Internal Auditor

1) <https://www.cipfa.org/policy-and-guidance/reports/setting-common-definitions>

considers that whilst an engagement opinion is informative, applying a grading does not add substantial value to the process.

- 3.3 Currently, the summary of each audit report presented to the Audit, Risk & Scrutiny Committee includes reference to whether assurance has been obtained, or details of the areas in which assurance was not obtained or requires improvement are set out.
- 3.4 Gradings are already applied to individual recommendations, taking into account the risk to the Council, Service and the process under review, in line with a clear grading scheme (see Appendix B) and application of professional judgement. A composite report grading, as recommended by CIPFA, would take account of these and seek to combine them. However, the combination of findings, and management's response to them – including proposed actions and timescales, is difficult to objectively score. Additional time would be required to consult and agree with Services regarding the grading applied, after the content and related actions had been agreed.
- 3.5 A grading would also need to be taken in the context of the scale and risks inherent in the process under review, within the wider context of those applying to the Council as a whole. Audited areas, whilst within the overall sphere of internal control, governance and risk management, vary widely in scope and objective, scale and risk profile, and the extent to which they reflect the Council's Risk Appetite. Comparison of the level of assurance obtained in one area with another could therefore be misleading. It is not therefore planned to include set audit engagement opinions.
- 3.6 As the full audit reports are provided to the Committee, it is considered that the Committee has sufficient opportunity to scrutinise the activity reported on, and to hold management to account at a detailed level.
- 3.7 Developments have however been applied to enhance interpretation of audit reports, via a new executive summary format which has been applied since June 2021. This includes a clearer opinion on the assurance obtained over the audited area, and a summary of the issues and actions planned to resolve any recommendations graded as Major or Significant. Clearer and more consistent structuring of the executive summary is intended to aid the Committee in interpreting the audit results and focusing on the more significant risks.

Overdue Actions

- 3.7.1 Management progress with implementing agreed actions as a result of recommendations made in Internal Audit reports is regularly reported to the Audit, Risk & Scrutiny Committee.
- 3.7.2 The Committee is currently provided with a summary of Services' progress including the number of actions agreed, implemented, added and closed since the last Committee meeting. Summaries are also provided of the number of actions agreed, implemented, added and closed for each audit completed during the current financial year, and all audits for which actions have not been concluded in accordance with the timescales originally agreed with management, and recorded in the Internal Audit reports, for their

implementation. The grading attributed to each action, and its original due date, is recorded. Details of progress with each overdue action and when it is now proposed to be completed are sought from Services and, where available, are included within the appendices to the Committee report. The history of updates and any extensions to deadlines are also listed.

- 3.7.3 This process was designed to highlight, by exception, those audited areas in which action had not been progressed as planned. This provided an opportunity to provide assurance that the actions were being prioritised for conclusion within a defined extended timescale.
- 3.7.4 In order to allow the Committee, and Officers responsible for implementing the actions, to focus on the higher risk areas in which actions have not yet been concluded, a new format for reporting progress with implementing agreed actions is proposed as set out in Appendix A.
- 3.7.5 In contrast to the traditional reporting format which provided updates on a report-by-report basis, this presents a revised focus on overall performance with implementing agreed actions, including a prioritised list of higher risk actions, based on the existing grading scheme (see Appendix B), and the extent to which actions are overdue.
- 3.7.6 Updates on management progress with implementing agreed actions will continue to be followed up, and recorded, by Internal Audit on a regular basis. Services are supported in their review of delayed actions with clear and regular data on performance in this respect.

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. The purpose of this report is to consult on proposals to amend the format of Internal Audit reports to aid the Committee in interpreting audit results and progress with actions, and focusing on the more significant risks.

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

9. APPENDICES

- 9.1 Appendix A – Position with Agreed Recommendations
- 9.2 Appendix B – Grading of Recommendations

10. REPORT AUTHOR DETAILS

Colin Harvey, Chief Internal Auditor (Interim)
Colin.Harvey@aberdeenshire.gov.uk
(01467) 530701

APPENDIX A

Contents:

- 1) Agreed actions Completed during 2021/22
- 2) Agreed actions Completed since last reported to Committee
- 3) Overdue actions by Function and Grading
- 4) Significant actions Overdue by more than 6 months
- 5) Significant actions Overdue by less than 6 months
- 6) Important actions Overdue by more than 6 months
- 7) Important actions Overdue by less than 6 months

INTERNAL AUDIT RECOMMENDATIONS

1) Agreed actions completed during 2021/22

Complete during current financial year

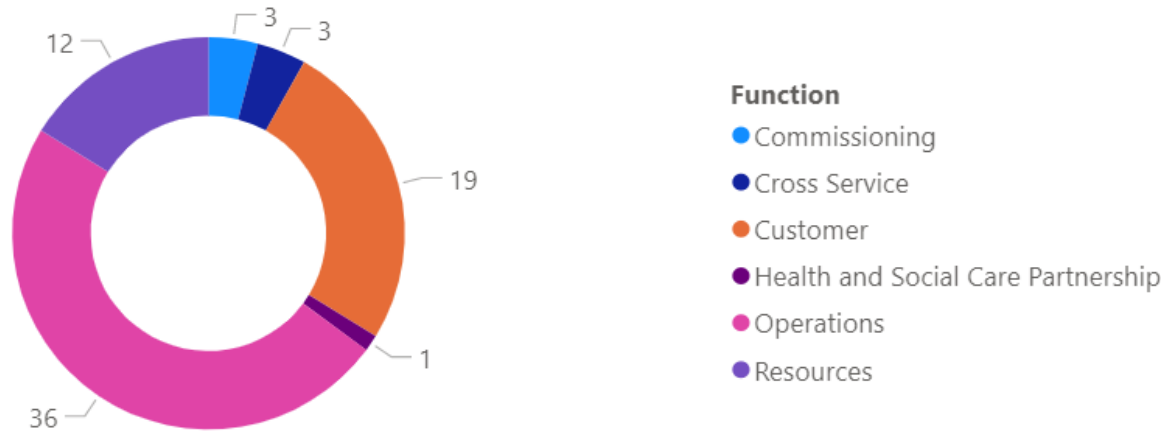
01/04/2021

17/09/2021

Total Complete

74

Number of recommendations by Service



Page 112

Function	1) Important	2) Significant	3) Major - Service	4) Major - Corporate	Total
Commissioning		1		2	3
Cross Service		3			3
Customer	8	11			19
Health and Social Care Partnership	1				1
Operations	7	28	1		36
Resources	6	6			12
Total	22	49	1	2	74

2) Agreed actions completed since last reported in May 2021

Complete since last Committee

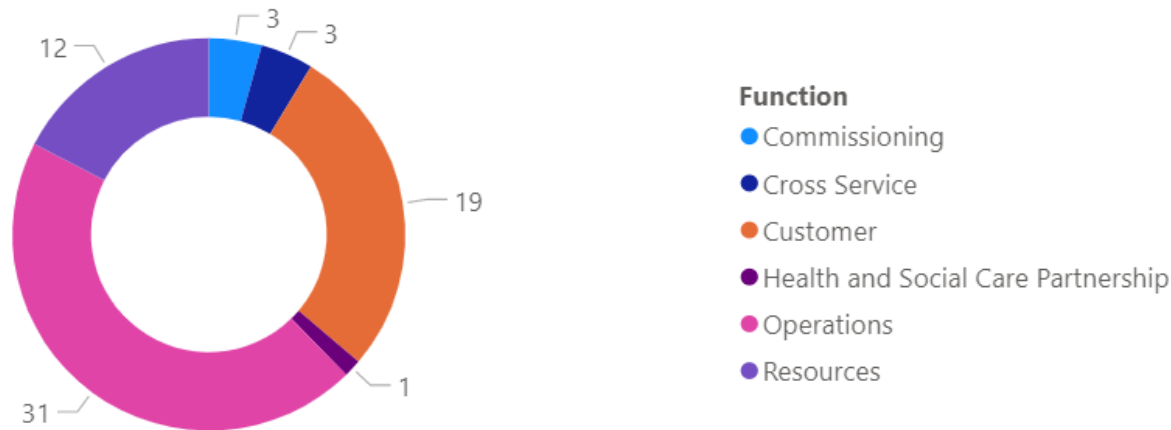
01/05/2021

17/09/2021

Total Complete

69

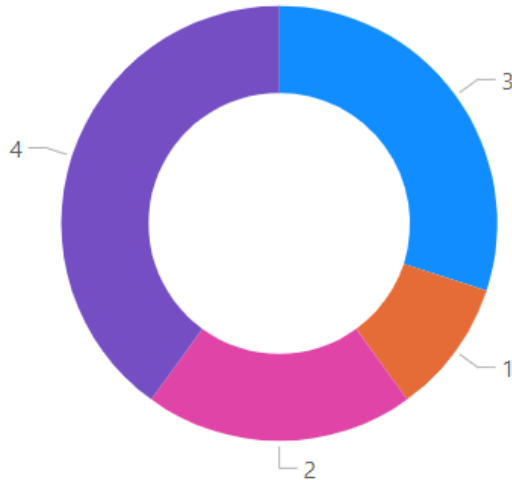
Number of recommendations by Service



Function	1) Important	2) Significant	3) Major - Service	4) Major - Corporate	Total
Commissioning		1		2	3
Cross Service		3			3
Customer	8	11			19
Health and Social Care Partnership	1				1
Operations	5	25	1		31
Resources	6	6			12
Total	20	46	1	2	69

3) Overdue actions – by Service and Grading – due on or before 31 July 2021

Number of recommendations by Service



Total overdue
10

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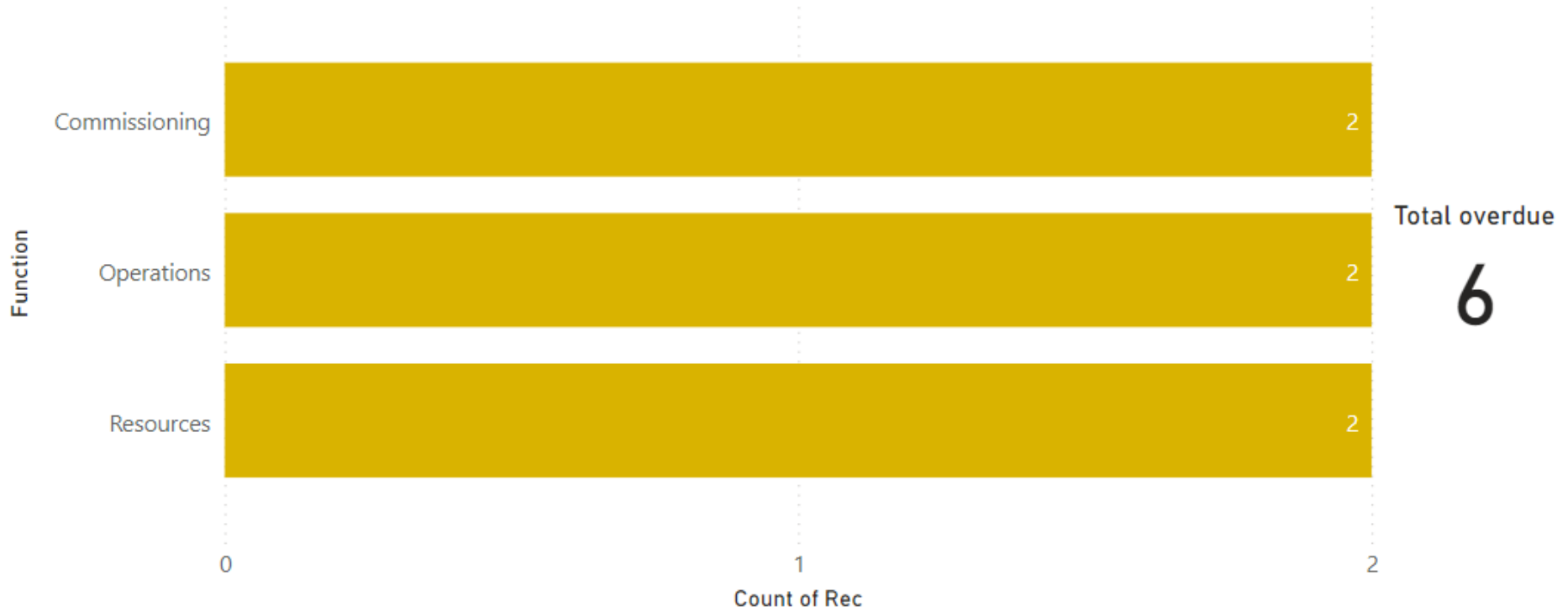
Function	1) Important	2) Significant	Total
Commissioning		3	3
Customer	1		1
Operations		2	2
Resources	1	3	4
Total	2	8	10

Function	a) Less than six months	b) Over six months	c) Over one year
Commissioning	1	2	
Customer			1
Operations		2	
Resources	2	2	
Total	3	6	1

4) Significant Overdue actions in excess of 6 months – Summary

Number of Significant recommendations overdue by more than 6 months by Function

Grading_ ● 2) Significant



Significant Overdue actions in excess of 6 months – Detail

Service	Report	Recommendation	Original Due date	Current due date	Committee Update		Times Extended
Commissioning: Commercial & Procurement	AC2019 - Procurement Compliance	2.2.3a: All spend should be clearly linked, e.g. through consistent reference numbers and inclusion of approval details in the Contracts Register, back to a contract and its approval. (Significant within audited area)	Dec-20	Jun-21	<p>Re recommendations 2.2.3a and 2.2.3b, initial work from the working group established by C&PSS/Finance has identified a method to link BOrganised records to the EFin system that will cover Catalogue and Punchout items only.</p> <p>In our work with Finance we’ve identified that there are a number of limitations in the Finance system and also limitations around the Feeder systems which means it is not possible to find a consistent approach to implement a methodology for spend out with a catalogue or punch out site, and would potentially involve updates to various systems at cost to the Council and require significant resource to implement as due to the way that systems are structured we would need to implement a number of different solutions to meet the recommendation.</p> <p>As an example we cannot report on the field in Pecos that a contract reference can be entered so cannot implement this as a solution via adding a Contract Reference to Purchase orders.</p> <p>We would wish to request that these recommendations are closed out on the basis of the solution identified to close out elements of contract spend, we will continue to work with Finance but a solution cannot be fully implemented to cover all contracts at present and may not be possible until there is a change in Finance system.</p>	Awaiting decision	2

Service	Report	Recommendation	Original Due date	Current due date	Committee Update		Times Extended
Commissioning: Commercial & Procurement	AC2019 - Procurement Compliance	2.2.3b: A clear and consistent method of recording contract details against each payment should be developed and implemented. (Significant within audited area)	Dec-20	Jun-21	<p>Re recommendations 2.2.3a and 2.2.3b, initial work from the working group established by C&PSS/Finance has identified a method to link BOrganised records to the EFin system that will cover Catalogue and Punchout items only.</p> <p>In our work with Finance we've identified that there are a number of limitations in the Finance system and also limitations around the Feeder systems which means it is not possible to find a consistent approach to implement a methodology for spend out with a catalogue or punch out site, and would potentially involve updates to various systems at cost to the Council and require significant resource to implement as due to the way that systems are structured we would need to implement a number of different solutions to meet the recommendation.</p> <p>As an example we cannot report on the field in Pecos that a contract reference can be entered so cannot implement this as a solution via adding a Contract Reference to Purchase orders.</p> <p>We would wish to request that these recommendations are closed out on the basis of the solution identified to close out elements of contract spend, we will continue to work with Finance but a solution cannot be fully implemented to cover all contracts at present and may not be possible until there is a change in Finance system.</p>	Awaiting decision	2

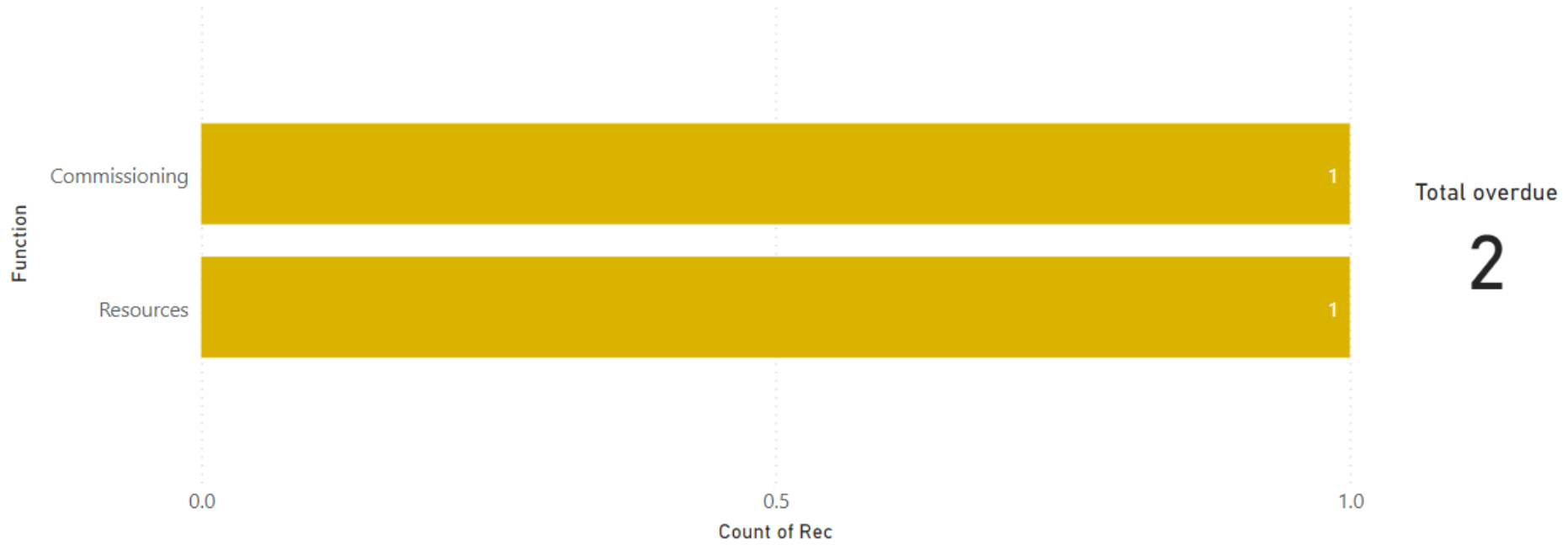
Service	Report	Recommendation	Original Due date	Current due date	Committee Update		Times Extended
Operations: Integrated Children's and Family Services	AC2021 - SEEMIS	2.4.10b: Required Data Sharing Agreements will be developed where not in place. (Significant within audited area)	Sep-20	Dec-21	<p>The Service last noted that this is progressing but as it involves a number of partners with whom there are ongoing discussions regarding data sharing arrangements this has been delayed and would now be completed by March 2021.</p> <p>Work continues to put this in place, however it has not progressed as quickly as hoped. Completion is now anticipated by the end of December 2021.</p> <p>Data sharing agreements are in place with key partners – two remain to be resolved and are being progressed.</p>	In progress	3
Operations: Operations and Protective Services	AC2013 - School Catering Income & Procurement	2.4.4: The Service should work with Commercial and Procurement Services to progress the tendering process for a cashless catering contract. (Significant within audited area)	Dec-20	Oct-21	<p>The Service has advised that the current contract license has been extended to October 2021 pending review in conjunction with Digital and Technology, Commissioning, and Scotland Excel, to determine the most advantageous route to market for the system replacement.</p> <p>Catering and Commercial and Procurement Service colleagues are engaged with Scotland Excel on the development of an online school payments framework. One of the lots which will be part of this framework is for Cashless Catering and Kitchen Management systems. It is expected that this framework will go live in Autumn 2021</p>	In progress	4

Service	Report	Recommendation	Original Due date	Current due date	Committee Update		Times Extended
Resources: Finance	AC2009 Travel Policy	- 2.4.4b: Ensuring value for money with the Travel Partnering arrangements and other significant supplies will be incorporated into the procurement compliance review (Significant within audited area)	Dec-20	Dec-21	<p>There are now more extensive checks and quotations in place through the updated process and with the commissioning intentions annual cycle this will be addressed as part of business as usual.</p> <p>The travel partnering review has been deferred due to Covid. It was considered that we should see what the travel footprint looked like post-Covid more closely before re-procuring travel arrangements. This will be completed by December 2021.</p>	In progress	1
Resources: Finance	AC2009 Travel Policy	- 2.4.6: The Council should ensure that action is taken to comply with its Procurement Regulations in respect of travel related expenditure (Significant within audited area)	Dec-20	Mar-22	<p>There are now more extensive checks and quotations in place through the updated process and with the commissioning intentions annual cycle this will be addressed as part of business as usual.</p> <p>The procurement compliance review has been deferred due to Covid. A revised date of July 2021 was proposed.</p> <p>After ongoing resource prioritisation to other activities and lower levels of travel the recommendation remains outstanding. Looking forward the Chief Officer confirms that the date for addressing this recommendation should be March 2022. The team has engaged with the Commercial & Procurement Service to ensure that the appropriate actions are taken to achieve this.</p>	In progress	2

5) Significant Overdue actions less than 6 months – Summary

Number of recommendations overdue by less than 6 months by Function and Grading

Grading_ ● 2) Significant



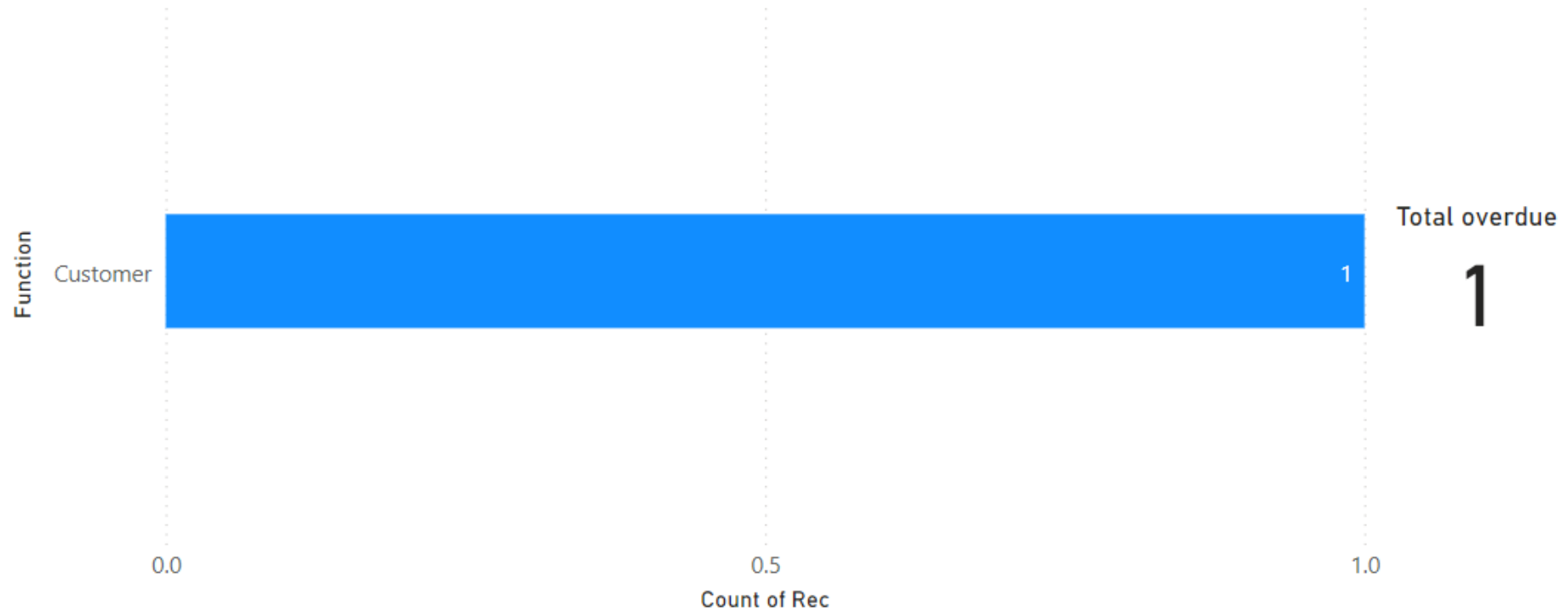
Significant Overdue actions less than 6 months – Detail

Service	Report	Recommendation	Original Due date	Current due date	Committee Update		Times Extended
Commissioning: Governance	AC2014 - Civil Contingencies	2.5.4: Further development of the resilience plans detailed above should be scheduled, taking account of existing multi-agency plans. (Significant within audited area)	Jul-21	Dec-21	To be completed by December 2021 due to on-going requirements for resilience support to the organisation and Local Resilience Partnership. Gaps are well understood but not fully scheduled.	In progress	1
Resources: Corporate Landlord	AC2017 - Industrial & Commercial Properties	2.2.2: The Service should update the Property Estates Strategy. (Significant within audited area)	Apr-21	Jul-23	An extension to the April 2021 implementation date has been given until July 2023 to allow the Property Strategy to be determined when post covid 19 market conditions and needs are clearer.	In progress	1

6) Important Overdue actions in excess of 6 months – Summary

Number of Important recommendations overdue by more than 6 months by Function

Grading_ ● 1) Important



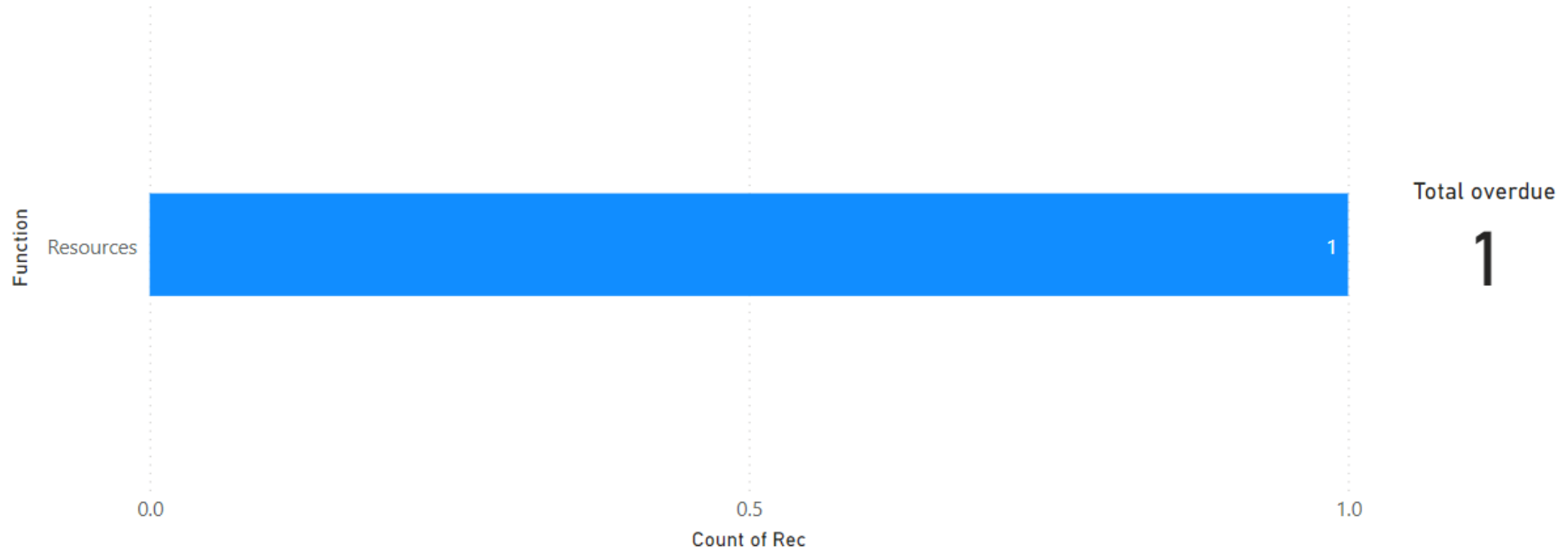
Important Overdue actions in excess of 6 months – Detail

Service	Report	Recommendation	Original Due date	Current due date	Committee Update		Times Extended
Customer: Finance	AC2012 - Cash Collection Offices	2.9.2b: 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. (Important within audited area)	Jun-20	Mar-22	<p>The Committee was last advised that 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 was proposed that the action completion date is moved to March 2021.</p> <p>It was subsequently proposed that the action completion date is moved to June 2021.</p> <p>Prioritisation of this action will be changed to ensure a procedure is in place for the end of the financial year, March 2022</p>	In progress	3

7) Important Overdue actions less than 6 months – Summary

Number of recommendations overdue by less than 6 months by Function and Grading

Grading_ ● 1) Important



Important Overdue actions less than 6 months – Detail

Service	Report	Recommendation	Original Due date	Current due date	Committee Update		Times Extended
Resources: Corporate Landlord	AC2017 - Industrial & Commercial Properties	2.2.14: The Service should consider whether different approaches to property management could be applied across parts of the Investment Portfolio which might increase Portfolio income and deliver Portfolio objectives more efficiently and effectively. (Important within audited area)	Apr-21	Dec-21	An Extension has been requested until December 2021 to allow the Service to take forward the review of the commercial estate as part of Transformational Board activities under more settled market conditions.	In progress	1

APPENDIX B

Grading of Recommendations

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

ABERDEEN CITY COUNCIL

COMMITTEE	Audit, Risk and Scrutiny Committee
DATE	29 September 2021
EXEMPT	No
CONFIDENTIAL	No
REPORT TITLE	Internal Audit Report AC2116 – Vehicle Replacement and Procurement
REPORT NUMBER	IA/AC2116
DIRECTOR	N/A
REPORT AUTHOR	Colin Harvey
TERMS OF REFERENCE	2.2

1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to present the planned Internal Audit report on Vehicle Replacement and Procurement.

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 Vehicle Replacement and Procurement.

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

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

9. APPENDICES

- 9.1 Internal Audit report AC2116 – Vehicle Replacement and Procurement.

10. REPORT AUTHOR DETAILS

Colin Harvey, Chief Internal Auditor (Interim)
Colin.Harvey@aberdeenshire.gov.uk
(01467) 530701



Internal Audit Report

Operations

Vehicle Replacement Policy and Procedure

Issued to:

Rob Polkinghorne, Chief Operating Officer
Steven Whyte, Director of Resources
Mark Reilly, Chief Officer – Operations
Craig Innes, Head of Commercial and Procurement Shared Service
Fraser Bell, Chief Officer – Governance
Jonathan Belford, Chief Officer – Finance
John Weir, Fleet Manager
External Audit

EXECUTIVE SUMMARY

Background

Fleet procures all vehicles and plant in accordance with the requirements of Operations and other Council functions, and with support from the Commercial and Procurement Shared Service. Between April 2019 and February 2021, expenditure on vehicles was £8 million and plant £2 million.

Objective

The objective of this audit was to provide assurance that the Council has an appropriate vehicle replacement policy, and that procurement complies with policy and procurement regulations/governance.

Assurance

The Service has a Vehicle and Plant Replacement Programme covering 2016 – 2027 based on vehicles and plant being replaced based on their age. Data from the fleet management system is used to inform periodic updates to the Fleet Replacement Programme, with approval for planned expenditure sought in advance from the City Growth and Resources Committee. Where the documentation was available procurement has been made from framework suppliers per the Councils scheme of Governance with purchase orders subsequently raised. However, instances of insufficient supporting documentation for all the procurements sampled means a number of recommendations, including one graded Major at a Service Level, have been made to ensure the procurement journey is fully supported. The Service has agreed to all the recommendations made and has implemented changes to ensure adherence to the required legislation and Scheme of Governance.

Findings and Recommendations

In order to comply with national procurement regulations the Council is required to publish a register of contracts awarded and to show the process has been undertaken fairly. This could not be demonstrated for all the sample tested in 2020/21. A recommendation graded as Significant within audited area was made that the Service should ensure all contracts entered into are recorded in the contracts register system.

In accordance with the Public Contracts (Scotland) Regulations 2015 all procurement in excess of £50,000 must be published on the Scottish Government's Public Contracts Scotland (PCS) online portal, promptly after contracts are awarded. Four such contracts were found to have not complied with this requirement. A recommendation graded Significant within audited area has been made that the Service should ensure all contracts awarded are published on Public Contracts Scotland.

Spend with two suppliers within the sample had exceeded the contract value recorded on the contracts register. Whilst there is no evidence (on a sample basis) to suggest Committee approved limits had been exceeded, values need to be to reflect the Council's current and planned spend, and to aid in monitoring against Committee, budget and Officer approvals. A recommendation graded Significant within audited area has been made that the Service should ensure recorded contract values are maintained up to date.

Management Response

The Service has agreed to all recommendations made and has implemented changes to ensure adherence to the required legislation and Scheme of Governance.

The Service will ensure that full detail of all procurements is captured in the contracts register system, which will then offer a true reflection of contracts when the detail is

extracted and reported in the Contracts Register as part of monthly Commercial & Procurement Shared Service reporting processes.

The Service will ensure that all spend over £50,000 on any specific contract will be updated in line with government guidelines. In addition, where any cumulative spend takes overall spend above this threshold, this will be reflected within PCS by the Service, to capture the actual amounts spent against any specific contract.

The Service acknowledges that going forward there is a need to monitor spend more closely against plans agreed at Committee as part of the Business Case and Workplan cycles, as well as for any other requirements as may arise over the course of a financial year and contract term. This will also allow for better monitoring of overall spend against budgets and will allow for better, more robust reporting with the opportunity for the Service to take proactive action if any further Committee approval is needed against a particular budget/contract area.

1. INTRODUCTION

- 1.1 Fleet procures all vehicles and plant in accordance with the requirements of Operations and other Council functions, and with support from the Commercial and Procurement Shared Service. Between April 2019 and February 2021, expenditure on vehicles was £8 million and plant £2 million.
- 1.2 The objective of this audit was to provide assurance that the Council has an appropriate vehicle replacement policy, and that procurement complies with policy and procurement regulations/governance.
- 1.3 The factual accuracy of this report and action to be taken with regard to the recommendations made have been agreed with John Weir – Fleet Manager, and Craig Innes – Head of Commercial and Procurement Shared Service.

2. FINDINGS AND RECOMMENDATIONS

2.1 Written Procedures

- 2.1.1 The new Fleet Manager who took post on 1 April 2021 has ensured going forward all staff involved within the procurement process with Fleet Services have undertaken procurement training and are following the Commercial & Procurement Shared Service's procurement manual and the Council Scheme of Governance. This should help ensure any previous procurement deficiencies, as highlighted later in this report are addressed in new procurement journeys.
- 2.1.2 A Vehicle and Plant Replacement Programme covering 2016 – 2027 was available from the Service. The plan was developed based on vehicles and plant being replaced based on their age, for example HGVs at 7 years and vans at 5 years. Fleet management system reports are run based on registration dates and collated annually to identify vehicles possibly due for replacement. Each vehicle is then reviewed on an individual basis to ensure it actually requires replacing. Where the vehicle has low mileage or no ongoing mechanical issues it will be deferred to following years. Changes in technology are also referred to before deciding on replacement, i.e. should a diesel vehicle be replaced with similar, when an alternative fuelled vehicle might be available in the near future. All these considerations are used to inform periodic updates to the Fleet Replacement Programme, with approval for planned expenditure sought in advance from the City Growth and Resources Committee.

2.2 Procurement Process

- 2.2.1 Internal Audit sought assurance over compliance with the procurement process, in respect of a sample of vehicle and plant purchases during 2020/21 including:
- Supporting records demonstrating business requirements for the purchase
 - Lease or buy option appraisals
 - Committee or delegated approvals
 - Cost estimates
 - Use of collaborative purchasing arrangements
 - Completeness of tender documentation and specifications
 - Compliance with competition and advertising requirements
 - Analysis and scoring of tender returns
 - Evidence supporting the selection process
 - Publication of award notices
 - Use of the Council's contracts register
- 2.2.2 Whilst management assurance was previously obtained that requirements had been complied with, following staffing and management changes within the Service it was not possible to obtain documentary evidence in support of each of these areas to support the identified sample of purchases made in 2020/21.
- 2.2.3 Supporting evidence of Service analysis of a selection of vehicles available from a national framework completed in 2017 was available for one procurement exercise, though it had not been updated to reflect whether there had been any changes since, and further detail to support the workings was not available.
- 2.2.4 In the absence of records demonstrating application of the relevant processes, there is a lack of evidence to clearly show the reason for award of specific contracts, which could pose risks in the event of contractual disputes or if the award of a contract is later subject to legal challenge. It may also impact on efficiency – as future procurement exercises will have to start without the benefit of previous documented knowledge of the process.

Recommendation

The Service should ensure procurement exercises are fully documented, and documentation is retained and maintained up to date.

Service Response / Action

Agreed. It is acknowledged that there is a lack of evidence available in respect of a limited number of contract awards as detailed.

The Service will ensure adherence to procurement guidelines for all procurement exercises going forwards; the Service will ensure that all procurement exercises are fully documented and will evidence that all necessary steps have been taken to ensure adherence to the corporate guidance. All relevant documentation will be retained and will be continually updated with any relevant and ongoing Contract Management updates.

Implementation Date

Implemented

Responsible Officer

Fleet Manager

Grading

Major at a Service Level

2.2.5

Contracts, once in place and awarded through a competitive process, must be recorded on the Council's contracts register – in order to comply with national procurement regulations requirements to publish a register, and Council requirements to evidence the procurement process undertaken. For three of the ten cases reviewed, there were no records on the Council's contracts register system. In a fourth case a contract registered on the system had expired prior to the purchase being made. Where records were available on the system, supporting documentation did not adequately demonstrate compliance with the procurement process as discussed above.

Recommendation

The Service should ensure all contracts entered into are recorded in the contracts register system.

Service Response / Action

Agreed. Missing documentation has now been updated in BOrganised. Going forward the Service will ensure that full detail of all future procurements is captured in BOrganised which will then offer a true reflection of contracts when the detail is extracted and reported in the Contracts Register as part of the Monthly CPSS reporting processes.

Implementation Date

Implemented

Responsible Officer

Fleet Manager

Grading

Significant within audited area

2.2.6

In accordance with the Public Contracts (Scotland) Regulations 2015 all procurement in excess of £50,000 must be published on the Scottish Government's Public Contracts Scotland (PCS) online portal, promptly after contracts are awarded. In the six cases where contracts were included on the Council's contracts register system, tenders were completed through the establishment of framework agreements by collaborative purchasing groups (e.g. Scotland Excel), exempting them from this requirement. However, there was no evidence of this having been carried out for the remaining four cases.

Recommendation

The Service should ensure all contracts awarded are published on Public Contracts Scotland.

Service Response / Action

Agreed. The Service will ensure that all spend over £50,000 on any specific contract will be updated in line with government guidelines. In addition, where any cumulative spend takes overall spend above this threshold, this will be reflected within PCS by the Service, to capture the actual amounts spent against any specific contract.

Implementation Date

Implemented

Responsible Officer

Fleet Manager

Grading

Significant within audited area

2.3 Purchasing to Payment

2.3.1 Documentation was obtained including (where available) quotes / tenders received, purchase orders and invoices. In one case a direct award had been made in the absence of competitive quotes, which had been documented and approved. As noted in section 2.2 above there was limited further information to demonstrate the appropriate quotation or tendering exercises had taken place in the remaining cases. Purchase orders had been prepared and authorised in each case, covering the invoiced costs.

2.3.2 Where contracts had been registered on the Council's contracts register system, contract values were recorded. However, in two cases spend with the suppliers during the contract period exceeded the contract values recorded on the system – in one case by 47% / £1.8 million, and in the other by 289% / £40,000. Whilst there is no evidence (on a sample basis) to suggest Committee approved limits had been exceeded, values need to be updated on the contracts register to reflect the Council's current and planned spend, and to aid in monitoring against Committee, budget and Officer approvals.

Recommendation

The Service should ensure recorded contract values are maintained up to date.

Service Response / Action

Agreed. The details highlighted by the audit have now been updated.

The Service acknowledges that going forwards there is a need to monitor spend more closely against those agreed at Committee as part of the Business Case and Workplan cycles, as well as for any other requirements as may arise over the course of a financial year and contract term. This will also allow for better monitoring of overall spend against budgets and will allow for better, more robust reporting with the opportunity for the Service to take proactive action if any further Committee approval is needed against any particular budget/contract area.

Implementation Date

Implemented

Responsible Officer

Fleet Manager

Grading

Significant within audited area

AUDITORS: C Harvey
G Flood
D Henderson
R Brand

Appendix 1 – Grading of Recommendations

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

ABERDEEN CITY COUNCIL

COMMITTEE	Audit, Risk and Scrutiny Committee
DATE	29 September 2021
EXEMPT	No
CONFIDENTIAL	No
REPORT TITLE	Internal Audit Report AC2117 – Housing Waiting Lists
REPORT NUMBER	IA/AC2117
DIRECTOR	N/A
REPORT AUTHOR	Colin Harvey
TERMS OF REFERENCE	2.2

1. PURPOSE OF REPORT

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

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 Housing Waiting Lists.

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

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

9. APPENDICES

- 9.1 Internal Audit report AC2117 – Housing Waiting Lists.

10. REPORT AUTHOR DETAILS

Colin Harvey, Chief Internal Auditor (Interim)
Colin.Harvey@aberdeenshire.gov.uk
(01467) 530701



Internal Audit Report

Customer

Housing Waiting List and Allocations

Issued to:

Andy MacDonald, Director of Customer Services

Derek McGowan, Chief Officer – Early Intervention and Community Empowerment

Fraser Bell, Chief Officer – Governance

Jonathan Belford, Chief Officer – Finance

Kay Diack, Housing Access and Support Manager

Michael Murray, Case Officer

David Bryce, System Development Officer

External Audit

EXECUTIVE SUMMARY

Background

The allocation of social housing in Scotland is governed by the Housing (Scotland) Acts 1987, 2001 and 2014. The Council's Housing Allocation policy has been prepared in accordance with this legislation. Under the policy, Council housing applicants are assessed and prioritised in terms of their housing needs and applicant choices, including letting area(s) and property size selected. Persons must be aged 16 or over to be eligible to apply for Council housing, with preference given to applicants with urgent housing needs.

The Council maintains four Housing Lists on the Council's Housing System as follows: Urgent Housing Needs List (persons who are homeless or threatened with homelessness, persons who are living in unsatisfactory housing conditions, applicants with "extreme medical needs", persons living in "under-occupied" social landlord housing, young persons looked after by Aberdeen City Council); Housing with Support List (Amenity / Sheltered / Very Sheltered / High Support); Transfers List (existing Council tenants looking to move properties); and Waiting List (all other housing applicants). Approximately 350 housing applications are processed by the Council each month.

The Council has approximately 22,000 properties of various sizes and types, including cottages, flats, multi-storey blocks, and sheltered complexes. As at 31 March 2021, there were 6,035 households on the Council's Housing lists (Urgent Housing Needs List 694; Housing with Support List 1,258; Transfers List 1,348; Waiting List 2,735). In the year to 31 March 2021, 1,648 applicants were housed.

Objective

The objective of this audit was to provide assurance that the Housing Waiting List is maintained efficiently, and allocations are made in accordance with policy.

Assurance

In general, the Council's Housing Lists are being maintained efficiently and allocations are being made in accordance with policy. Housing applications reviewed had been transferred accurately to the Council's housing system, the respective applicants were ranked appropriately on the correct Council Housing List based on application responses, and a sample of new Council tenants had been allocated housing correctly in line with the Council's housing policy.

Recommendations were made to improve: supporting documentation for rejected housing applications; the issue of housing decision letters; and quality assurance processes for ensuring the accuracy of Council Housing Lists and appropriateness of allocation decisions.

Findings and Recommendations

According to the Housing Allocation Policy, all applicants have the right to appeal a decision made in connection with their housing application. Instances were identified where supporting documentation relevant to rejection of housing applications and decision letters to unsuccessful applicants were absent from the Council's Housing System. If evidence is not retained to support reasons why applications have been unsuccessful and unsuccessful applicants are not notified of their right to appeal in a timely manner, there is an increased risk of reputational damage to the Council should an applicant subsequently successfully appeal their rejected housing application. A recommendation graded Significant within audited area was raised with the Cluster to retain evidence supporting housing decisions and communication of those decisions to housing applicants.

To help ensure personal data is held for no longer than is necessary, in compliance with data protection legislation, the Housing System has been set up to send an email to applicants on any of the Council's Housing Lists after 12 months, to confirm they wish to remain on the respective Housing List. If applicants do not respond to the initial email, a second final email will be sent one month after the first email; if the applicant does not respond to this email, the applicant will be removed from the respective Housing List. Applications can be reinstated if there are mitigating circumstances involved. One applicant reviewed remained on their respective Housing List despite there being no record of a response to the review emails sent. Where applicants are allowed to remain on Housing Lists in the absence of a documented response to review emails, there is an increased risk of personal data being held unnecessarily in breach of data protection legislation and Council policy. A recommendation graded Significant within audited area was raised with the Cluster to record the outcome of application reviews.

Housing Officers have the ability to make changes to housing application responses within the Housing System, which affect the position of housing applicants on their respective Housing List and Housing Officers also have the ability to bypass housing applicants when making housing offers. Despite this, there is no system of review in relation to these manual updates affecting housing outcomes, risking inconsistent treatment of housing applicants and reputational damage to the Council. A recommendation graded Significant within audited area has been raised with the Cluster to establish a system of review for housing applicant positions on Council Housing Lists and for housing applicants bypassed for housing offers.

Once an Allocations Officer has selected an appropriate candidate for a property, they will telephone the applicant and work through an offer questionnaire. The questionnaire covers suitability of age, household make-up, any lodgers if transferring from a Council house, medical conditions, area / house type, suitability for pets, Council Tax band, rental and any service charges, and requirement for a discretionary housing payment application. Instances were identified where property questionnaires were not on file. If property suitability has not been verified at the point of offer there is an increased risk relevant changes of circumstances will not be identified which deem an applicant ineligible for an offer. A recommendation graded Significant within audited area was raised with the Cluster to ensure property suitability and applicant eligibility is reassessed prior to an offer being made.

Management Response

The allocation and letting of Council Housing is a critical part of Aberdeen City Council's landlord function, and this audit identifies some areas where greater assurance can be provided around a small number of areas. The Early Intervention and Community Empowerment cluster has agreed actions in response to the recommendations made to improve: supporting documentation for unsuccessful applicants and housing application review outcomes; quality assurance processes for Council Housing Lists and housing applicant bypass decisions for housing offers; and reassessment of property suitability and applicant eligibility for Council housing at the point of housing allocation.

1. INTRODUCTION

- 1.1 The allocation of social housing in Scotland is governed by the Housing (Scotland) Acts 1987, 2001 and 2014. The Council's Housing Allocation policy has been prepared in accordance with this legislation. Under the policy, Council housing applicants are assessed and prioritised in terms of their housing needs and applicant choices, including letting area(s) and property size selected.
- 1.2 Persons must be aged 16 or over to be eligible to apply for Council housing, with preference given to applicants with urgent housing needs, including:
- persons who are homeless or threatened with homelessness with an unmet housing need;
 - persons living in unsatisfactory housing conditions with an unmet housing need;
 - social landlord tenants considered to be under-occupied;
 - applicants with "extreme medical needs" determined by the Council's Housing Needs Assessment team;
 - young people looked after by Aberdeen City Council;
 - applicants awarded priority by the Operational Delivery Committee or Chief Officer – Early Intervention and Community Empowerment.
- 1.3 The Council maintains four Housing Lists on the Council's Housing System as follows: Urgent Housing Needs List (relates to persons described in paragraph 1.2 above); Housing with Support List (Amenity / Sheltered / Very Sheltered / High Support); Transfers List; and Waiting List. Approximately 350 housing applications are processed by the Council each month.
- 1.4 The Council has approximately 22,000 properties of various sizes and types, including cottages, flats, multi-storey blocks, and sheltered complexes. As at 31 March 2021, there were 6,035 households on the Council's Housing lists (Urgent Housing Needs List 694; Housing with Support List 1,258; Transfers List 1,348; Waiting List 2,735). In the year to 31 March 2021, 1,648 applicants were housed.
- 1.5 The objective of this audit was to provide assurance that the Housing Waiting List is maintained efficiently, and allocations are made in accordance with policy.
- 1.6 The factual accuracy of this report and action to be taken with regard to the recommendations made have been agreed with Derek McGowan, Chief Officer - Early Intervention and Community Empowerment; Kay Diack, Housing Access and Support Manager; Michael Murray, Case Officer; and David Bryce, Systems Development Officer.

2. FINDINGS AND RECOMMENDATIONS

2.1 Written Policies and Procedures

2.1.1 The Council's Housing Allocation Policy has been in place since 2012. The most recent changes to the policy were approved by Operational Delivery Committee on 19 November 2020. The policy is clear and comprehensive, has been prepared in accordance with the requirements of the Housing (Scotland) Act 1987, 2001 and 2014, and describes the basis of prioritisation across all of the Council's Housing Lists.

2.1.2 Training manuals for the use of the Council's Housing System are available via the Council's intranet site; these cover relevant system tasks, including assessing housing applications and processing allocations. However, whilst the manual was clear, screenshots were of a previous version of the system, with some of the system functionality described in the manual (e.g. main menu) having been superseded within the current version of the system, making it more difficult for a system user to interpret the guidance.

Recommendation

System guidance should be reviewed and updated.

Service Response / Action

Agreed. Training manuals will be updated following the update to the Housing system in early August 2021.

Implementation Date

September 2021

Responsible Officer

Development Officer

Grading

Important within audited area

2.1.3 The Council Housing Allocation policy is clear and comprehensive. The Housing System is largely responsible for queuing applicants on the Council's Housing Lists for allocation of Council housing based on application responses, and the Housing System manual describes standalone processes relevant to the maintenance of the Council's housing lists and allocation of Council housing.

2.1.4 However, certain aspects of the Council's Housing Allocation policy require to be applied independently by the Housing Officer, including: eligibility checks and required supporting documentation for admission to the Council's housing lists, and checks required prior to allocation of housing, such as ensuring housing related debts are being appropriately managed. Procedures for managing required tasks and caseload outside of the system were not detailed, presenting a risk to their full, consistent and accurate completion in line with the Council's Housing Allocation Policy.

Recommendation

Housing Officer tasks should be formalised within detailed procedures.

Service Response / Action

Agreed. Procedures will be updated to remove risk of inconsistent application.

Implementation Date

September 2021

Responsible Officer

Housing Advice Team
Leader

Grading

Important within audited area

2.2 Applications

- 2.2.1 The Council's Housing Online portal is used by prospective tenants to apply for Council housing. As at 20 May 2021, 98 housing applications were awaiting processing, with the earliest submission date being 3 May 2021. Following registration, the applicant must submit their chosen Housing Options as part of the application process using the Housing Online "options checker." This covers reasons for applying for a Council house, as well as current housing arrangements and household details. Applicants can alternatively apply by telephone by contacting the Council's Housing Advice Service, but are encouraged to use the portal. Once the application is submitted, it will be received by the Local Area Housing Office associated with the applicant's current address.
- 2.2.2 The Council's Systems Development Officer advised that applications submitted via the Housing Online portal are recorded in the "eServices" module available to Housing staff and the application data is automatically transferred to the Council's Housing System, with applicants allocated the appropriate priority within the relevant Housing List by the Housing System, based on responses to application questions.
- 2.2.3 Internal Audit reviewed a sample of 5 application responses recorded in the housing application 'eServices' system on 14 April 2021; this agreed to the application responses recorded in the applicant records within the Housing System. Furthermore, two applications identified as rejected due to being duplicates within eServices were reviewed; the applicant data in the Housing System agreed to the successfully submitted application within eServices.
- 2.2.4 Housing Officers access the Housing System on a daily basis to identify all new applications. Each new application is reviewed for completeness. Any missing data should be requested from the applicant as well as any required follow up information / supporting documentation, such as: completion of a housing needs assessment form (applicant declaration describing any health or social issues affected by the current property); a homelessness assessment; proof of identity; and proof of recourse to public funds where the applicant is not a British citizen.
- 2.2.5 Currently, changes cannot be made to an application by the applicant once it has been submitted. If an applicant wishes to make a change, they must contact Housing to arrange for updates to be processed. It is also not currently possible to upload documentation in support of housing applications to the Housing Online portal, such as proof of identity and proof of recourse to public funds. However, progress is being made to address these issues.
- 2.2.6 How an applicant is assessed and ranked, is dependent on which of the Council's Housing Lists they are to be placed on:
- Urgent Housing Need list - prioritised by way of an assessment process and ranked in order of the date of priority award;
 - Housing and Support list - prioritised by an assessment process, with applicants categorised (high, medium, low) by house type and queued in order of the date of their priority award;
 - Transfers and Waiting lists - prioritised by points based on current housing circumstances with applicants awarded the same points further prioritised by date of registration on the respective list.
- 2.2.7 When an application has been assessed, a letter is generated from the Housing System which confirms the applicant has been "entered onto the list for housing". Applicants are not advised of their position on the respective List and letters do not provide the applicant

with an indication of potential waiting times. The letter does however give general information on the next steps and who to contact if they wish to discuss their application.

- 2.2.8 A sample of 15 applicants on the Council’s Housing Lists were reviewed to confirm the applicant was eligible to be included on the respective Council Housing List, their application was appropriately assessed and prioritised within the respective Housing List, and an acknowledgement letter had been issued in a timely manner to the applicant. All application responses were complete on the Housing System and applicant positions on the respective Housing Lists were supported. Decision letters had been issued in a timely manner except for 2 applicants (application reviewed September 2020 and February 2021 respectively), where a decision letter was not held on file. Failure to inform tenants of the outcome of housing applications in a timely manner could result in reputational damage to the Council.
- 2.2.9 According to the Housing Allocation Policy, all applicants have the right to appeal a decision made in connection with their housing application. Appeals against the processing of an application should be addressed to the Housing Access and Support team within 14 days of the decision, who will aim to respond within 14 days of receipt. Applicants are informed of their right to appeal via the Final Registration letter, Homeless Decision letter or Housing Needs Assessment outcome letter. They state: *“if you do not agree with the Council’s decision you have the right to request a review.”* The letter goes on to advise where written requests for reviews should be sent and contact details for the Housing Access team
- 2.2.10 A sample of five unsuccessful applications was selected to ensure reasons for rejection were clear and in line with Council policy and the applicant was given the option to appeal the decision. There were three instances where supporting documentation relevant to the rejection (e.g. copies of passports / visas) had not been scanned and uploaded to the Housing System despite records in the Housing System notes indicating these had been supplied by the applicant.
- 2.2.11 In four cases (the three instances referred to in paragraph 2.2.10 and an additional application) it was unclear whether applicants had been made aware of their unsuccessful application as decision letters were absent from the Housing System. If evidence is not retained to support reasons why applications have been unsuccessful and unsuccessful applicants are not notified of their right to appeal in a timely manner, there is an increased risk of reputational damage to the Council should an applicant subsequently successfully appeal their rejected housing application.

<u>Recommendation</u>		
Evidence supporting housing decisions and communication to applicants should be retained.		
<u>Service Response / Action</u>		
Agreed. Manuals to be updated as required and training offered to ensure all evidence is recorded and retained.		
<u>Implementation Date</u>	<u>Responsible Officer</u>	<u>Grading</u>
September 2021	Housing Advice Team Leader	Significant within audited area

- 2.2.12 Two of the rejected applications had Housing Needs Assessments carried out prior to the Allocations team obtaining required documentation (passport and visa) to demonstrate eligibility for Council housing. In both cases, assessments had taken place and confirmed that the applicants had a housing need. It was not until after the relevant documentation was received by the Allocations team, that the applicants were deemed ineligible for

Council housing, since they did not have recourse to public funds. The Housing Needs Assessment process is time consuming and could be avoided if proof of recourse to public funds was obtained where required prior to a Housing Needs Assessment referral.

<u>Recommendation</u> Applicant eligibility for Council housing should be established before Housing Need Assessments are carried out.		
<u>Service Response / Action</u> Agreed. Manuals to be updated as required and training offered to ensure all evidence is recorded and retained.		
<u>Implementation Date</u> September 2021	<u>Responsible Officer</u> Housing Advice Team Leader	<u>Grading</u> Important within audited area

2.3 Application Review

- 2.3.1 To help ensure personal data is held for no longer than is necessary, in compliance with data protection legislation, the Housing System has been set up to send an email to applicants on any of the Council's Housing Lists after 12 months, to confirm they wish to remain on the respective Housing List. If the applicant responds and advises that this is the case, the correspondence will be saved in the Housing System and they will remain on the Housing List. If applicants do not respond to the initial email, a second final email will be sent one month after the first email; if the applicant does not respond to this email, the applicant will be removed from the respective Housing List. Applications can be reinstated if there are mitigating circumstances involved.
- 2.3.2 A sample of 5 current applicants, who had been on a Housing List for over 12 months was selected to ensure they were subject to an annual review and where responses had not been obtained, applicants were removed from the respective Housing List. One applicant remained on the relevant Housing List despite not responding to the emails. The Cluster advised that this applicant had asked for their application to be reinstated, however this was not documented within the Housing System.
- 2.3.3 Where applicants are allowed to remain on Housing Lists in the absence of a documented response to reviews, there is an increased risk of personal data being held unnecessarily in breach of data protection legislation and Council policy.

<u>Recommendation</u> The outcome of application reviews should be recorded.		
<u>Service Response / Action</u> Agreed. Policy to be refreshed to ensure compliance.		
<u>Implementation Date</u> September 2021	<u>Responsible Officer</u> Senior Allocations Officer	<u>Grading</u> Significant within audited area

2.4 Allocations

- 2.4.1 The Housing and Support list is managed separately to the mainstream housing lists as specific housing stock is allocated for use by the Housing and Support list. The Urgent Housing Need list must always be cleared first when mainstream housing becomes available, after which voids are allocated alternatively to the Waiting list and Transfer list to ensure a 50% quota of vacant properties is allocated to each. The Cluster advised that

the Housing System automatically ensures this occurs as it has been programmed to comply with the Housing Allocation policy and verified this via a demonstration of the application response points allocation process within the Housing system.

2.4.2 When a property becomes void, this is routinely identified by a Housing Officer for that area by accessing the “voids available to offer” screen within the Housing System. A shortlist of relevant applicants is then created in the Housing System, based on the void property type, area, number of bedrooms and accessibility. The applicant ranked first on the shortlist theoretically should be offered the property. Where this has not occurred, a bypass reason should be recorded in the Housing System e.g. medical reason, not interested in area, housing cost arrears etc.

2.4.3 As explained in paragraph 2.2.5 above, Housing Officers have the ability to make changes to housing application responses within the Housing System, which affect the position of housing applicants on their respective Housing List and as explained in paragraph 2.4.2 above, Housing Officers also have the ability to bypass housing applicants when making housing offers. Despite this, there is no system of review in relation to these manual updates affecting housing outcomes, risking inconsistent treatment of housing applicants and reputational damage to the Council.

<u>Recommendation</u>		
A system of review should be established for housing applicant positions on Council Housing Lists and where housing applicants are bypassed for housing offers.		
<u>Service Response / Action</u>		
Agreed. Procedure to be created for manual review.		
<u>Implementation Date</u>	<u>Responsible Officer</u>	<u>Grading</u>
September 2021	Housing Advice Team Leader	Significant within audited area

2.4.4 A sample of 15 tenancies agreed in 2020/21 was reviewed to ensure a complete application was in place for all tenants and that the allocation was made in line with the Council’s Housing Allocation policy. Where applicants had been bypassed, reasons were reviewed to ensure the appropriate bypass code had been recorded in the Housing System and the reasons were supported. All tenancies were supported by a complete housing application and bypass reasons were adequately justified and supported on the Housing System.

2.4.5 Once an Allocations Officer has selected an appropriate candidate for a property, they will telephone the applicant and work through an offer questionnaire. The questionnaire covers suitability of age, household make-up, any lodgers if transferring from a Council house, medical conditions, area / house type, suitability for pets, Council Tax band, rental and any service charges, and requirement for a discretionary housing payment application. Once it is confirmed the property is still suitable for the applicant, if the applicant agrees to accept the offer, the Allocations Officer will confirm the offer acceptance on the Housing System.

2.4.6 Where an applicant accepts an offer of accommodation, they must subsequently sign a tenancy agreement, which specifies the terms and conditions of their rental agreement with the Council. Applicants must not move in until they have signed their new tenancy agreement.

2.4.7 A sample of 15 tenants was reviewed to ensure property suitability was evaluated with a relevant questionnaire and a tenancy agreement was signed prior to the tenancy commencing. A tenancy agreement had been signed and dated on the same day each

tenant started their tenancy where applicable. However, questionnaires were not held on file in two cases. If property suitability has not been verified at the point of offer there is an increased risk relevant changes of circumstances will not be identified which deem an applicant ineligible for an offer.

<u>Recommendation</u>		
The Cluster should ensure property suitability and applicant eligibility is reassessed prior to an offer being made.		
<u>Service Response / Action</u>		
Agreed. Training of staff and monthly Quality Assurance to be undertaken to ensure that procedure is being followed.		
<u>Implementation Date</u>	<u>Responsible Officer</u>	<u>Grading</u>
September 2021	Development Officer	Significant within audited area

2.5 Arrears

2.5.1 According to the Housing Allocation Policy, all applicants will be advised by the Housing Access and Support Team of any housing related debts that may affect their entitlement to housing and the action they should take to address the debts. Offers will be suspended until the applicant provides evidence that the identified debts have been satisfactorily addressed. If the debt is greater than one month's rent, then a payment arrangement needs to have been in place to clear the debt for three consecutive months.

2.5.2 The Service provided a report detailing all tenancies in arrears and the balance due at the end of their previous tenancy. Internal Audit selected a sample based on this report to ensure all tenants had an arrears payment plan in place prior to being offered a property. All five tenants in the sample had a payment plan in place, however only four had been in place for at least three consecutive months prior to the tenant being offered a new property. The applicant who had a payment plan in place for less than three consecutive months before being offered a property had withheld payment of their rent due to ongoing issues with the previous property, resulting in arrears of over £7,000; the payment plan was set up after reported issues with the property were resolved and the old tenancy ended. However, the housing offer was made in compliance with the Housing Allocation Policy since it was approved by a Senior Housing Officer using delegated powers available to the officer under the policy, which only required a payment arrangement to be in place, and not for at least three consecutive months.

2.6 Refusals

2.6.1 The Housing Allocation Policy states that *“if an applicant refuses an offer of accommodation from the waiting list, the transfer list, or the support list their housing application will be deferred for a period of 12 months. All refusal reasons count towards this deferment. Any exceptional circumstances which are presented at the time of refusal will be considered on a case-by-case basis.”* The policy goes on state *“Aberdeen City Council recognises that very occasionally an applicant may have exceptional housing circumstances which fall out with the points scheme. In these rare situations applicants may be offered re-housing through powers given to Senior Officers within the Housing Service. Applicants in this section are offered two offers of accommodation.”*

2.6.2 Housing has Refusals Reasons guidance which details refusal reasons deemed exceptional whilst the Housing Allocation Policy describes exceptional circumstances which allow two offers to be made.

2.6.3 Of the 15 tenants reviewed, four had previously refused an offer before being selected for an alternative property. Reasons for refusal were in line with Council Refusals Reasons guidance for three of the tenants in the sample and the one case reviewed with exceptional circumstances was only given two housing offers through Senior Housing Officer delegated powers in accordance with the Housing Allocations Policy.

AUDITORS: C Harvey
A Johnston
C Jamieson

Appendix 1 – Grading of Recommendations

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

ABERDEEN CITY COUNCIL

COMMITTEE	Audit, Risk and Scrutiny Committee
DATE	29 September 2021
EXEMPT	No
CONFIDENTIAL	No
REPORT TITLE	Internal Audit Report AC2113 – Operations Health and Safety Arrangements
REPORT NUMBER	IA/AC2113
DIRECTOR	N/A
REPORT AUTHOR	Colin Harvey
TERMS OF REFERENCE	2.2

1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to present the planned Internal Audit report on Operations Health and Safety Arrangements.

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 Operations Health and Safety Arrangements.

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

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

9. APPENDICES

- 9.1 Internal Audit report AC2113 – Operations Health and Safety Arrangements.

10. REPORT AUTHOR DETAILS

Colin Harvey, Chief Internal Auditor (Interim)
Colin.Harvey@aberdeenshire.gov.uk
(01467) 530701



Internal Audit Report

Operations & Protective Services

Health and Safety Arrangements

Issued to:

Rob Polkinghorne, Chief Operating Officer
Mark Reilly, Chief Officer - Operations and Protective Services
Fraser Bell, Chief Officer - Governance
Jonathan Belford, Chief Officer - Finance
Colin Leaver, Corporate Health & Safety Lead
Steven Shaw, Environmental Manager
Trevor Hunter, Risk Control Officer
External Audit

EXECUTIVE SUMMARY

Background

Aberdeen City Council has a duty to manage its workplace with due regard to the health and safety of the workforce and those affected by the Council's activities. This is to prevent death, injury and ill health of those at work and those affected by the Council's work. The Council's Risk Appetite Statement sets out that the Council is averse to any risks that may have a negative effect on the health and safety, diversity and equality of its staff, elected members and members of the public.

In order to comply with health and safety legislation, the Council must carry out risk assessments and record any significant findings, make arrangements to implement necessary measures, appoint competent people to implement the arrangements, set up emergency procedures, arrange for clear information for and training of employees, and work together with other employers sharing the workplace.

Objective

The objective of this audit was to provide assurance that appropriate processes are being employed in managing health and safety within the Cluster. This is intended to provide assurance that corporate processes are being employed in managing the risks. This review also covered two aspects of public safety: water safety and cemetery headstones, to provide assurance that the Council has appropriate arrangements in place to manage these areas.

Assurance

In general, Operations and Protective Services' health and safety arrangements were adequate, however exceptions were noted.

Most Cluster activities had been risk assessed however water safety checks had not. In addition, further actions to reduce risks had not all been allocated to responsible officers with due dates to help ensure completion. Furthermore, whilst accidents and incidents were reported timeously, related investigations were not all completed promptly.

Inspections of cemetery headstones and lifebelts were taking place however inspections of lifebelts were not recorded as frequently as set out in procedure and exceptions relating to lifebelt inspections were not explained.

Findings and Recommendations

Regular lifebelt inspections are scheduled, however records were insufficiently complete to demonstrate these had all taken place at the required frequency, paperwork varied by site, and actions where required were not all recorded. Currently there is no formal training offered by the Service on how to carry out water safety device inspections. A recommendation graded Significant within the audited area was raised with the Cluster to ensure that all staff have access to documents which are complete and up to date, are instructed on how to carry out inspections before undertaking them and that life belt inspections are recorded accurately and timeously.

An inspection of a sample of lifebelts identified instances where external signage on how to use lifebelts was absent or illegible; the Service subsequently confirmed internal lifebelt casing instructions were absent also in some cases. There is a risk

this could impact on their effective use in an emergency. All lifebelts had signs requesting lifebelts not be removed unless necessary however the consequences of criminal damage was only present on some, which may increase the risk of vandalism. Recommendations graded Significant within the audited area were raised with the Service to review lifebelt signage and to include checks during inspections.

Managers are responsible for managing health and safety in their area of responsibility and must undertake risk assessments of all identified hazards related to work undertaken, eliminating risks where possible or implementing suitable and sufficient control measures, to reduce and manage risks, as far as reasonably practicable, to employees and others. Lifebelt inspections had not been risk assessed. Nine other activities reviewed had been risk assessed however, in three cases (Memorial Inspections; Road Surfacing; Replacement of Groyne Markers), actions to control risks had been identified but not allocated to a responsible officer. For the memorial inspections, the Service advised that the necessary action (placing signage at the entry to cemeteries prior to work being carried out) had already been completed; the risk assessment has now been updated to show the action in the column for measures already in place. For the other risk assessments, the Service advised that this was due to an oversight. Where risks are not assessed and responsible officers are not allocated action to reduce risks, there is less assurance risks are controlled. Recommendations graded Significant within the audited area were made to risk assess lifebelt inspections near beaches and waterways and to allocate actions in risk assessments and monitor their completion.

All accidents and incidents reviewed were reported timeously and in nine of ten cases reviewed, the investigations and action were prompt, with investigation reports detailing root causes and action taken where required to prevent re-occurrence, including providing training to staff and revising procedures, with findings communicated to relevant parties. However, in one case (operative falling from a platform placed on an icy surface) the incident report had not been submitted by the investigating manager at the time of the audit, over two months after the incident. If reports are not completed and submitted timeously there is a risk that unsafe systems of work will not be corrected, leading to further incidents. A recommendation graded Significant within the audited area was raised with the Cluster to ensure managers complete and submit accident investigation reports promptly.

Management Response

The Cluster has risk assessed lifebelt inspections and has agreed to ensure that all staff have access to water safety documentation which is complete and up to date, are instructed on how to carry out life belt inspections before undertaking them and to undertake audits of life belt inspections. Signage has been reviewed and updated as required. The Cluster has also agreed to increase the frequency of communication with the Corporate Health and Safety team to capture investigations which have not been closed in an appropriate timescale. In addition, the Cluster has agreed to review its risk assessments to ensure responsible officers and due dates are recorded where required to reduce identified risks.

1. INTRODUCTION

- 1.1 Aberdeen City Council has a duty to manage its workplace with due regard to the health and safety of the workforce and those affected by the Council's activities. This is to prevent death, injury and ill health of those at work and those affected by the Council's work. Responsibility for health and safety in the Council extends to its role as an employer, service provider and as a procurer of goods and services.
- 1.2 The Health & Safety at Work etc. Act 1974 ("the 1974 Act") is the primary piece of legislation covering occupational health and safety. It sets out the general duties which employers have towards employees and members of the public, and which employees have to themselves and each other.
- 1.3 Other regulations supporting the 1974 Act set out more detailed legal duties. For example, the Management of Health & Safety at Work Regulations 1999 make more explicit what employers are required to do to manage health and safety under the 1974 Act. The main requirements on employers are to carry out risk assessments and record any significant findings, make arrangements to implement necessary measures, appoint competent people to implement the arrangements, set up emergency procedures, arrange for clear information for and training of employees, and work together with other employers sharing the workplace. There are a number of other pieces of legislation covering specific activities and industries.
- 1.4 The Health and Safety Executive (HSE) was set up by the 1974 Act and is responsible for enforcing health and safety legislation. They provide guidance to organisations and ensure organisations manage the health and safety of their workforces and those affected by their work. Whilst following this guidance is not compulsory, doing so is generally sufficient to demonstrate compliance with the law. Organisations which fail to demonstrate compliance will be subject to enforcement action by the HSE, which may range from written advice to criminal prosecutions. Enforcement actions against the Council may result in financial loss and reputational damage.
- 1.5 The objective of this audit was to provide assurance that appropriate processes are being employed in managing health and safety within the Cluster. This is intended to provide assurance that corporate processes are being employed in managing the risks. This review will also cover two aspects of public safety: water safety and cemetery headstones, to provide assurance that the Council has appropriate arrangements in place to manage these areas.
- 1.6 Health & Safety procedures, risk assessments, training records and other relevant documentation relating to a sample of Service areas were reviewed, and any issues arising were discussed with relevant officers.
- 1.7 The factual accuracy of this report and action to be taken with regard to the recommendations made have been agreed with Mark Reilly, Chief Officer - Operations and Protective Services, and Colin Leaver, Corporate Health and Safety Lead.

2. FINDINGS AND RECOMMENDATIONS

2.1 Governance

- 2.1.1 Under Health and Safety (H&S) legislation the Council must have a written H&S policy. Health and Safety Executive (HSE) guidance is available on the structure and contents of such a policy. The Council's corporate Health and Safety policy was reviewed by Internal Audit and was up to date, having been reviewed by the Staff Governance Committee on 12 April 2021, and complies with HSE guidance, with sections on general policy, responsibilities, and reporting and investigation arrangements.
- 2.1.2 The corporate H&S policy states that corporate level procedures are regarded as a "second line of defence", being a suite of policies, advice, tools and techniques to support staff, with advice and monitoring provided by the Corporate Health and Safety Team. The "first line" is composed of the managers and employees within each Function, Cluster and Service who are responsible for managing health and safety within their own teams.
- 2.1.3 In addition to the H&S policy, the Council's Risk Appetite Statement, approved by Audit, Risk and Scrutiny Committee on 9 December 2020, states "The Council is averse to any risks that may have a negative effect on the health and safety, diversity and equality of its staff, elected members and members of the public."
- 2.1.4 Operations & Protective Services (O&PS) is one of two Clusters within the Operations Function and is divided into seven Services: Waste & Recycling Services; Environmental Services; Roads and Infrastructure Services; Fleet and Transport; Building Services; Facilities Management; and Protective Services. The Service Managers report to the Chief Officer for O&PS.
- 2.1.5 Each Service has at least one member of staff who takes a lead on health and safety issues; responsibility for coordination has been assigned to the Risk Officer within Building Services. These officers coordinate their activities and share best practice through the O&PS Compliance Group which has a dedicated site within Microsoft Teams. Meetings are held every two months with meeting notes and action plans recorded in Teams. These are attended by representatives from the Services, Service managers, and one of the H&S Advisers from the Corporate Health and Safety Team (CHST).
- 2.1.6 Under the 2018 H&S Policy, Functions were required to have Health & Safety Improvement Plans which were to be reported regularly to Committee and monitored by Senior Management Teams. However, in practice arrangements were found to be more effective when created and monitored within individual Services as above. The new H&S Policy, approved by the Staff Governance Committee in April 2021, does not prescribe Plans but requires Chief Officers of each Cluster to "Ensure that a health and safety management system is implemented and maintained that will ensure the effective planning, organisation, control, monitoring and review of the preventative and protective measures necessary to eliminate or control risks and prevent accidents and ill health." This is to be accomplished by Services completing risk assessments and creating procedures and monitoring arrangements which comply with corporate policies and guidance while fulfilling the particular needs of the respective Service; the CHST is available to provide support where required.
- 2.1.7 The corporate Health and Safety team (CHST) consists of four members of staff, the Corporate H&S Lead and three Health and Safety (H&S) Advisers. The CHST is responsible for providing specialist advice and guidance and monitoring the overall H&S framework for the organisation. The CHST also audits Service compliance with corporate policy and procedures, reports on H&S performance, and coordinates serious incident investigations.

- 2.1.8 During the coronavirus lockdown, covering financial year 2020/21, it was not possible to access and inspect workplaces in the usual way. A programme of Covid compliance visits is being carried out, which began in June 2020. These inspect open sites, many of which were within O&PS including the City Mortuary, the Vehicle Workshop and school kitchens. The visits check whether employee activities have been segregated, access restricted where possible, guidance and cleaning materials made available, and staff trained in hygiene procedures. The outcomes of the inspections are recorded in monitoring spreadsheets for each quarter, beginning with quarter 2 (July to September) following the Audit Table template which records the score for each H&S topic and locations. The Cluster overall score improved from 88 in quarter 2 to 92 in quarter 4, with room for improvement in restricting access to essential staff and visitors and providing antibacterial cleaning products. These inspections and outcomes are reported to the two-weekly Workforce Planning and Protection Group which has been given responsibility for monitoring compliance with coronavirus precautions. The Corporate Health and Safety Lead has advised that other H&S inspections will be scheduled once access to sites is available after lockdown. Fire Risk Assessments have been completed for all high risk properties with others scheduled as part of a normal 3 yearly review.
- 2.1.9 The CHST regularly reports on Health and Safety issues and performance to Service H&S groups, and to the Staff Governance Committee (SGC). Reports made to the O&PS Compliance Group, which oversees H&S matters within O&PS, and to the Staff Governance Committee during financial year 2020/21 were obtained and reviewed. Although a meeting of the SGC was cancelled due to the pandemic, even where meetings were not formally held reports were provided to members and actions were identified and followed up as required, with the opportunity for scrutiny at the next scheduled meeting.
- 2.1.10 H&S arrangements within the Cluster are scheduled to be reviewed at least every three months. The schedule is managed through a Compliance Schedule spreadsheet held within the Compliance Group Teams space. Each Service has a separate tab which lists tasks, for example carrying out test or site inspections, or reviewing documents such as risk assessments or "Safe System of Work" guidance to confirm they are up to date; a named member of staff responsible; and the schedule for review, e.g. weekly, monthly, or every three months. The schedule is updated by colour when the tasks or reviews are completed. The Compliance Schedule spreadsheet for 2020/21 was reviewed. Each tab was complete and comprehensive and named members of staff as appropriate. In some cases, such as janitorial audits of educational establishments, it was not possible to carry out inspections as scheduled due to the coronavirus pandemic and these were marked on the spreadsheet in a separate colour as each scheduled date was passed, with future dates left as scheduled to be carried out as soon as access was available.

2.2 Service Procedures

- 2.2.1 Comprehensive written procedures and guidance 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.
- 2.2.2 Eight Service-specific procedures were obtained and reviewed. All followed industry or government guidelines and all except one were found to be comprehensive: The procedure for Environmental Services (ES) - Lifebelt Checks contained basic instructions for carrying out checks but did not mention, for example, the use of location maps to identify devices, or how to test ropes for signs of wear or damage. This is addressed below (paragraphs 2.3.5 to 2.3.11).

- 2.2.3 In one case the document had no record to indicate review since 2014: Roads, Vibration at Work. The Service advised that the document was still current as there had been no practical or legislative changes, and that the document was regularly reviewed. This document was one of five which had no or insufficient version control data to identify and monitor review dates. (ES - Memorial Headstone Safety and Inspection; ES - Lifebelt Checks; Waste - Work Instructions - When Reversing; Infrastructure - Coastal Inspection Process Guideline)
- 2.2.4 While most of the procedures are complete and comprehensive, without clear version control and review data there is a risk that procedures may not be updated when necessary, and that staff may be using obsolete versions.

<u>Recommendation</u>		
Services should ensure that procedures contain version control and review data in a consistent format.		
<u>Service Response / Action</u>		
Agreed. The procedures for Environmental Services, Waste and Recycling, and Infrastructure have been amended. A new front page with a review process date has been added to the Roads Service Handbook.		
<u>Implementation Date</u>	<u>Responsible Officer</u>	<u>Grading</u>
Implemented	Roads and Infrastructure Manager	Important within audited area

- 2.2.5 The Management of Health & Safety at Work 1999 Regulations require that adequate training is given to employees on Health & Safety matters. Courses for general and specific H&S training are provided by the CHST and the People & Organisational Development (P&OD) team, while specialist training is made available as required by relevant Services. H&S training records are stored locally by Clusters in the form of Training Needs Analysis matrices. Sample copies of training plans and monitoring were provided by the Service and are comprehensive and up to date.

2.3 Memorial Headstones and Water Safety Devices Procedure Testing

- 2.3.1 The provision of water safety equipment and the inspection of the stability of memorial headstones are the responsibility of Operations and Protective Services and are of particular importance to public safety. Procedures for these areas were reviewed in detail to confirm that sites with hazards are identified and regularly checked; that hazards and controls are identified; controls are regularly inspected and follow-up actions monitored.
- 2.3.2 The Bereavement Service within Environmental Services is responsible for inspecting and making safe memorial headstones within the 17 cemeteries for which the Council is responsible. The guidance and risk assessment specify potential hazards, such as lone working; slips, trips and falls; and injuries from unstable memorials. They identify those at risk from hazards and specify controls for each.
- 2.3.3 The Service maintains a list of cemeteries and a five-year rolling programme is in place to inspect, risk assess and test memorials therein. Some cemeteries and churchyards may receive inspections more frequently than every five years where it is considered appropriate due to a combination of factors e.g. old headstones and high footfall. A Site and Zoning Risk Assessment was carried out in 2017 to establish zonal priority for inspections and the Service schedules and records inspections accordingly using their Memorial Headstone Inspection Programme spreadsheet. Since the introduction of this system all sites have been inspected at least once. Per the Service procedure two members of staff are required to follow a pre-determined inspection route as shown on a

map of the cemetery. Results of visual inspections and stability tests are manually recorded on the maps, then scanned to the Service Teams site, while photographs of any headstone where action has been required are taken and scanned electronically for reference.

- 2.3.4 Copies of documents from five cemetery inspections were selected and reviewed. All inspections had been carried out on schedule and by trained staff, following Service procedures and with findings and actions taken, such as laying headstones flat or commissioning repairs works, fully recorded. All staff responsible for Memorial Headstone Safety and Inspection have undertaken training provided by an external company which offers British Standards Institution (BSI) accreditation and all are required at regular intervals to acknowledge that they have read and understand the Service guidance and training materials.
- 2.3.5 The team responsible for maintaining water safety equipment is Parks, within Environmental Services. Guidance given to staff notes how to carry out inspections of life belts but does not cover the potential risks to staff of working near water, nor has a separate risk assessment been carried out for this activity. A recommendation to complete such a risk assessment is made at paragraph 2.4.7 below.
- 2.3.6 The Service maintains location maps showing all sites with lifebelts and has a schedule for inspecting each site at least once per week throughout the year. Staff are required to manually complete and sign a checklist form for each site during inspections identifying the location inspected and the days visited, and then upload a scanned copy of the checklist to a shared folder. Then they should record the number of inspections, and any findings and actions taken, on a SharePoint spreadsheet for overall monitoring. The Assistant Operations Manager is responsible for completing annual audit checks of the inspection records.
- 2.3.7 During testing of lifebelt inspection records it was observed that on the location maps for the lifebelts on the Beach Esplanade, the location IDs begin at LIFE101 and continue to LIFE130, with LIFE128 absent, a total of 29 devices. However, the checklist forms contain entries from LIFE101 to LIFE130, a count of 30 devices. The Service advised that LIFE128 was recorded as missing in August 2020 and was not replaced as the site had become unsuitable through erosion, and the maps had been created since that time. However, the count in the monitoring spreadsheet for that area remained the same before and after that date, at 29 devices, when prior to August 2020 the count should have been 30. The checklist for May 2020 shows LIFE130 as marked "X" by the inspecting officer, that is, not inspected, but there is no comment or explanation recorded. The Service advised that the officer was new to the role and was not sure of the correct location. Counts taken since that time have been correct. Currently there is no formal training offered by the Service on how to carry out inspections.
- 2.3.8 The lifebelts in Seaton Park were recorded as having been checked but a different check sheet was used, showing more detail of what had been checked but not the frequency of visits, which per the monitoring spreadsheet should have been twice weekly. The Service advised that the checklist forms had been updated but these inspections were recorded on the old forms. If obsolete forms are used not all required details will be recorded.
- 2.3.9 If check sheets are not up to date there is a risk that devices will not be regularly inspected, while if devices are not regularly inspected they may not function when required, creating a risk to life.
- 2.3.10 The lifebelt inspections for the Beach Esplanade are scheduled to be carried out on a daily basis per the Service checklist. The monitoring spreadsheet had been completed as all 29 inspected every weekday for the week beginning 11 May 2020. However, the sheet

completed and signed by the inspecting officer had been completed only for the Monday of that week. In addition, three devices were marked with a cross rather than a tick (109, 113, 130) but no comments were input to the monitoring spreadsheet to indicate any issues preventing inspection. Similarly, the lifebelts in the Walker Dam area were scheduled for checking twice a week but only one visit was recorded on the checklist, while two visits were input to the monitoring spreadsheet. The Service confirmed that the checklist was accurate and only one visit had been made for those weeks and advised that these were errors due to a lack of staff knowledge and that the monitoring spreadsheet would be amended.

- 2.3.11 If details of inspections are not accurately recorded the Service has no assurance that they are being properly carried out.

<u>Recommendation</u>		
The Parks Service should ensure that all staff have access to documents which are complete and up to date, are instructed on how to carry out inspections before undertaking them and that life belt inspections are recorded accurately and timeously.		
<u>Service Response / Action</u>		
Agreed. Regular audits will be carried out by Assistant Operation Managers.		
<u>Implementation Date</u>	<u>Responsible Officer</u>	<u>Grading</u>
Implemented	Environmental Manager	Significant within audited area

- 2.3.12 10 lifebelts were visited by Internal Audit (3 Riverside Drive and 7 Beach Boulevard) to ensure instructions on the use of lifebelts were visible to the public, Aberdeen City Council contact details were present to report damage and the consequences of criminal damage were described.
- 2.3.13 All notices had separate Aberdeen City Council signage identifying the lifebelts as being maintained by Aberdeen City Council with Aberdeen City Council website contact detail; some had a Council contact telephone number whilst others did not. The Aberdeen City Council signs all stated 'please do not remove unless necessary'.
- 2.3.14 Whilst three lifebelts had simple clear instructions on use on the external surface of the lifebelt casings titled 'TO SAVE A LIFE!' and details of the consequences of criminal damage (up to £5,000 fine and / or imprisonment), five did not and two included these instructions but were faded to the point of being illegible.
- 2.3.15 The Service advised that instructions on lifebelt use were included inside the casings of lifebelts. These were not opened by Internal Audit to avoid breaking the security tags which provides assurance that the lifebelt has not been tampered with since its last inspection by the Council. The exceptions noted where instructions were not present on external casings were shared with Environmental Services, who were requested to provide photographic evidence that the inside of the lifebelt casings contained instructions on use. On review the Service confirmed some lifebelts did not have any instructions on use (external or internal). It was noted that lifebelt inspection checks completed by Environmental Services do not include a check of lifebelt signage.
- 2.3.16 Without instructions on the use of lifebelts, there is an increased risk that devices will not be used by members of the public or used incorrectly in the event of an emergency, reducing their effectiveness. The absence of criminal damage deterrents potentially also increases the risk of vandalism. The Service has confirmed that stickers containing instructions have been ordered to rectify the identified missing instructions. A review of

all lifebelt signage would help ensure external and internal lifebelt casing instructions on lifebelt use and criminal damage consequences are present as expected.

<u>Recommendation</u>		
Lifebelt signage should be reviewed and updated where required, including externally and internally located lifebelt casing instructions on lifebelt use and consequences of criminal damage.		
Lifebelt inspections should include a check of signage to ensure it continues to meet requirements.		
<u>Service Response / Action</u>		
Agreed.		
<u>Implementation Date</u>	<u>Responsible Officer</u>	<u>Grading</u>
Implemented	Environmental Manager	Significant within audited area

2.4 Risk Management

- 2.4.1 An awareness of the risk environment and oversight of key risks through Risk Registers can help to meet strategic objectives effectively. The Council's Risk Appetite Statement sets out that the Council is averse to any risks that may have a negative effect on the health and safety, diversity and equality of its staff, elected members and members of the public. The Council has a Corporate Risk Register (CRR) which captures the risks which pose the most significant threat to the achievement of organisational outcomes and have the potential to cause failure of service delivery. The CRR is maintained by the Corporate Risk Lead. It should be updated at least monthly by risk managers (the person with responsibility for day-to-day risk management) and risk owners (the person with authority to manage the area at risk), then scrutinised by CMT; reports on the CRR are provided to the Audit, Risk & Scrutiny Committee.
- 2.4.2 Cluster Risk Registers reflect the risks which may prevent each Cluster area from delivering on strategic outcomes and are reported annually to the relevant Committee. The Risk Register for O&PS is the responsibility of the Chief Officer – O&PS, who is identified as the Risk Owner, with the risk managers being the relevant Service Managers. The Cluster Risk Register was last reported to the Operational Delivery Committee on 19 November 2020 and considered health and safety risks among other risks, including the risk of bacteriological/virological outbreaks in Council-owned establishments, and the risk of the failure of sea defences.
- 2.4.3 The Management of Health & Safety at Work 1999 Regulations (regulation 3) require assessments of risk to employees, contractors, customers, partners and any other people who could be affected by the organisation's activities. The Regulations and HSE guidance and templates for organisations state that risk assessments must be suitable and sufficient, and any significant findings should be recorded in writing.
- 2.4.4 The Council's Health and Safety Policy states managers are responsible for managing health and safety in their area of responsibility and must undertake risk assessments of all identified hazards related to work undertaken, eliminating risks where possible or implementing suitable and sufficient control measures, to reduce and manage risks, as far as reasonably practicable, to employees and others.
- 2.4.5 There is corporate Risk Assessment guidance available on the staff intranet site, which is comprehensive, including templates, a flowchart and frequently asked questions. It reflects current HSE guidance. According to the Council's Risk Assessment procedure,

risk assessments must be undertaken by employees who have attended risk assessment training and have knowledge of the activity being assessed.

2.4.6 Ten activities identified as requiring risk assessments were selected and Services were contacted to obtain copies. In one case (Lifebelt Inspections) no risk assessment had been carried out. For the other nine activities risk assessments were obtained and reviewed. In each case responsibility had been appropriately allocated to a member of staff who was involved in the activity. The assessments were all carried out following the corporate guidance, and recorded in detail in the prescribed format, with findings being made available to all staff involved in the activity.

2.4.7 Working near water involves a potential risk to life which should be assessed.

<u>Recommendation</u>		
The Parks Service should carry out a risk assessment for staff carrying out lifebelt inspections near beaches and waterways.		
<u>Service Response / Action</u>		
Agreed		
<u>Implementation Date</u>	<u>Responsible Officer</u>	<u>Grading</u>
Implemented	Environmental Manager	Significant within audited area

2.4.8 In three cases (Memorial Inspections; Road Surfacing; Replacement of Groyne Markers) actions to control risks had been identified but not allocated to a responsible officer. For the memorial inspections, the Service advised that the necessary action (placing signage at the entry to cemeteries prior to work being carried out) had already been completed; the risk assessment has now been updated to show the action in the column for measures already in place. For the other risk assessments, the Service advised that this was due to an oversight.

<u>Recommendation</u>		
Services should ensure that actions in risk assessments are suitably allocated and monitored for completion.		
<u>Service Response / Action</u>		
Agreed. Officers will be asked to review risk assessment actions to reduce risk and ensure responsible officers and due dates are allocated where necessary.		
<u>Implementation Date</u>	<u>Responsible Officer</u>	<u>Grading</u>
November 2021	Contract Manager	Significant within audited area

2.4.9 All the completed risk assessments were current. However, in four cases no scheduled review date had been noted on the Risk Assessment form. For the first two (Sand level monitoring; Seawall repairs) the forms had been incorrectly completed, using the date that the assessment was checked by a manager. The remaining two (Road Surfacing; Replacement of Groyne Markers, both Roads) had amended the first page of the form so that boxes were available to record review history, which had yet to be completed, but no field was available to note the date for scheduled review and no date for scheduled review was shown. The Service advised that they maintain a separate Annual Review Sheet, which is in line with corporate guidance. However, not including this information on the Risk Assessment form itself, as shown in the prescribed corporate format, increases the risk that the review will not be carried out when required.

Recommendation

Services should record scheduled review dates on risk assessments in line with the corporate risk assessment template.

Service Response / Action

Agreed. Exceptions noted have now been resolved.

Implementation Date

Implemented

Responsible Officer

Health, Safety and Training Officer

Grading

Important within audited area

2.5 Incident Reporting & Monitoring

2.5.1 The Reporting of Injuries, Diseases & Dangerous Occurrences Regulations 2013 (RIDDOR) stipulate reporting and recording requirements for employers. There is a corporate written procedure produced by the CHST covering how incidents should be reported. It covers accidents resulting in injury, reportable occupational diseases, and near miss incidents, as well as what must be reported to the HSE. There is also a Council training course available on how to investigate incidents. Reporting forms for injuries or near miss incidents are currently accessed through the corporate accident and incident reporting system. While not all employees have access to the staff intranet, procedures require that incidents should be reported to line managers (who should have access) who then complete the form. Paper forms are available if the reporting system cannot be accessed immediately, although these should be input electronically as soon as possible.

2.5.2 As soon as the electronic reporting forms are completed they are automatically assigned reference numbers and emailed to the Corporate Health and Safety team (CHST), who monitor the receiving inbox and are expected to act on reports where required as soon as they are received, including making reports to the HSE where required. The CHST follow up 10% of Service reports to verify that actions are being completed. Data on incidents is also reported to the Staff Governance Committee, the Risk and Performance Boards, and to health and safety groups within the Operations Function.

2.5.3 Records of accidents and incidents within the O&PS Cluster during 2020/21 were obtained from the CHST and ten were selected and reviewed. In all cases the incidents were reported timeously, and none were required to be reported to the HSE. In nine of the cases the incidents were investigated and acted upon promptly and appropriately. Investigation reports showed that root causes were identified and action taken where required to prevent re-occurrence, including providing training to staff and revising procedures, with findings communicated to relevant parties.

2.5.4 In one case (incident ref. 7567 – operative falling from platform placed on icy surface) the incident report had not been submitted by the investigating manager at the time of the audit, over two months after the incident. If reports are not completed and submitted timeously there is a risk that unsafe systems of work will not be corrected, leading to further incidents.

Recommendation

Services should ensure that managers complete and submit accident investigation reports promptly.

Service Response / Action

Agreed. Incident ref. 7567 has now been closed with remedial actions identified. 29 line managers have received training via CHST regarding reporting and investigation of incidents. Increased frequency of communication between CHST and operational teams

is now in place to capture investigations which have not been closed out in an appropriate timescale.

Implementation Date

Implemented

Responsible Officer

Operations Manager

Grading

Significant within audited area

2.6 Insurance

2.6.1 The Council has employer's liability and public liability insurance, which provide cover for financial losses incurred by the Council, in the event of a breach by the Council of its statutory and / or common law duties, where the terms and conditions of the respective policies are met; the policies are next due to expire on 31 March 2022.

AUDITORS: C Harvey
A Johnston
L Jarvis

Appendix 1 – Grading of Recommendations

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

ABERDEEN CITY COUNCIL

COMMITTEE	Audit, Risk and Scrutiny Committee
DATE	29 September 2021
EXEMPT	No
CONFIDENTIAL	No
REPORT TITLE	Internal Audit Report AC2114 – Timesheets and Allowances
REPORT NUMBER	IA/AC2114
DIRECTOR	N/A
REPORT AUTHOR	Colin Harvey
TERMS OF REFERENCE	2.2

1. PURPOSE OF REPORT

1.1 The purpose of this report is to present the planned Internal Audit report on Timesheets and Allowances.

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 Timesheets and Allowances.

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

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

9. APPENDICES

- 9.1 Internal Audit report AC2114 – Timesheets and Allowances.

10. REPORT AUTHOR DETAILS

Colin Harvey, Chief Internal Auditor (Interim)
Colin.Harvey@aberdeenshire.gov.uk
(01467) 530701



Internal Audit Report

Timesheets and Allowances

Issued to:

Andy MacDonald, Director of Customer Services

Steven Whyte, Director of Resources

Jacqui McKenzie, Chief Officer – Customer Experience

Isla Newcombe, Chief Officer – People & Organisational Development

Jonathan Belford, Chief Officer – Finance

Fraser Bell, Chief Officer – Governance

Neil Yacamini, HR and Payroll Service Centre Manager

External Audit

EXECUTIVE SUMMARY

Background

The Council employs over 6,600 full time equivalent salaried staff. Additional hours, enhanced pay for working non-standard working hours, and allowances, may be claimed via timesheet. During 2020/21 £223.6 million was paid in gross salary and wages payments, including £6.6 million on the basis of 22,753 timesheets processed.

Objective

The objective of this audit was to provide assurance that payments for timesheets and allowances paid to Council staff including Craft Workers, but excluding Teachers, are accurate and justified, and that improvements recommended in previous reviews have been fully implemented.

Assurance

In respect of a sample of timesheets and allowances, all timesheets and allowances had been processed accurately in line with the information contained within them.

However, in breach of the Council's Financial Regulations, 40% of 20 manual timesheets reviewed had been approved by a manager not included on the Council's list of authorised signatories. 15% contained errors resulting in incorrect payments; and management approved variations in practice are not being recorded centrally to ensure consistency in their application.

Findings and Recommendations

Following the last audit of this area in 2020 training was rolled out and a list of authorised signatories implemented, to address instances of claims for payment being processed without appropriate authorisation. As this continues to be the case for a substantial proportion of the sample reviewed, a recommendation graded as Significant within audited area has been made to implement additional controls to ensure only approved payments are processed.

Authorised signatories are not only approving payment, they are declaring that they have reviewed and are satisfied that the hours, figures and calculations presented on timesheets are accurate. Cases were identified where these were incorrect and this had not been identified, indicating insufficient checks are being carried out prior to approval and processing. Whilst in the cases identified in the sample only small underpayments had arisen, if timesheets are not being fully checked there is a risk of more substantial errors arising and not being detected and corrected. This was not the case for online timesheets, for which the system limits the opportunity for errors in calculation.

Whilst the majority of staff follow the Council's corporate guidelines on claiming allowances, variations in practice apply in specific situations, which have been agreed locally between management and staff in particular services. These are not currently set out alongside the standard practice on the Council's People Anytime portal. Recommendations graded as Significant within audited area have been made to ensure the basis for all variations is recorded centrally, and to revise forms to ensure consistency. Without clear and accessible information to support the basis for payments and variations in agreed practice, there is a risk of errors being made, or unapproved practice applied, and that this will not be identified by staff or management.

Management Response

The HR & Payroll Service Centre will remind all Services of the requirement to ensure their authorised signatory lists up to date and reviewed on a regular basis and to ensure only those listed approve and submit timesheets for payment. Application of the Council's requirements rests with line management within the individual functions. The

Business Services Team will carry out periodic reviews of timesheet submissions to identify and help Services address potential authorisation control issues.

Work is continuing to set up and implement a new system and supporting workflow to manage claims and approval for additional hours and overtime. The requirements and process for checking timesheets prior to authorisation will be reiterated to Services.

Work is ongoing to develop and document future working styles, and as part of this it will be recorded where agreed variations apply to particular profiles.

1. INTRODUCTION

1.1 Council employees under Equal Pay & Modernisation terms and conditions are paid for any hours worked as part of their contracted hours at plain time (normal hourly rate). Contracted hours are paid automatically having been set up on the payroll system whilst additional hours and enhancements have to be claimed on a monthly timesheet, or by input to the YourHR System.

1.2 Work in excess of an employee's contracted hours is paid as follows:

- Where the employee is contracted to work less than 37 hours per week, additional hours up to 37 hours per week are paid at plain time. Any hours over 37 hours per week, unless part of an agreed rota where the average weekly hours are 37 hours or less, are defined as overtime.
- Where an employee is contracted to work over 37 hours per week (this can be up to 45 hours per week), all hours over the employee's contracted hours (except where this is part of an agreed rota where the average weekly hours covering the rota period are below the employee's contracted hours) are considered to be overtime.
- Overtime is paid at the rate of time and one half. However, for employees paid above Grade 12, overtime payments are restricted to the flat rate equivalent of the top point of Grade 13.

1.3 Where additional hours / overtime is considered to be "regular" the payment made attracts an additional holiday entitlement of 8.3%.

1.4 Certain hours that are not paid at the overtime rate attract a non-standard working week enhancement:

- Hours worked between 2000 and 0700, Monday to Friday attract an enhancement of one third.
- Hours worked on a Saturday and Sunday attract an enhancement of 40%.

This Allowance is either paid automatically based on rotas or claimed by timesheet.

1.5 Casual Workers are paid all of their hours at the basic hourly rate for the job undertaken. An additional 12.07% of the hourly rate for each hour worked up to 37 hours per week is paid in respect of the workers entitlement to annual leave. These workers are not employees of the Council and there is no 'mutuality of obligation' to offer or accept work.

1.6 Employees providing the Out of Hours Service in Social Work do not claim the enhancements for unsocial hours. They are, instead, paid a composite rate of 25% on all hours worked in lieu of the non-standard working time allowances. This was approved by the Corporate Policy and Performance Committee in December 2011.

1.7 Craft Workers have a separate set of Terms and Conditions.

1.8 The objective of this audit was to provide assurance that payments for timesheets and allowances paid to Council staff including Craft Workers, but excluding Teachers, are accurate and justified, and that improvements recommended in previous reviews have been fully implemented.

1.9 In order to do so, a sample of manual and online timesheets that had been paid to thirty different employees in January 2021 was selected and reviewed to ensure that they had been completed, authorised and paid correctly. Where necessary, further information was

sought from Services to support and justify the hours being claimed.

- 1.10 The factual accuracy of this report and action to be taken with the recommendations made have been agreed with Jacqui McKenzie, Chief Officer – Customer Experience, Jonathan Belford, Chief Officer – Finance, Isla Newcombe, Chief Officer – People & Organisational Development, and Neil Yacimini, HR and Payroll Service Centre Manager.

2. FINDINGS AND RECOMMENDATIONS

2.1 Procedures and Policy

2.1.1 Procedures, terms and conditions have not changed substantially since they were reviewed in the previous year's audit. However, due to Covid 19 restrictions, and to improve efficiency, Services are now scanning timesheets and sending them to the Business Services Team, with email authorisation. The Team has asked authorisers to ensure each claim form attached to the email covers an individual employee, as receiving one file (e.g. PDF) with multiple claims within it was making processing inefficient.

2.1.2 Additional holiday pay is being paid in line with the process and amounts noted in 1.3 and 1.5 above.

2.1.3 There are a number of areas in which practice may vary depending on the needs of the employing Service:

Public Holidays

2.1.4 According to information on 'People Anytime' (the Council's employee HR information portal) Public Holiday dates are fixed each year for all staff. However, due to these falling on weekends in December 2020 and January 2021 the Chief Officer - People and Organisational Development sent out an email in November 2020 asking Chief Officers to designate specific alternate days for public holidays for staff working on a shift rota basis only, on an employee group basis (rather than individuals) and ensure this was documented and discussed with trade unions. There was no requirement to share this with People and Organisational Development, or the HR & Payroll Service Centre.

2.1.5 There was no central record of the selected and agreed dates, and payroll processed payments for staff working on public holidays on the basis that the timesheets had been approved by line managers. Internal Audit requested Chief Officers to provide copies of the documented agreements to facilitate checks that public holidays had been paid as agreed. None were available, however informal arrangements had been made to adjust the dates for children's homes, social care and environmental services, and where agreed by management were being consistently applied.

2.1.6 Whilst for a sample of claims reviewed locally agreed dates had been consistently applied, in the absence of documented records of the agreed dates for public holidays, there is a risk of error in respect of applying and granting the correct public holiday entitlement.

Vehicle Checks

2.1.7 The Council's Craft Workers agreement sets out that 15 minutes per day will be allowed to operatives for undertaking vehicle checks. It also sets out that the rate of pay is all inclusive for the job, and the Council will not make additional payments except as set out in the agreement. Whilst practice varies, it was identified that many staff are claiming an additional 15 minutes of additional time at plain time every day to carry out vehicle checks. As they are not being paid overtime rates, this is effectively an increase in contracted hours, without a change in contract.

Tool Allowance

2.1.8 Craft Workers are paid a tool allowance. From review of payroll data there are 3 rates: 5.63; 9.45; and 10.88 per month. Documentation in respect of craft worker tool allowances is not clear: the source and level is not declared / easily accessible on People Anytime alongside other pay information, to aid employees in understanding what they should be

paid. The rates no longer match national rates (last agreed in 2005), and it was not possible to determine how and when agreement to vary them had been reached.

- 2.1.9 In the absence of clear and accessible information to support the basis for payments and variations in agreed practice and the specific circumstances in which they should apply, there is a risk of errors being made, or unapproved practice applied, and that this will not be identified by staff or management.

Recommendation

There should be a central record of all dates, allowances and variations therefrom, to which staff and management can refer when requesting and authorising timesheets and allowances. These should be supported with documentary evidence showing how they have been arrived at.

Service Response / Action

Agreed. Work is ongoing to develop and document future working styles, and as part of this it will be recorded where agreed variations apply to particular profiles.

Implementation Date

December 2021

Responsible Officer

Employee Relations &
Wellbeing Manager

Grading

Significant within audited
area

- 2.1.10 There are two timesheets in operation - one for casual (no fixed hours) staff, and another for those with regular contractual hours. The former indicates that a 20 minute break should be deducted where over 6 hours has been worked, to comply with the Working Time Regulations rules, whilst the latter indicates a 30 minute break should be deducted. Whilst the former is correct in terms of the legal requirements, the Council applies the latter requirement, and in the sample reviewed casual staff were normally deducting 30 minutes. As these are minimum requirements, People and Organisational Development has confirmed that application of 30 minute deductions is appropriate where this aligns with Service requirements. Following the previous audit a Working Time collective agreement detailing exclusions and modifications to the Working Time Regulations was issued to the trade unions for consideration and sign off in March 2021. Progress with concluding agreement with the Unions is being tracked by Internal Audit and reported to the Audit, Risk and Scrutiny Committee.

2.2 Manual Timesheet Completion

- 2.2.1 All of the timesheets reviewed had been paid in accordance with the information provided and approved thereon by the relevant Service.
- 2.2.2 However, during the review three errors were identified where the employee claiming the hours had completed manual timesheets incorrectly, compared to six in the previous audit of this area completed in January 2020. Whilst this is a reduced number, the sample size for 2021 (20) was smaller than that reviewed in 2020 (150), therefore a larger proportion of errors was identified.
- 2.2.3 The errors had arisen due to employees miscalculating totals, and recording incorrect dates or allowances. Two had been underpaid due to incorrect calculations by the employee: in one case they had recorded 4 hours but had only included this as 1 hour in the total; and in the other the employee had recorded minutes instead of decimal parts of an hour, had not deducted a lunch break between shifts in excess of 6 hours, and had claimed Overtime instead of a Public Holiday
- 2.2.4 In another case, an employee covering a position in another Service had incorrectly recorded the dates and times worked, making it appear that they had claimed for working

in another job at the same time as they were scheduled and paid to work in their substantive post. The line managers have since advised that the dates, which had been authorised by the other manager, were not accurate. Whilst the payment was therefore correct, this indicates a lack of scrutiny over dates and times claimed.

2.2.5 Whilst in the cases identified in the sample, only relatively small underpayments had arisen, this demonstrates that timesheets are being approved and processed with errors. This indicates that the requisite level of scrutiny is not being undertaken by service management prior to authorising timesheets, or that it is insufficient to identify and correct errors before they are processed.

2.2.6 This was not an issue in online timesheets reviewed. Continued moves to online timesheets should reduce the risk of further errors being made in this regard in the future. Until this is the case, it may be necessary to implement additional controls to ensure timesheets are being checked before processing them for payment. In the absence of controls built in to the process, there remains a risk of further errors being made and not identified.

<u>Recommendation</u>		
a)	The Service should consider whether the opportunity for errors could be reduced by further automating the timesheet process for all staff.	
b)	In the interim controls should be reinforced to ensure timesheets and calculations are checked for accuracy before they are authorised and passed for processing payment.	
<u>Service Response / Action</u>		
a)	Agreed. The Service has considered further automation as part of developing plans to set up and implement a new system and supporting workflow to manage claims and approval for additional hours and overtime. While at this stage it is not possible to determine whether the final system will include all of the proposed functionality, it remains the intention for the system to be used by the majority of staff currently submitting timesheets.	
b)	Agreed. The requirement to apply the existing controls will be reiterated to Services on a regular basis.	
<u>Implementation Date</u>	<u>Responsible Officer</u>	<u>Grading</u>
a) Implemented	HR & Payroll Service	Significant within audited area
b) October 2021	Centre Manager	

2.3 Timesheet Authorisation

2.3.1 In the last audit of this area in 2020 it was recommended that “Only timesheets that have been signed by both the claimant and an authorised signatory should be processed for payment.” It was agreed that this would be covered in training. The Service had advised training was completed. A central list of authorised signatories was also set up to assist in ensuring only approved officers could sign relevant paperwork.

2.3.2 Financial Regulations require that all requests and / or information relating to pay information, whether in paper or electronic format, be authorised by an authorised signatory, and state that no pay related documentation shall be processed unless authorised by an authorised signatory.

2.3.3 Six of twenty manual timesheets reviewed for the current audit had either not been signed, or the signatures had been copied and pasted from another source, limiting verification of their authenticity in respect of the specific claim. However, physical timesheets are not

currently being passed due to Covid-19 restrictions: the Business Services Team confirmed that all timesheets had to be provided by email from the line manager / authorised signatory, and they have recently reminded authorisers to ensure each claim is provided in a separate file (e.g. PDF) to facilitate checking and filing. The email record therefore provides an audit trail of approval in place of signatures.

2.3.4 Eight timesheets (40% of the sample) had been signed by managers who do not appear on the authorised signatory master list. Three further timesheets were not sufficiently clearly recorded on the timesheets to determine whether they were on the list. Whilst these managers may be in an appropriate position to approve timesheets, this is only confirmed when they are recorded on the list. Financial Regulations have therefore been breached, and training may not have addressed the previously reported issues.

2.3.5 As these have been paid, it indicates that the Business Services Team is not checking that only timesheets approved by authorised signatories are processed. Whilst this could be difficult to apply given the number of timesheets processed, in the absence of controls built in to the process there remains a risk of further breaches of the Council's Financial Regulations through unauthorised payments. There is also a fraud risk if unauthorised timesheets can be submitted and paid – although in the cases reviewed those submitting timesheets were not unreasonable: they were just not registered as signatories.

<u>Recommendation</u>		
a) Timesheets should only be authorised and submitted by managers recorded on the authorised signatory list.		
b) Timesheets should only be processed where they have been approved by managers recorded on the authorised signatory list.		
<u>Service Response / Action</u>		
a) Agreed. Services will be reminded of the requirement.		
b) Due to the volume of claims prior to payroll cut-off dates additional audit checks will be completed after processing. As timesheets are submitted by email, a comparison between those submitting timesheets and the authorised signatory master list will be undertaken periodically, and Services will be asked to review variations and update the list / take appropriate action.		
<u>Implementation Date</u>	<u>Responsible Officer</u>	<u>Grading</u>
a) October 2021	HR & Payroll Service Centre Manager	Significant within audited area
b) December 2021	Business Services Manager	

2.4 Online Timesheets

2.4.1 For a sample of ten online timesheets, all complied with the relevant rules and had been completed and paid accurately. The system limits the opportunity for errors in manual calculations, selection of the appropriate rates of pay, and ensures authorisations are recorded.

2.4.2 Time has been recorded for public holiday hours in both YourHR and on paper timesheets for several employees. From a sample of these it has been confirmed that the claims relate to different days. YourHR has the Council's standard public holiday dates coded into it, to ensure claims can only be submitted for those. Where the dates applied by the Service vary from these (e.g. due to weekend working being standard in those areas) alternative dates had to be recorded, and claimed via paper timesheet.

2.4.3 As identified in section 2.2 above, there is an increased risk of error when using manual claims. It is also less efficient if alternative online options are available. There is also a risk of duplicate claims being processed where there is more than one source of timesheet data. If public holiday dates could be amended on the system for employees / positions where alternative dates have been formally agreed, control over the process could be enhanced, and efficiencies obtained.

Recommendation

The Service should consider amending online timesheet processing to reflect where alternative public holiday dates have been agreed.

Service Response / Action

Agreed. This has been considered but it is not technically feasible to implement a system solution at this point. The HR & Payroll Service Centre will however ensure details of variations are obtained from People and Organisational Development annually (see agreed action at paragraph 2.1.9) to ensure these are being applied correctly.

Implementation Date

Implemented

Responsible Officer

HR & Payroll Service
Centre Manager

Grading

Significant within audited
area

AUDITORS: C Harvey

Appendix 1 – Grading of Recommendations

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

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ABERDEEN CITY COUNCIL

COMMITTEE	Audit, Risk and Scrutiny Committee
DATE	29 September 2021
EXEMPT	No
CONFIDENTIAL	No
REPORT TITLE	Internal Audit Report AC2110 – Bon Accord Care Budget Monitoring
REPORT NUMBER	IA/AC2110
DIRECTOR	N/A
REPORT AUTHOR	Colin Harvey
TERMS OF REFERENCE	2.2

1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to present the planned Internal Audit report on Bon Accord Care Budget Monitoring.

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 Bon Accord Care Budget Monitoring.

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

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

9. APPENDICES

- 9.1 Internal Audit report AC2110 – Bon Accord Care Budget Monitoring.

10. REPORT AUTHOR DETAILS

Colin Harvey, Chief Internal Auditor (Interim)
Colin.Harvey@aberdeenshire.gov.uk
(01467) 530701



Internal Audit Report

Bon Accord Care

Budget Monitoring

Issued to:

Gail Woodcock, Interim Managing Director – Bon Accord Care

Neil Gauld, Finance Director – Bon Accord Care

Steven Whyte, Director of Resources

Sandra MacLeod, Chief Officer ACH&SCP

Alex Stephen, Chief Finance Officer ACH&SCPP

Fraser Bell, Chief Officer – Governance

Jonathan Belford, Chief Officer – Finance

External Audit

EXECUTIVE SUMMARY

Background

As an Arm's Length External Organisation (ALEO) of Aberdeen City Council, Bon Accord Care is required to break-even each financial year, with any under/over spend for the company as a whole being transferred to/from reserves. Budgeted turnover and operating cost for 2020/21 were set at £30.3 million each, with an overall breakeven position planned.

Objective

The objective of this audit was to provide assurance over Bon Accord Care's budget monitoring procedures, including monitoring of its savings programme.

Budget monitoring provides fundamental financial governance that is important for controlling and managing the company's finances in accordance with agreed annual budgets. It is a key internal control which enables the Management Team to track income and expenditure against budget, put in place corrective actions where necessary, and informs the Directors enabling them to assure stakeholders of the company's financial position and forecast outturn.

Assurance

Budget monitoring procedures are in place, and are scheduled for periodic review. The financial monitoring procedures clearly detail responsibilities within the monitoring process. The Finance Director has overall responsibility for financial management within Bon Accord Care / Bon Accord Support Services. The Finance team is responsible for issuing the reports, ensuring that all variance reports have been returned, that all questions / queries have been answered and that all comments have been noted. Budget Holders are responsible for monitoring their budget, completing and returning their variance reports prior to the due date.

However, the primary focus of the procedures is on variance reports and staffing costs. Procedures used in forecasting, monitoring of savings and budget virements were not documented, presenting a risk to the completeness and consistency of practice in these areas.

Findings and Recommendations

Recommendations have been made in respect of documenting the processes currently in place, including: task scheduling, journal entries (manual adjustments to accounting balances) and supporting records, back-posting (adjusting prior period's figures), variance reporting including savings, processing virements (budget adjustments), and forecasting: including methods and ownership by Budget Holders.

Management Response

Bon Accord Care has agreed to document or enhance documentation of its budget monitoring procedures to reflect the areas highlighted by Internal Audit.

1. INTRODUCTION

- 1.1 Bon Accord Care is a key provider of social care services for vulnerable people and their families with a range of needs living in Aberdeen City.
- 1.2 Bon Accord Care is an Arm's Length External Organisation (ALEO) of Aberdeen City Council, with two registered limited companies. Bon Accord Care (BAC) (responsible for adult care/learning and the majority of front line staff) and Bon Accord Support Services (BASS) (responsible for administrative staff and costs) are the means by which services are commissioned by Aberdeen City Council. For operational purposes, Bon Accord Care is used as a collective term to reflect both companies.
- 1.3 Budgeted turnover and operating cost for 2020/21 were set at £30.3 million each, with an overall breakeven position planned.
- 1.4 As an Arm's Length External Organisation (ALEO) of Aberdeen City Council, Bon Accord Care is required to break-even each financial year, with any under/over spend for the company as a whole being transferred to/from reserves.
- 1.5 The objective of this audit was to provide assurance over Bon Accord Care's budget monitoring procedures, including monitoring of its savings programme.
- 1.6 The factual accuracy of this report and action to be taken with regard to the recommendations made have been agreed with Neil Gauld, Finance Director, Bon Accord Care.

2. FINDINGS AND RECOMMENDATIONS

2.1 Written Procedures

- 2.1.1 Budget monitoring provides fundamental financial governance that is important for controlling and managing the company's finances in accordance with agreed annual budgets. It is a key internal control which enables the Management Team to track income and expenditure against budget, put in place corrective actions where necessary, and informs the Directors enabling them to assure stakeholders of the company's financial position and forecast outturn.
- 2.1.2 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. They have increased importance where new systems or procedures are being introduced.
- 2.1.3 Budget monitoring procedures are in place, and are scheduled for periodic review. The financial monitoring procedures clearly detail responsibilities within the monitoring process. The Finance Director has overall responsibility for financial management within Bon Accord Care / Bon Accord Support Services. The Finance team is responsible for issuing the reports, ensuring that all variance reports have been returned, that all questions / queries have been answered and that all comments have been noted. Budget Holders are responsible for monitoring their budget, completing and returning their variance reports prior to the due date.
- 2.1.4 However, the primary focus of the procedures is on variance reports and staffing costs. Procedures used in forecasting, monitoring of savings and budget virements were not documented, presenting a risk to the completeness and consistency of practice in these areas. Specific recommendations have been made in respect of each of these below.

2.2 Scheduling

- 2.2.1 The Finance Policy, which is a separate document to the Financial Monitoring procedures, states that: "budget holders will receive appropriate, regular reports of income and expenditure against budget. The Management Team will receive:
- Monthly reports of income and expenditure versus budget - within 7 working days of the month end.
 - Weekly snapshot of hours worked compared against budget."
- 2.2.2 Budget monitoring is prepared and submitted, along with savings updates, to the Management Team monthly and to each Board meeting. Quarterly management reports are sent to Aberdeen City Council to provide updates on the financial position. The annual report for Bon Accord Care is presented to the Integration Joint Board. These reports are developed from, and supported by, details from the financial ledger system.
- 2.2.3 However, there were no available schedules for the various elements and actions which complete the monthly monitoring process, or the associated savings monitoring, to contribute towards achieving the Management Team and Board deadlines. There is therefore a risk of key steps not being completed on time, presenting a risk to meeting deadlines or to the accuracy and completeness of the reports.

<u>Recommendation</u>

BAC should ensure key tasks are scheduled to meet reporting deadlines.
--

Service Response / Action

Agreed. The BAC Finance Team has significant experience in delivering monthly management accounts and associated reporting. To date, deadlines are generally always met, and we have not had any issues with regards to the accuracy and/or completeness of our reports. However, we recognise that a detailed month end timetable would be useful and we will enhance our current month end timetable to include all tasks and associated reporting.

Implementation Date

September 2021

Responsible Officer

Finance Manager

Grading

Important within audited area

2.3 Accruals and Adjustments

2.3.1 Accruals (moving income or expenditure from one period to another to reflect when it was earned or incurred, rather than when money was exchanged) are part of the monthly monitoring process, for which there are specific procedure notes. These are processed to the financial system using a 'journal entry' adjustment.

2.3.2 However, the procedure notes mention 'budget journals', whereas they are accrual journals affecting reported 'actual spend', not budgets. By using this terminology there is a risk of a budget virement (moving budgets between spend categories) being processed rather than an accrual.

Recommendation

BAC should ensure that the Monthly Accruals procedures are clear about the type of journal being actioned.

Service Response / Action

Agreed. The BAC Finance Team is clear around the distinction within the Efinancials system with regards to the posting of journal entries and how these are named within the system. We will review the wording within our relevant processes to ensure that the description is clearly relatable to the terminology used by Efinancials.

Implementation Date

September 2021

Responsible Officer

Finance Manager

Grading

Important within audited area

2.3.3 A sample of 10 in-year accruals was selected and supporting evidence sought from the Service to demonstrate the reason for the accrual being posted, and to ensure the value was reasonably estimated. Supporting detail was only available for 4 of the 10 accruals, and explanations were limited to lists of further transactions.

2.3.4 In the absence of supporting detail and explanations for accrual entries, there is reduced certainty that they were required and have been calculated on a reasonably accurate basis. The quality, accuracy and consistency of budget monitoring reports may be affected.

Recommendation

BAC should ensure all journal entries are adequately supported.

Service Response / Action

Agreed. All of our journal entries should have physical supporting evidence/documentation, although we recognise this may not always have been the case. The Efinancials system does not allow for this to be uploaded with each journal

entry. We will amend our procedures to reflect that each journal entry should be supported by appropriate supporting detail.

<u>Implementation Date</u>	<u>Responsible Officer</u>	<u>Grading</u>
November 2021	Finance Manager	Significant within audited area

- 2.3.5 Controls over back and forward posting to the ledger (i.e. attributing costs or income outside of the current reporting period) are also not documented. In the absence of restrictions or checks over potential activity outside of the reporting period, there is a risk the budget monitoring may present an inaccurate or incomplete position.

Recommendation

BAC should ensure controls over back and forward posting are in place and documented.

Service Response / Action

Agreed. The ledger is closed each month following completion of the month-end. Permission to open a previously closed period has to come from ACC Finance and is only used in exceptional circumstances around the financial year end. We do not make any forward period posting entries. We will however amend our procedures to have independent Finance approval of any journal entry that is for a back/forward posting.

<u>Implementation Date</u>	<u>Responsible Officer</u>	<u>Grading</u>
September 2021	Finance Manager	Significant within audited area

2.4 Variances

- 2.4.1 Forecast variances from budget indicate a need for management action, e.g. to address the issues resulting in a variance, or to review budget provision through approved virement (see 2.5 below). A variance report is provided by the Finance team to Service Managers each month detailing any over/under spends that have occurred in the previous month to obtain comment on the reasons for this variation, how they plan to resolve the issue, and if it was a one-off instance or is anticipated to be recurring.
- 2.4.2 For services that are under/overspent this is reported to the Board, Directors and managers. If overspent, reasons for the overspend and how to mitigate it in the following year are discussed and considered. Finance reports provide details about the main variances that have occurred in the relevant period, such as the value, how they happened and whether anything is to be done to adjust for them in the future.
- 2.4.3 However, not all variances will be material in size or nature. Although the financial monitoring procedure mentions materiality of variances, it does not set out whether variances exceeding a specified value or proportion of a budget require particular attention and action. This leads to a risk that not all variances that should be reported will be, or that resource might be used inefficiently reviewing and addressing minor variances.

Recommendation

BAC should consider establishing and documenting materiality levels for variances.

Service Response / Action

Agreed. We believe our history of tackling budget variances highlights that our working materiality levels have generally been appropriate. However, adverse budget reporting at Board level may benefit from application of more clearly defined materiality levels. This will be reviewed in advance of the September 2021 Board meeting.

<u>Implementation Date</u>	<u>Responsible Officer</u>	<u>Grading</u>
September 2021	Finance Director	Important within audited area

2.5 Virement

2.5.1 Virements (budget transfers) are a movement of budget from one budget line or service to another budget line or service. Virements may be required when there is a change to the company structure or transfer of staff posts between services. They might also be used to address recurring variances by transferring budget to where it is most needed.

2.5.2 As this can result in a change to the budget from that originally agreed by the Board, and it can change the detail of the budget monitoring report, it is important that there are controls over this activity. In practice, the Finance Manager prepares a budget transfer journal when information is received from the Directors and / or Managers of a requirement for a virement. The journal is then approved by a Finance Officer. However, the virement process is currently not documented, which could lead to virements being processed without the correct workflow and approvals.

Recommendation

BAC should ensure that there are procedures in place for virements (budget transfers) and that authorisation levels are identified.

Service Response / Action

Agreed. The most common virements that BAC would process are budget amendments following staff transfers. This requires the approval of both budget holders and also independent Finance confirmation. These virements do not affect the overall budget position. This is not yet fully documented, and will be reviewed as part of other updates to the financial procedures.

Virements that would affect the overall budget position, for example an organisational restructuring would require approval from either our Audit and Assurance Committee and/or Board. This is already reflected in the scheme of delegation, which has recently been refreshed.

Implementation Date

September 2021

Responsible Officer

Finance Manager

Grading

Important within audited area

2.6 Forecasting

2.6.1 An important part of the budget monitoring process is determining the forecast year end position. This can only ever be a best estimate, based on professional judgement and knowledge of the service, and consultation with Budget Holders, however it is key to ensuring that the organisation's budget is met. Management may need to take action in response to forecast budget variances, in order to resolve them before the end of the financial year.

2.6.2 Each month management accounts, which include forecasts, are emailed to Service Managers along with variance reports. On the variance reports provided, Managers are asked to confirm if any over/under spends highlighted on these reports will then have an impact on the forecast for the year.

2.6.3 Forecasts are currently updated by the Finance Manager, with limited involvement from Service Managers. Forecasts are based on a mixture of the following methods; last year's spend/income, year to date spend/income, last month's spend/income and known

commitments in the pipeline. However, these acceptable methods are not documented in the monitoring procedures, therefore there is a risk that methods might vary between periods and depending on the individuals completing the process. Workings and commentary with regard to forecasts should be recorded so that they can be referred to at a later date and queried if necessary. This will also promote consistency.

<u>Recommendation</u>		
BAC should ensure that forecasting responsibility and acceptable methods are documented within the Financial Monitoring Procedures.		
<u>Service Response / Action</u>		
Agreed. We will amend our Financial Monitoring Procedures accordingly.		
<u>Implementation Date</u>	<u>Responsible Officer</u>	<u>Grading</u>
September 2021	Finance Manager	Important within audited area

- 2.6.4 Whilst the Finance Manager will be able to provide consistent forecasts based on knowledge and professional judgement, ownership of and accountability for the budgets rests with the Budget Holders, and with Finance support they will be better able to gauge the financial impact of current and future activity. With clear guidance on suitable methods for forecasting, a requirement to maintain workings and commentary to a suitable standard, and critical appraisal from the Finance Manager, Budget Holders' involvement in the process could be enhanced.

<u>Recommendation</u>		
Bon Accord Care should review Budget Holders' responsibility for forecasting.		
<u>Service Response / Action</u>		
Agreed. We are actively working towards Budget Holder involvement on a half yearly basis. The current month end timetable does not permit Budget Holder involvement.		
<u>Implementation Date</u>	<u>Responsible Officer</u>	<u>Grading</u>
October 2021	Finance Director	Important within audited area

2.7 Savings

- 2.7.1 Savings are monitored each month as part of the monthly monitoring process and are reported to the Managing Director and the Board. However, this is not documented in written procedures. Therefore, there is a risk that the process could be carried out inconsistently.

<u>Recommendation</u>		
Bon Accord Care should ensure that the monitoring of savings is formalised and documented as part of the monthly monitoring procedures.		
<u>Service Response / Action</u>		
Agreed. We will amend our Financial Monitoring Procedures accordingly		
<u>Implementation Date</u>	<u>Responsible Officer</u>	<u>Grading</u>
September 2021	Finance Manager	Important within audited area

AUDITORS: C Harvey, T Wight, R Brand

Appendix 1 – Grading of Recommendations

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

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ABERDEEN CITY COUNCIL

COMMITTEE	Audit, Risk & Scrutiny
DATE	29 September 2021
EXEMPT	No
CONFIDENTIAL	No
REPORT TITLE	RIPSA - Quarterly Report – Quarter 3 2021
REPORT NUMBER	COM/21/215
DIRECTOR	Gale Beattie
CHIEF OFFICER	Fraser Bell
REPORT AUTHOR	Jessica Anderson –Team Leader
TERMS OF REFERENCE	5.2

1. PURPOSE OF REPORT

- 1.1 To ensure that Elected 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.

2. RECOMMENDATION(S)

That the Committee:-

- 2.1 Notes the update within the report in respect of the Council’s covert surveillance activity during Quarter 3 of the current year.

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 (is covert surveillance in places other than residential premises or private vehicles); and
2. the use of a Covert Human Intelligence Source (the use of an undercover officer).

- 3.3 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 RIPSAs, are required to undertake training prior to being able to make an application to undertake covert surveillance.

QUARTER 3 – 2021

- 3.4 In the period from 1 July until 17 September 2021, there was one authorisation for Directed Surveillance.
- 3.5 Elected Members will note that there was no report in Quarter 2 due to there being no RIP(S)A activity. A service update was provided in the Business Planner for Members for information on 30 June 2021.
- 3.6 Authorisations are executed in accordance with the Council's policy and procedure on Covert Surveillance and are thereafter audited by Legal Services – Regulatory and Compliance Team as is normal practice. The Regulatory and Compliance Team raise any matters of good practice, policy or procedure with the Authorising Officer and the Applicant after every audit. Officers within Legal services do not interfere with the Authorisation process as that responsibility lies with the Authorising Officer. This approach has been agreed and is supported by the Investigatory Powers Commissioner.
- 3.7 The application was made by the Finance Cluster and related to an allegation of blue badge fraud.
- 3.8 In respect of one application referred to in 3.4 above, that application was cancelled within the statutory three-month period.
- 3.9 There have been no further applications for covert surveillance made or approved within this quarter.
- 3.10 There have been no changes to the Protocol and it still remains fit for purpose.

AWARENESS RAISING

- 3.11 There was an Authorising Officer meeting held on the 26 August 2021, where 75% of Authorising Officer's attended. Authorising Officer's were advised that full training took place last quarter, and that work would begin on refresher training in the coming weeks with the hope of that being rolled out in Quarter 4 of 2021.

TRAINING

- 3.12 As noted on 24 February 2021, the aim was to deliver full training during Q2. Full training was delivered remotely between 19-21 May 2021 through an interactive Teams module. Discussions with Authorising Officers have taken place around the refresher training. The feedback from Authorising Officers was that a short recap of key concepts in surveillance law would be welcomed and the session be interactive and practically based with a particular focus on social media investigations. Following these discussions collaboration is ongoing with colleagues in Trading Standards on the scope of this training and the training is now likely to take place during Q4.

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 RIPSA on a quarterly basis. This is also a matter which is taken into account by the Investigatory Powers Commissioner when they carry out their inspections.
- 5.2 A review of the Council's RIPSA activity by elected members provides assurance that the Council's use of RIPSA is being used consistently and that the standards set by its policy remain fit for purpose.
- 5.3 The management, knowledge and awareness of those involved with RIPSA activity was something which was commended by the Commissioner in his inspection in 2020. The reporting of RIPSA activity to Committee provides another level of scrutiny and assurance on the use of RIPSA.

6. MANAGEMENT OF RISK

Category	Risk	Low (L) Medium (M) High (H)	Mitigation
Strategic Risk	There are no strategic risks arising from this report.	N/A	
Compliance	That the Council's use of RIPSA is not legally compliant.	L	This Committee receives quarterly and annual reports on RIPSA activity and related policy mitigates this risk highlighted in this section.
Operational	Employees are not suitably trained for RIPSA work Failure to report to and update Committee on RIPSA activity means that it would undermine public confidence in the Council and how it operates.	L	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. Reporting to Committee occurs quarterly on RIPSA activity.
Financial	There are no financial risks arising from this report.	N/A	
Reputational	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	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.
Environment / Climate	There are no environmental/ climate risks arising from this report.	N/A	

7. OUTCOMES

<u>COUNCIL DELIVERY PLAN</u>	
	Impact of Report
Aberdeen City Council Policy Statement	The report does not have an impact on the Policy Statement.
Aberdeen City Local Outcome Improvement Plan	
Prosperous Economy Stretch Outcomes	The use of RIPSAs 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 RIPSAs, may have an impact on this theme by tackling the selling of counterfeit goods.
Regional and City Strategies	This report does not have an impact on the Regional and City Strategies.
UK and Scottish Legislative and Policy Programmes	This report does not have an impact on the UK and Scottish Legislative and Policy Programmes.

8. IMPACT ASSESSMENTS

Assessment	Outcome
Impact Assessment	The purpose of this report is to update Committee on the Council's use of RIPSAs. 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 RIPSAs activity.
Data Protection Impact Assessment	The purpose of this report is to update Committee on the Council's use of RIPSAs. As such, a Data Protection Impact Assessment is not required.

9. BACKGROUND PAPERS

None.

10. APPENDICES

None.

11. REPORT AUTHOR CONTACT DETAILS

Name	Jessica Anderson/Debbie Grant
Title	Regulatory and Compliance Team Leader/ Regulatory and Compliance Paralegal
Email Address	JeAnderson@aberdeencity.gov.uk
Tel	01224 52 2553

ABERDEEN CITY COUNCIL

COMMITTEE	Audit, Risk & Scrutiny Committee
DATE	29 September 2021
EXEMPT	No
CONFIDENTIAL	No
REPORT TITLE	Union Terrace Gardens – Removal of Material
REPORT NUMBER	COM/21/221
DIRECTOR	Steve Whyte / Gale Beattie
CHIEF OFFICER	John Wilson / Fraser Bell
REPORT AUTHOR	John Wilson/ Fraser Bell
TERMS OF REFERENCE	1.1

1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to respond to the instruction of Full Council on 21 June 2021 to report to this committee on the events relating to the removal of granite and other items from the Union Terrace Gardens (UTG).

2. RECOMMENDATION(S)

That the Committee:

- 2.1 Notes the events leading up to the point at which it was identified that an apparent breach of contract and of a listed building condition had occurred and the subsequent response to remedy the matter;
- 2.2 Notes that all the UTG materials which had been stored at an unapproved location have been returned and are now within safe and secure storage at an approved site;
- 2.3 Notes that a full audit of all granite dountakings, and other similar related items including railings, heraldry shields and lamps, has been carried out by the Principal Contractor and that they have confirmed all items, as per the site start inventory, are accounted for and are now within safe and secure storage at an approved location;

- 2.4 Notes that Police Scotland carried out their own extensive enquiries into the incident and found that no criminality had been established and their investigation is now closed, pending any new information;
- 2.5 Notes that there was a breach of a listed building condition, that the Planning Authority is satisfied with the action taken by the Principal Contractor in response to that breach, and that the Planning Authority does not intend to take any further action at this time;
- 2.6 Notes that there was a breach of contract on the part of the Principal Contractor, that the Principal Contractor remedied the breach, and that no further action is proposed at this time; and
- 2.7 Notes that the Chief Officer Capital will update the outline/full business case template by October 2021 as outlined in section 8.4 of the report.

3. BACKGROUND

Full Council Instruction

- 3.1 At the Full Council meeting on 21 June 2021, an Urgent Notice of Motion was moved by Councillor Ryan Houghton in respect of UTG. Full Council agreed the terms of the motion and it was agreed that following the conclusion of a Police Scotland investigation, the Chief Officer – Capital and Chief Officer – Governance bring a report to the next meeting of the Audit, Risk and Scrutiny Committee. The report was to detail:
 - the events relating to the removal of granite and other items from the UTG site to a private residence;
 - elected member involvement with any of the parties involved in the removal of granite from UTG before the granite was removed from the private residence on the instructions of the main contractor; and
 - a full audit of all the granite and other items (including railings, lamps, and heraldry shields) removed from UTG to ensure that the main contractor could provide the Council with a guarantee that all granite and other items from UTG were accounted for.

Tendering & Contract Award

- 3.2 The design proposals to transform the Union Terrace Gardens have developed over several years and have been subject to the same statutory processes as any other development.
- 3.3 Reference is made to report RES/19/259 submitted to the Capital Programme Committee on 3 June 2019 which set out the procurement process followed to appoint Balfour Beatty Construction Ltd (the Principal

Contractor). The Principal Contractor was formally awarded the design and build contract on 20 July 2019.

- 3.4 Following contract award, the design team of external consultants were novated to Balfour Beatty to complete the detailed design. This means the design team are performing their contractual obligations under a new contract with Balfour Beatty Construction Ltd. Previously the contract was between the Design Team and the Council.
- 3.5 Supporting the Council throughout the construction period, Ryden LLP and McLeod + Aitken Limited were appointed as Contract Administrator and Contract Cost Consultant respectively.
- 3.6 Regular reporting on construction progress and project deliverability of the UTG project has been reported to the Capital Programme Committee.

Planning Aspects related to Granite Downtakings

- 3.7 The Planning Authority granted planning permission to the Council for the development of Union Terrace Gardens in March 2018. Listed building consent was granted in May 2020 following the normal statutory process.
- 3.8 The decision to grant planning permission and listed building consent was subject to specific conditions. The planning conditions were included as part of the tender documentation and the listed building conditions were confirmed following the granting of consent. The appointed Principal Contractor has the contractual responsibility to satisfy, comply with and discharge the conditions.
- 3.9 One of the listed building conditions dealt with granite storage. It states that no downtakings of any granite features were allowed until details of the safe storing of the granite were submitted to and approved in writing by the Planning Authority.
- 3.10 Appendix A contains the details submitted to the Planning Authority by the Principal Contractor in respect of satisfying the listed building granite storage condition. The Planning Authority reviewed the proposals and subsequently sent notice discharging the condition.
- 3.11 The discharging of this condition allowed the Principal Contractor to enter a contract with their chosen sub-contractor, Graeme W. Cheyne (Builders) Ltd, for the latter to uplift and temporarily store granite downtakings, as instructed, at Graeme W. Cheyne's secure storage yard in Torry.
- 3.12 As the project nears completion any identified surplus granite will be removed from both the Torry yard and Union Terrace Gardens and transported to Aberdeen City Council's storage facility. The granite shall remain there indefinitely until directed otherwise by the Council.

Granite and related materials records

- 3.13 In April 2017 a comprehensive conservation statement was prepared on Union Terrace Gardens for the Council to detail the cultural heritage on the site. The conservation statement was produced by an architect accredited by the Royal Incorporation of British Architects (RIBA) and the Royal Incorporation of Architects in Scotland (RIAS). The statement contains an extensive back catalogue of the existing assets, materials, and features of the gardens. It also provides commentary on the heritage and history of such assets, prior to works starting.
- 3.14 Following production of the conservation statement, the project design team produced further detailed survey drawings and reports on the existing gardens. They also worked on the proposals for the new gardens. These documents and addendums were formally submitted, considered, and approved as part of the formal planning and listed building applications, non-material variations and the further purification of conditions to the Planning Authority. Additionally, the wider project design team have access to the Principal Contractor's own detailed pre site start dilapidation photographic survey and further photographic record with annotated plans of the entire site that was submitted to Archaeology as part of condition 1 of the detailed planning permission.
- 3.15 The aforementioned documents, drawings and records acted as the primary reference inventory of Union Terrace Gardens prior to works commencing. The existing information is viewed in conjunction with proposed tender design information to assist in the reconciliation of assets prior to re-use or long-term storage.
- 3.16 The preferred location for storing, handling, and re-using materials has been on-site. When site operations restricted the availability of space, an alternative temporary storage system, approved by the Planning Authority, was brought into use as set out in section 3.11 above. The Principal Contractor is accountable for managing this process and maintaining a schedule of material movement as part of the works, to suit the construction programme.
- 3.17 The Principal Contractor carried out a site start inventory of all items identified for re-use or potential re-use when they took possession of the site. As the project develops, and materials are required back on site, a cross-check with the site start inventory identifies whether any items removed from UTG as part of the construction works are unaccounted for. At the end of the construction phase of the project, a further reconciliation exercise of the granite and other associated items will be carried out to ensure that all items removed from the site are accountable for.

Notification of Granite Mis-Storage

- 3.18 On Monday 7 June 2021, Councillor Yuill became aware from a social media post that granite had, allegedly at that point, been removed from

UTG. The post included a tightly cropped photo of what appeared to be granite blocks. Councillor Yuill subsequently emailed the Council's Customer Feedback team with five questions in respect of the UTG Granite:

- *What is the mass of the granite duntakings?*
- *Will all the granite duntakings be reused within Union Terrace Gardens?*
- *If some or all of the granite duntakings are not being reused within Union Terrace Gardens, what has/will be done with them?*
- *Have any of the granite duntakings been destroyed?*
- *If some or all of the granite duntakings are not being reused within Union Terrace Gardens, did the Council as planning authority give approval for this?*

- 3.19 Further to Councillor Yuill's email to the Customer Feedback team, on Wednesday 9 June 2021, the Project Manager on behalf of the Director of Resources, made initial verbal enquiries with the Principal Contractor. The Principal Contractor gave verbal assurances that the granite duntakings were being stored either on site or in an approved secure off-site store. This information was shared with Council Group Leaders and other relevant officers later that same day. Councillor Yuill asked the Director of Resources if his email could be shared with members of the public. The Director of Resources provided a formal statement that Councillor Yuill advised he posted online on Thursday 10 June 2021.
- 3.20 On 10 June 2021, a member of the public contacted Councillor Yuill to challenge the information Councillor Yuill had posted online. This person also provided a less tightly cropped photo which appeared to show granite blocks in the context of what might have been a garden. In addition, they notified Councillor Yuill of a person who allegedly held the granite within their private residence.
- 3.21 Using contact information provided by the member of the public, Councillor Yuill was able to attend the location, and take photos of what appeared to be granite blocks, on Friday 11 June 2021. Prior to attending the location, Councillor Yuill discussed the matter with the Director of Resources. Councillor Yuill recalls being advised by the Director of Resources to be careful if he chose to visit the site.
- 3.22 That same day, Councillor Yuill provided further information to the Director of Resources by email (and copied to the Chief Officer Capital). Councillor Yuill advised that he had viewed granite at that location, and he also supplied some photographs taken at the time of his visit.
- 3.23 The Director of Resources and the Chief Officer Capital were both on annual leave on Friday 11 June 2021 and therefore the email that Councillor Yuill shared on 11 June 2021 was not considered until Monday 14 June 2021.

Actions taken

- 3.24 Following the Chief Officer Capital's return from annual leave on Monday 14 June 2021, and after having read the UTG email of 11 June 2021 from Councillor Yuill, the matter was discussed with the Director of Resources.
- 3.25 The Chief Officer Capital arranged to attend the location on Wednesday 16 June 2021. During the afternoon of Monday 14 June 2021, Councillor Yuill contacted the Chief Officer Strategic Place Planning and reported a potential breach of a planning condition. Councillor Yuill also contacted the Chief Officer Capital to discuss his email of 11 June 2021. The Chief Officer Capital shared his intention to visit the location on Wednesday 16 June 2021. Councillor Yuill suggested that it would be better if a senior officer could visit the site as soon as possible in advance of any potential media interest to confirm whether the granite had been sourced from UTG and on any further action to be taken.
- 3.26 In response, the Chief Officer Capital was able to carry out an earlier than planned viewing of the deposited granite during the early evening on Monday 14 June 2021.
- 3.27 The Chief Officer - Capital visited the location alone and on inspection was able to confirm that the deposited granite was from the UTG Project.
- 3.28 Photographs were taken at the Chief Officer Capital's visit. Before returning home, the Chief Officer Capital shared some of the photographs via email with the Principal Contractor's Site Agent and confirmed to him that the granite depicted within the photographs, had been taken from the UTG project.
- 3.29 Following this action, the Principal Contractor carried out an initial investigation into the circumstances, a full audit of the granite duntakings, storage, re-use and surplus commenced and the return of the granite to UTG was ordered. In addition, and as set out below, the matter was referred to Police Scotland by the Chief Officer Governance.
- 3.30 Throughout the week commencing 14 June 2021, the Chief Officer Capital and Chief Officer Governance maintained dialogue with the Leader of the Council and the Business Manager. The Leader and Business Manager were appraised of the circumstances as the matter developed and provided with assurances as requested.
- 3.31 On 28 June 2021, the Project Manager responded to Councillor Yuill's enquiry referred to in section 3.18 to say that the matter was subject to police investigation and that a report on the matter would be submitted to Audit, Risk and Scrutiny Committee at a future date.

4. INITIAL INVESTIGATION, AUDIT OF GRANITE & OTHER ITEMS

- 4.1 As set out in section 3.29 above, the Principal Contractor carried out an initial investigation into the circumstances. The Principal Contractor contacted their sub-contractor and subsequently received a letter from the sub-contractor dated 15 June 2021. The letter explained that the sub-contractor had laid down the “last 2 loads” at another site they had been working on. The reasoning set out in the letter was that there was a lack of available space within the approved storage location. On 16 June 2021 the Principal Contractor wrote to the sub-contractor to reiterate the requirement that material from UTG could be stored only at an approved location in accordance with the Listed Building Consent. The sub-contractor was directed by the Principal Contractor to remedy the situation. The materials at the unapproved location were subsequently returned to the UTG site.
- 4.2 On Wednesday 23 June 2021, the Principal Contractor confirmed to the Council that the granite and other items which had been deposited at the unapproved address had all been returned to either UTG or the approved location belonging to the sub-contractor. This was verified by the Council’s Contract Administrator on the same day.
- 4.3 In addition, a full audit of all granite dountakings, railings, lamps and heraldic shields was also carried out by the Principal Contractor. This audit confirms that all items, as per their site start survey inventory, including those items removed from the UTG site that were deposited at an unapproved address, have been accounted for. This full audit is attached as Appendix B.

5. CONTRACTUAL IMPLICATIONS

- 5.1 As set out above, the Council entered a contract with the Principal Contractor on 20 July 2019. This contract incorporated a requirement for the Principal Contractor to satisfy, comply and discharge the planning and listed building conditions for the development of Union Terrace Gardens. Due to the Principal Contractor’s Sub-Contractor storing granite at an unapproved site not in accordance with the approved listed building condition set out in Appendix A, the Principal Contractor breached its contractual obligations as set out in its contract with the Council. As noted above in section 4, the Principal Contractor remedied the breach and subsequently confirmed that all the missing granite and other items have since been returned and are in safe storage.

6. PLANNING IMPLICATIONS

- 6.1 On Thursday 17 June 2021, Aberdeen City Council Strategic Place Planning sought an explanation from the Principal Contractor regarding

the breach of planning control. The Principal Contractor responded on 22 June 2021 by stating that they had been unaware that an alternative unapproved location was being used and that on becoming aware of the matter they had written to their sub-contractor to return the materials to UTG.

- 6.2 The Contract Administrator sent confirmation to the Planning Authority on 23 June 2021 that all materials had been returned to site
- 6.3 The Planning Authority has confirmed that it is satisfied that the missing granite has been returned and is now in safe storage in accordance with the approved planning conditions and that no further action is required.

7. POLICE SCOTLAND ENQUIRIES

- 7.1 The Chief Officer – Governance, following consultation with the Leader, Business Manager and Chief Executive, referred the matter to Police Scotland on Wednesday 16 June 2021 for their consideration.
- 7.2 On Thursday 8 July 2021, Police Scotland released a statement stating that they had carried out extensive enquiries and confirmed that no criminality had been established and the investigation was now closed, pending any new information.

8 CONCLUSION

- 8.1 As set out above, material from UTG was not stored at a location that had been approved by the Planning Authority. As a result, there was a breach of a listed building condition. In turn, the Principal Contractor breached a provision within their contract with the Council because it required the Principal Contractor to satisfy, comply with and discharge the conditions. The situation was remedied with the return of all mis-stored materials back to the UTG site. In addition, a full audit was carried out into all the granite and other items (including railings, lamps, and heraldry shields) removed from UTG. All items identified in the site start inventory were accounted for in this process as set out in Appendix B. A police investigation confirmed that no criminality had been established as part of its investigations.
- 8.2 As set out in section 3.17, arrangements are in place for the Principal Contractor to monitor materials removed from UTG as part of the construction works. At the end of the construction phase of the project, a further reconciliation exercise of the granite and other associated items will be carried out to ensure that items removed from the site are accounted for. As the design develops and construction works proceed these controls will identify any items that may be missing.

Should it ever become apparent that items are unaccounted for, the Council would carry out further investigations and, depending on their findings, consider the legal remedies available to it.

- 8.3 Notwithstanding the existing controls in place, the Principal Contractor has introduced a new control for the remainder of the construction phase of the project. The Principal Contractor has confirmed in Appendix B that granite, railings (including heraldic shields), lamps and lighting features will not be taken off-site without confirmation that the removal has been approved by the Council's nominated person. That means on each occasion that items are to be removed from the site, confirmation will have to be given to the Council that it will be transferred to an approved location. A full record of each component to be removed including a note of the location that it will be transferred to will be retained by the Principal Contractor.
- 8.4 For all future capital projects, the Chief Officer Capital will update the outline/full business case template so that it identifies those projects which involve items of heritage value. The template will require authors to identify proposed measures to protect and monitor the control of such items, including where they are to transfer from one location to another as part of any construction works. This control will further help to ensure that the specification in any subsequent tendering exercises continues to incorporate proportionate measures relating to items of heritage value to support those set out in any relevant planning consent. The Chief Officer Capital will update the template by October 2021.

9. FINANCIAL IMPLICATIONS

- 9.1 There are no direct financial implications. All granite and other items have been accounted for.

10. LEGAL IMPLICATIONS

- 10.1 The legal implications are contained within the body of the report.
- 10.2 Following the meeting of Full Council on 21 June 2021, the Chief Officer – Governance wrote to all councillors on 1 July 2021 asking elected members to detail by 16 July 2021 any involvement they had with any of the parties involved in the removal of granite from UTG before it was removed from the private residence on the instructions of the Principal Contractor. Councillor Yuill responded with relevant involvement and a summary of his involvement is outlined in this report.

11. MANAGEMENT OF RISK

Category	Risk	Low (L) Medium (M) High (H)	Mitigation
Strategic Risk	Risk of overall delay of the project, impacting on the wider Masterplan and interaction with other projects thereby impacting on the delivery of the LOIP outcomes.	L	<p>A full audit of all granite dountakings, and other similar related items including railings, heraldry shields and lamps, has been carried out by the Principal Contractor. This is in addition to the ongoing monitoring of the site start inventory.</p> <p>All items identified as per the site start survey inventory, are accounted for and are within safe and secure storage at an approved location.</p> <p>The inventory of items will continue to be monitored as the development progresses and a full reconciliation will take place at the end of the project.</p>
Compliance	<p>Planning breaches during construction.</p> <p>Contractual breaches.</p>	L	As above.
Operational	Delay in Construction Programme	L	As above.
Financial	Granite inappropriately stored not being recovered	L	As above.
Reputational	Construction delay and reputational damage to the Council	L	As above.

Environment / Climate	Loss of architectural heritage in granite form.	L	As above.
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12. OUTCOMES

COUNCIL DELIVERY PLAN	
	Impact of Report
Aberdeen City Council Policy Statement	Completion of the project will support increasing the city centre footfall through the delivery of the City Centre Masterplan / Union Terrace Gardens.
Aberdeen City Local Outcome Improvement Plan	
Prosperous Economy Stretch Outcomes	<p>By providing a more pleasant environment, this could have a commensurate benefit on footfall and spend in the city centre. The Council has a key role in delivering specific projects that will deliver economic impacts in their own right; and the Council's corporate role in delivering wider 'business facing' activity in supporting the competitiveness of the business environment. Supporting the implementation of the City Centre Masterplan and tourism, events and culture support are key elements of the Regional Economic Strategy.</p> <p>The project will also have a positive impact on city centre employers themselves, and those operating in the retail, tourism, and leisure sector. Developers and subsequent occupants / employers base their location decisions on being able to attract the best talent and skills to work in their businesses, and they recognise the positive correlation between their business competitiveness and the quality of the public realm.</p> <p>Through the investment in UTG, Schoolhill and the Art Gallery, as well as considering the HMT and the Music Hall, the city centre will have a vibrant cultural quarter that will promote footfall and spend within the city centre.</p>
Prosperous People Stretch Outcomes	The project will create a safer and attractive environment for all people living in and visiting Aberdeen. Residents, workers, and visitors increasingly demand a high standard for the places they are in. Under the proposals, they could feel

	<p>more content in a more attractive and vibrant environment; as reported in other competing cities with similar projects.</p> <p>With more people walking and cycling in the area there could be a reduction in inactivity-related illness.</p> <p>Through the community benefit requirements of the Council's procurement process, the Council has established improved supplier access to public contracts, particularly for SMEs; maximising efficiency and collaboration; and placing the local, social, and economic aspects of sustainability for the UTG project.</p>
<p>Prosperous Place Stretch Outcomes</p>	<p>For Aberdeen to be globally competitive, the quality of the 'place', the commercial space, and the public realm around it all have a role. Stakeholder engagement revealed that the 'poor state' of the City Centre is one of a number of issues identified as a common theme 'In terms of the attractiveness and marketing of the city to attract workers, visitors and investment...' and 'A high quality of life is integral to attracting and retaining the talent and investment needed to grow the economy. This sense of place, with a key emphasis on the city centre, is crucial in underpinning economic growth and essential in underpinning the necessary infrastructure requirements.'</p> <p>One of the key goals of the project is to contribute to the improvement of the city centre and improved safety, access, and atmosphere.</p>
<p>Regional and City Strategies City Centre Masterplan June 2015</p>	<p>The Aberdeen City Centre Masterplan is a regeneration blueprint that is transforming the city centre while conserving its proud heritage. The Union Terrace Gardens is a key project identified within the Masterplan.</p>
<p>UK and Scottish Legislative and Policy Programmes The Town and Country Planning (Scotland) Act 1997 Act</p>	<p>The purpose of the Act is to govern the day-to-day operation of the Scottish planning system. The Act seeks to ensure that future development and use of land in cities, towns and rural areas is sustainable. Its primary objectives are to promote sustainable economic development, encourage regeneration and to maintain and enhance the quality of the natural heritage and built environment.</p>

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13. IMPACT ASSESSMENTS

Assessment	Outcome
Equality & Human Rights Impact Assessment	Full impact assessment not required
Data Protection Impact Assessment	Not required

14. BACKGROUND PAPERS

None.

15. APPENDICES

Appendix A: Listed Building Consent re Granite Storage
Appendix B: Principal Contractor – Granite Reconciliation Report and actions

16. REPORT AUTHOR CONTACT DETAILS

Name	John Wilson
Title	Chief Officer Capital
Email Address	JohnW@aberdeencity.gov.uk
Tel	01224 523629

Name	Fraser Bell
Title	Chief Officer Governance
Email Address	FrBell@aberdeencity.gov.uk
Tel	01224 522084

Appendix A Listed Building Consent re Granite Storage

<p>Granite Storage</p> <p>That no dountaking of any granite features, shall take place until details of the safe storing of said granite have be submitted to and approved in writing by the planning authority. Thereafter no works shall be carried out unless in complete accordance with such details as so approved unless otherwise agreed in writing with the planning authority.</p> <p>- to safeguard the special architectural and historical character of the site.</p>	<ul style="list-style-type: none">• The down takings of the granite balustrade will be kept on site where possible, however if specialist work or repair of individual items of balustrade need to be done these items will be taken to the granite specialist Graeme Cheyne (https://www.graemecheynebuilders.co.uk/)• Off-site material storage address: Graeme W Cheyne builders 2 Walker Lane Toray AB11 8BW• All materials taken off site will be covered under a separate insurance policy to cover damage and theft.• All materials taken off site will be tracked and traced via the unique identification number.• All granite down takings that are identified to stay within the site will be placed on pallets, padded with hessian or other soft material and then banded to secure to the pallet. No more than three items of granite per pallet and no pallets will be stacked. A specified area will be given for granite storage that is fenced off from other site activates.
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Appendix B

Link to Documents: [here](#)

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