

# 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 25 November 2021

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

The Members of the **AUDIT, RISK AND SCRUTINY COMMITTEE** are requested to meet in on **THURSDAY, 2 DECEMBER 2021 at 2.00 pm**. This is a hybrid meeting and Members may also attend remotely.

Members of the press and public are not permitted to enter the Town House at this time. The meeting will be webcast and a live stream can be viewed on the Council's website. <https://aberdeen.public-i.tv/core/portal/home>

FRASER BELL  
CHIEF OFFICER - GOVERNANCE

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

#### **NOTIFICATION OF URGENT BUSINESS**

- 1.1. There are no items of urgent business at this time

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

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

#### **DECLARATIONS OF INTEREST**

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

## **DEPUTATIONS**

- 4.1. There are no requests at this time

## **MINUTE OF PREVIOUS MEETING**

- 5.1. Minute of Previous Meeting of 29 September 2021 (Pages 7 - 16)

## **COMMITTEE PLANNER**

- 6.1. Committee Business Planner

## **NOTICES OF MOTION**

- 7.1. There are none at this time

## **COMMITTEE BUSINESS**

### **Performance**

- 8.1. Audit, Risk and Scrutiny Committee Annual Effectiveness Report - COM/21/276 (Pages 17 - 36)

### **Internal Audit**

- 8.2. Internal Audit Progress Report - IA/21/011 (Pages 37 - 56)
- 8.3. Internal Audit Recommendations - IA/21/012 (Pages 57 - 76)
- 8.4. Licensing Income - IA/AC2202 (Pages 77 - 90)
- 8.5. Mental Health and Substance Abuse - AC/2112 (Pages 91 - 102)
- 8.6. Financial System Interfaces and Reconciliations - AC/2203 (Pages 103 - 114)

### **Annual Reports and Accounts**

- 8.7. Annual Accounts 2021/22 - Key Dates (Pages 115 - 120)

## Legal Obligations

- 8.8. Use of Investigatory Powers Quarterly Report - COM/21/289 (Pages 121 - 138)

## **EXEMPT/CONFIDENTIAL BUSINESS**

- 9.1. Marchburn Park - CUS/21/292 (Pages 139 - 144)

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](http://aberdeencity.gov.uk)

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

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## **DECLARATIONS OF INTEREST**

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

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

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

### **OR**

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

### **OR**

I declare an interest in item (x) for the following reasons ..... however I consider that a specific exclusion applies as my interest is as a member of 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, 29 September 2021. Minute of Meeting of the AUDIT, RISK AND SCRUTINY COMMITTEE. Present:- Councillor Alex Nicoll, Convener; Councillor Yuill, Vice-Convener; Councillor Crockett, the Lord Provost (as substitute for Councillor Duncan); and Councillors Allard, Graham, Houghton (as substitute for Councillor Mason), MacKenzie, Radley (as substitute for Councillor 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.

### DECLARATIONS OF INTEREST

1. Members were requested to intimate any declarations of interest in respect of the items on today's agenda, thereafter the following were intimated:-

- (1) Councillor Graham declared an interest in item 8.1 (ALEO Assurance Hub) by virtue of him being an Aberdeen City Council appointee as a Director of Sport Aberdeen and he considered that the nature of his interest did not require him to leave the meeting at that item on the agenda;
- (2) the Convener declared an interest in item 8.10 (Bon Accord Care Budget Monitoring) by virtue that a family member received care from Bon Accord Care and he considered that the nature of his interest did not require him to leave the meeting at that item on the agenda;
- (3) Councillor Houghton declared an interest in item 8.12 (Union Terrace Gardens – Removal of Materials) by virtue of being named in the report and considered that his interest did not require him to leave the meeting at that item on the agenda; and
- (4) the Vice Convener declared an interest in item 8.12 (Union Terrace Gardens – Removal of Materials) by virtue of his involvement with the reporting of the incident and considered that the nature of his interest required him to leave the meeting and he therefore took no part in the consideration of this item.

### MINUTE OF PREVIOUS MEETING OF 30 JUNE 2021

2. The Committee had before it the minute of its previous meeting of 30 June 2021.

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

to approve the minute as a correct record.

### COMMITTEE BUSINESS PLANNER

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

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

29 September 2021

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

- (i) to note that item 11 (Corporate Risk Registers and Assurance Maps) had been delayed until February 2022 to enable it to be reported with similar assurance reports;
- (ii) to note that items 14 (IT Infrastructure), 15 (Licensing Income), 16 (Financial System Interfaces and Reconciliations), 18 (Consilium System), 22 (Mental Health and Substance Abuse) and 23 (Commissioning) had been delayed until December 2021;
- (iii) to note that items 24 (Children with Disabilities – Contracts and Direct Payments) and 25 (Capital Project Management) had been delayed until February 2022;
- (iv) to note that item 26 (Marchburn Park) had been delayed due to the remedial works not being fully complete and that a report was expected in December 2021;
- (v) to otherwise note the content of the business planner.

### **ALEO ASSURANCE HUB - COM/21/220**

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

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

That the Committee -

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

In response to a question relating to EU exit risks, the Corporate Risk Lead advised that each ALEO were asked to resubmit their Risk Register and for them to highlight whether there were any EU exit risks still open.

In response to a question relating to whether the additional funds for Aberdeen Performing Arts as agreed by Council on 10 March 2021, had been required, the Chief Officer – Finance advised that the additional funding had not been used and would remain open for the remainder of the financial year.

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

to approve the recommendations contained in the report.



## AUDIT, RISK AND SCRUTINY COMMITTEE

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### INFORMATION GOVERNANCE ANNUAL REPORT - CUS/21/180

5. The Committee had before it a report by the Director of Customer Services which presented the annual report on the Council's Information Governance Performance which included information on changes implemented through the Council's information assurance improvement plan.

**The report recommended:-**

That the Committee note the information provided about the Council's information governance performance at sections 3.1 to 3.5 and in the Information Governance Report at Appendix 1.

**The Committee resolved:-**

- (i) in response to questions from members relating to the data breaches, to note that the Chief Officer – Data Insights would analyse the information around the data breaches and provide more detail by email to the Committee;
- (ii) in response to a question relating to what external referred to in the graph on page 59 - Breaches by Function, to note that the Chief Officer - Data Insights would look at the data for this and provide a response by email to the Committee; and
- (iii) to otherwise approve the recommendation contained in the report.

### INTERNAL AUDIT PROGRESS REPORT - IA/21/008

6. With reference to article 5 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 2020/21 and 2021/22 Internal Audit Plans.

**The report recommended:-**

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

In response to a question regarding internal audits deferred until June 2022, the Chief Officer - Governance advised that it was common practice for audits to be deferred to the next financial year and that information on this could be added to this report for the December meeting.

In response to a question relating to the content of the 2022/23 Internal Audit Plan and whether consideration would be given to the current resource implications for Internal Audit, the Chief Officer – Governance advised that discussions were ongoing with the Interim Chief Internal Auditor to ensure that the reports to be included in the 2022/23 Internal Audit Plan were achievable.

**The Committee resolved:-**

to note the content of the report.

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

29 September 2021

### **INTERNAL AUDIT - FOLLOW UP ON RECOMMENDATIONS - IA/21/009**

7. 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 the progress made by Services with implementing the recommendations that had been agreed in Internal Audit reports.

**The report recommended:-**

That the Committee –

- (a) review, discuss and comment on the issues raised within this report and the attached appendices; and
- (b) consider and agree the proposal from the Commercial and Procurement Service to close the actions included in section 4 of the report.

**The Committee resolved:-**

- (i) in relation to audit AC2017 and whether the date provided for the Performance Board for July 2023 was correct to note that the Director of Resources would liaise with the Chief Office – Corporate Landlord and provide a response by email to the Committee; and
- (ii) to otherwise approve the recommendations within the report.

### **INTERNAL AUDIT REPORTING - PROPOSED NEW FORMAT - IA/21/010**

8. The Committee had before it a report by the Interim Chief Internal Officer which presented an updated format for advising of progress made by Services with implementing recommendations that had been agreed in Internal Audit reports.

**The report recommended:-**

That the Committee review, discuss and comment on the content of the report and the attached appendices and thereafter approve the proposed amendments to Internal Audit reporting.

**The Committee resolved:-**

to approve the recommendation contained in the report.

### **VEHICLE REPLACEMENT POLICY AND PROCUREMENT - IA/AC/2116**

9. The Committee had before it a report by the Interim Chief Internal Auditor which presented an audit in relation to Vehicle Replacement Policy and Procurement which was undertaken to provide assurance that the Council had an appropriate vehicle replacement policy and that procurement complied with policy and procurement regulations.

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

29 September 2021

### **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 document management when employees leave the organisation, the Chief Officer – Operations and Protective Services advised that initially the documentation appeared to be missing and that it had all been located. He further advised that he was looking at internal processes to ensure that documentation was not held by individual employees.

In response to a question relating to how robust the record keeping was across services, the Chief Officer – Governance advised that the Council embarked on a project to ensure that all policies were standardised using corporate templates and that they were all available in one place.

In response to a question relating to data breaches and compliance with various policies across the Council, the Interim Chief Internal Auditor advised that if there was anything of significance identified in an audit, that a future audit in that area would be included in the next Internal Audit Plan. He also advised that staff were making improvements to the contracts register to make sure all documentation in relation to each contract were added to the system to prevent a reoccurrence.

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

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

## **HOUSING - WAITING LIST AND ALLOCATIONS - IA/AC/2117**

**10.** The Committee had before it a report by the Interim Chief Internal Auditor which presented an audit in relation to Housing Waiting Lists and Allocations which was undertaken to provide assurance that the Housing Waiting List is maintained efficiently and allocations are made in accordance with policy.

### **The report recommended:**

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

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

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

## **HEALTH AND SAFETY - OPERATIONS AND PROTECTIVE SERVICES - IA/AC/2113**

**11.** The Committee had before it a report by the Interim Chief Internal Auditor which presented an audit in relation to Operation Health and Safety Arrangements which was

## AUDIT, RISK AND SCRUTINY COMMITTEE

29 September 2021

undertaken to provide assurance that appropriate processes were being employed in managing health and safety within the Cluster.

**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 the frequency of inspections of lifebelts, the Environmental Manager advised that during the summer months, the lifebelts at the beach were inspected daily and then twice weekly at other times.

In response to a question relating to whether Aberdeen could have a similar system as the Moray Coast, where the lifebelts were fitted with alarms, the Environmental Manager advised that the team were looking at an automatic system whereby notification would be given to staff if a lifebelt had been damaged or used.

**The Committee resolved:-**

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

### **TIMESHEETS AND ALLOWANCES - IA/AC/2114**

12. The Committee had before it a report by the Interim Chief Internal Auditor which presented an audit in relation to Timesheets and Allowances which was undertaken to provide assurance that payments for timesheets and allowances paid to Council staff including Craft Workers, but excluding Teachers, were accurate and justified, and that improvements recommended in previous reviews had been fully implemented.

**The report recommended:-**

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

**The Committee resolved:-**

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

### **BON ACCORD CARE BUDGET MONITORING - IA/AC/2110**

13. The Committee had before it a report by the Interim Chief Internal Auditor which presented an audit in relation to Bon Accord Care Budget Monitoring which was undertaken to provide assurance over Bon Accord Care's budget monitoring procedures, including monitoring of its savings programme.

**The report recommended:-**

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

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

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

### **RIPSA QUARTER 3 REPORT - COM/21/215**

14. The Committee had before it a report by the Director of Commissioning which was presented to ensure that Elected Members reviewed 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.

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

That the Committee note the update within the report in respect of the Council's covert surveillance activity during quarter 3 of the current year.

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

to approve the recommendation contained in the report.

## DECLARATION OF INTEREST

**In accordance with article 1 of this minute, Councillor Yuill withdrew from the meeting prior to consideration of the following item of business.**

### **UNION TERRACE GARDENS - REMOVAL OF MATERIALS - COM/21/221**

15. With reference to article 16 of the minute of Meeting of Council on 21 June 2021, the Committee had before it a joint report by the Directors of Commissioning and Resources which provided a detailed account of the events relating to the removal of granite and other items from the Union Terrace Gardens (UTG).

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

That the Committee -

- (a) 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;
- (b) 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;
- (c) notes that a full audit of all granite downtakings, 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;

## AUDIT, RISK AND SCRUTINY COMMITTEE

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- (d) 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;
- (e) 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;
- (f) 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
- (g) 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.

During the discussion, members sought assurance that the Council had a full inventory of all materials from the UTG site from the commencement of the project to the current date. The Chief Officer – Capital advised that he would compile a reconciliation of all materials from the site and circulate to members.

The Convener, seconded by Councillor Greig, moved:-

that the Committee:-

- (1) approve the recommendations contained in the report;
- (2) note the work which had been undertaken by Councillor Yuill since the matter was reported to him and thank him for his diligence and tenacity in bring it to elected member attention;
- (3) note that on completion of the project the Chief Officer – Capital would undertake the post project review and report this to the Capital Programme Committee, where at that stage, this Committee could request additional assurance if required; and
- (4) note that the Chief Officer – Capital would work with the Principal Contractor to produce a reconciliation of the materials up to this point in the project and issue via Service Update to the Committee as soon as possible.

Councillor Houghton, seconded by Councillor Crockett, the Lord Provost, moved as an amendment:-

that the Committee:-

- (1) approve the recommendations contained in the report;
- (2) note that on completion of the project the Chief Officer – Capital would undertake the post project review and report this to the Capital Programme Committee, where at that stage, this Committee could request additional assurance if required; and
- (3) note that the Chief Officer – Capital would work with the Principal Contractor to produce a reconciliation of the materials up to this point in the project and issue via Service Update to the Committee as soon as possible.

**AUDIT, RISK AND SCRUTINY COMMITTEE**

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On a division, there voted:- for the motion (4) – the Convener and Councillors Allard, Greig and Radley; for the amendment (5) – Councillors Crockett, the Lord Provost and Councillors Graham, Houghton, MacKenzie and Reynolds.

**The Committee resolved:-**

to adopt the terms of the amendment.

- **COUNCILLOR ALEX NICOLL, Convener**

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## ABERDEEN CITY COUNCIL

<b>COMMITTEE</b>	Audit, Risk and Scrutiny Committee
<b>DATE</b>	2 December 2021
<b>EXEMPT</b>	No
<b>CONFIDENTIAL</b>	No
<b>REPORT TITLE</b>	Audit, Risk and Scrutiny Committee Annual Effectiveness Report 1 May 2020 to 31 October 2021
<b>REPORT NUMBER</b>	COM/21/276
<b>DIRECTOR</b>	Gale Beattie, Director of Commissioning
<b>CHIEF OFFICER</b>	Fraser Bell, Chief Officer - Governance
<b>REPORT AUTHOR</b>	Karen Finch
<b>TERMS OF REFERENCE</b>	GD 8.5

### 1. PURPOSE OF REPORT

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

### 2. RECOMMENDATION

That Committee:-

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

### 3. BACKGROUND

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

- 3.1 The annual committee effectiveness reports were introduced in 2018/19 following a recommendation from the Chartered Institute of Public Finance and Accountancy (CIPFA) as part of the Council's work towards securing that organisation's accreditation in governance excellence. The Terms of Reference set out that each Committee will review its own effectiveness against its Terms of Reference through the mechanism of the annual report.
- 3.2 The annual effectiveness reports were mentioned by CIPFA in their report which awarded the Mark of Excellence in Governance accreditation to

Aberdeen City Council. CIPFA highlighted the implementation of the annual effectiveness reports as a matter of good practice in governance and were encouraged that, during consideration of the reports at Committee and Council, Members had made suggestions for improvements to the reports in future years.

- 3.3 As well as the CIPFA Accreditation, Committee Services also won SOLAR Administration Team of the Year in March 2020 in recognition of the introduction of the annual committee effectiveness reports and the process which allows Committees to examine how they can improve the way they do business, while providing assurance that they are undertaking their role effectively.
- 3.4 Data from the annual effectiveness reports has been used to inform the review of the Scheme of Governance, ensuring that Committee Terms of Reference were correctly aligned, and identifying any areas of the Terms of Reference which had not been used throughout the year in order that they could be reviewed and revised if necessary. The information from the effectiveness reports will also be used to feed into the Annual Governance Statement.
- 3.5 The reports provide a mechanism for each committee to annually review its effectiveness, including data on attendance, any late reports, referrals to Council and the number of times officer recommendations were amended, and to ensure that it is following its Terms of Reference.
- 3.6 Similarly, recording the sections or stretch outcomes of the Local Outcome Improvement Plan (LOIP) which apply to each report allows Members to be aware of the direct impact of any proposals before them on the LOIP, and gives a general overview at the end of each year of the number of reports which have had an impact on the LOIP stretch outcomes. Officers also actively review the data gathered to ensure that it aligns to the Council's operating model and decisions taken by the Council throughout the year.
- 3.7 Any comments from Members on areas of data that should be considered would be welcomed to ensure that Members are presented with meaningful data.
- 3.8 The annual report for 2020/2021 is therefore appended for the Committee's consideration. It should be noted that the annual reporting period for 2020/21 is longer than previous years due to the Covid-19 pandemic which resulted in a number of committee meetings being cancelled in the first half of 2020/21. Following consideration by the Committee, the report will be submitted to Full Council in December for noting.

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

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

## 5. LEGAL IMPLICATIONS

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

## 6. MANAGEMENT OF RISK

Category	Risk	Low (L) Medium (M) High (H)	Mitigation
<b>Strategic Risk</b>	N/A		
<b>Compliance</b>	Failure to submit this report would mean that the Council would not be complying with its instruction that all committees and Full Council receive such a report each year.	L	Council is given the opportunity to consider the reports and provide feedback on any amendments Members would wish to see in the content so that this can be taken on board for next year's Scheme of Governance review.
<b>Operational</b>	N/A		
<b>Financial</b>	N/A		
<b>Reputational</b>	N/A		
<b>Environment / Climate</b>	N/A		

## 7. OUTCOMES

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

## 8. IMPACT ASSESSMENTS

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

## 9. BACKGROUND PAPERS

None.

## **10. APPENDICES**

- 10.1 Audit, Risk and Scrutiny Committee Annual Effectiveness Report 1 May 2020 to 31 October 2021.

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

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# Audit, Risk and Scrutiny Committee

## Annual Effectiveness Report 1 May 2020 to 31 October 2021



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# 1 INTRODUCTION

- 1.1 I would like to thank members of the committee and staff who have helped to support the committee. The business of this committee, like many others, was impacted by the restrictions put in place in the wake of the Covid-19 pandemic. Working together with our partners, the committee continued to ensure appropriate oversight over the Council's control environment and I look forward to building on this through during the remainder of 2021-2022.
- 1.2 I would also like to take this opportunity to thank Colin Harvey for stepping in on an interim basis as Chief Internal Auditor. Colin's contribution to the work of the committee has been greatly valued.



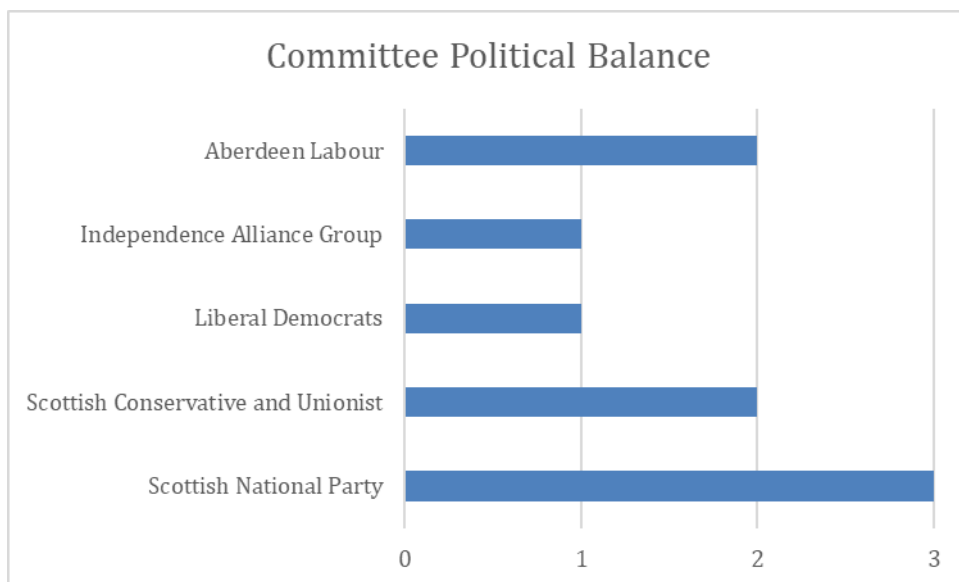
**Councillor Alex Nicoll**  
Convener, Audit, Risk and Scrutiny Committee

## 2 THE ROLE OF THE COMMITTEE

- 2.1 The role of the Audit, Risk and Scrutiny Committee is to provide assurance to the Council that it has in place robust arrangements in place for good governance, maintaining an effective control environment and financial and performance reporting. It monitors compliance with these arrangements through, for example, the receipt of reports from internal and external auditors. It completes the process by ensuring that recommendations flowing from internal and external audits are implemented where appropriate.
- 2.2 The Terms of Reference for the Committee as approved by Council in March 2021 are appended to the report.

## 3 MEMBERSHIP OF THE COMMITTEE DURING 2020/2021

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



## 4 MEMBERSHIP CHANGES

- 4.1 At the Scottish Parliament Elections in May 2021, Councillor’s Jackie Dunbar and Douglas Lumsden were elected as MSPs and stood down from the Committee. Councillor Jackie Dunbar was replaced by Councillor Allard and Councillor Lumsden was replaced by Councillor Mason.
- 4.2 At the September 2021 meeting Councillor Cross replaced Councillor Mason.



## 5 MEMBER ATTENDANCE

Member	Total Anticipated Attendances	Total Attendances	Substitutions	Nominated Substitute
Alex Nicoll	7	7		
Ian Yuill	7	7		
Christian Allard	3	3		
Sarah Cross	1	0	1	Ryan Houghton
Jackie Dunbar	4	4		
Sarah Duncan	7	6	1	Barney Crockett
Gordon Graham	7	6	1	Barney Crockett
Douglas Lumsden	4	4		
Avril MacKenzie	7	6	1	Ryan Houghton
Jessica Mennie	7	6	1	Miranda Radley
Tom Mason	2	2		
John Reynolds	7	5	2	Ryan Houghton John Wheeler

## 6 MEETING CONTENT

6.1 During the 2020/2021 reporting period (1 May 2020 to 31 October 2021), the Committee had 7 meetings and considered a total of 74 reports. The meetings of the Committee in May and June 2020 were cancelled as a result of the COVID-19 pandemic. Business critical reports were considered by the Urgent Business Committee. This included an Urgent Business Committee meeting on 6 May 2020 which considered a revised Internal Audit Plan for 2020/21 to take account of changes to the Council's risk profile brought on by the pandemic.

### 6.2 Terms of Reference

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

Terms of Reference	Number of Reports
General Delegations to Committees 8.5	1
Remit of Committee 1.1	3
Remit of Committee 1.2	3
Remit of Committee 1.3	2
Remit of Committee 1.4	1
Remit of Committee 2.1	2
Remit of Committee 2.2	34
Remit of Committee 2.3	11
Remit of Committee 2.4	6
Remit of Committee 3.1	2
Remit of Committee 3.4	1

Remit of Committee 4.1	3
Remit of Committee 4.2	1
Remit of Committee 4.4	1
Remit of Committee 5.2	5
Remit of Committee 6.2	1
Remit of Committee 6.4	5

6.3 Most of the reports considered related to remit 2.2, consider reports issued by the Internal Auditor.

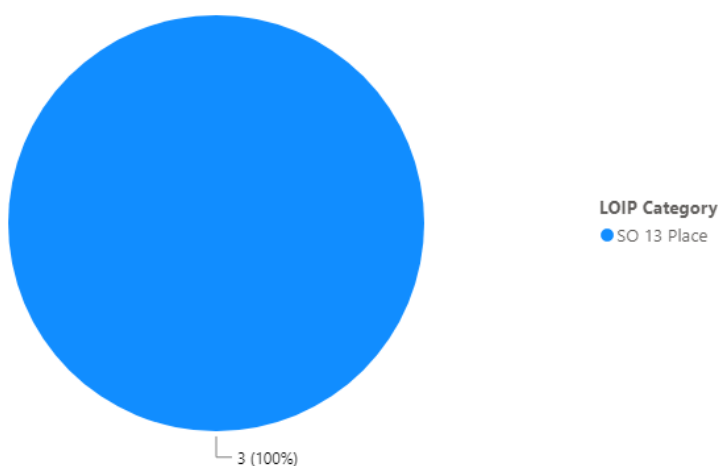
6.4 The majority of the sections of the Committee’s Terms of Reference (ToR) were discharged throughout the course of the reporting period. This would indicate that the Committee has discharged its role as envisaged by Full Council.

6.5 There have been no reports under remits 3.2, 3.3, 4.3, 5.1, 6.1, or 6.3 as there was no cause to report on these.

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

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

Reports with links to the LOIP



**6.7 Reports and Committee Decisions**

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

Terms of Reference	Total	% Total Reports
Confidential	0	0%

Exempt	0	0%
Number of reports where the Committee has amended officer recommendations	0	0%
Number and percentage of reports approved unanimously	74	0%
Number of reports or service updates requested by members during the consideration of another report to provide additional assurance and not in forward planner	0	0%
Service update requested	0	0%
Number of decisions delayed for further information	0	0%
Number of times the Convener has had to remind Members about acceptable behaviour and the ethical values of Public Life	0	0%
Number of late reports received by the Committee (i.e. reports not available for inspection by members of the public at least three clear days before a meeting)	2	3%
Number of referrals to Council, or other Committees in terms of Standing Order 33.1	0	0%

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

Number of notices of motion	None
Number of times Standing Orders were suspended and the specific Standing Orders suspended	None
Standing order number (ref)	N/A
Number of deputations or other indicators of interface with the public, i.e. engagement and social media.	There were no requests for deputation during the reporting period.

## 7 TRAINING REQUIREMENTS

- 7.1 Members were invited to attend a Risk Appetite Statement Workshop which introduced them to the concept of a Risk Appetite Statement which enhanced their understanding of the risk management framework.

## 8 CODE OF CONDUCT – DECLARATIONS OF INTEREST

- 8.1 12 declarations of interest were made by Councillors during the reporting period. Information in respect of declarations of interest is measured to evidence awareness of the requirements to adhere to the Councillors' Code of Conduct and the responsibility to ensure fair decision-making.

## 9 CIVIC ENGAGEMENT

- 9.1 The committee's focus, by its very nature, has largely been on monitoring the Council's control environment through compliance with the Council's governance framework. Its focus is on the risks to the institution rather than focus on the risks to the place of Aberdeen. Nonetheless, it has worked in partnership with outside bodies such as the Council's Arm's Length External Organisations (ALEOs) through the ALEO Assurance Hub and external audit.

## 10 OFFICER SUPPORT TO THE COMMITTEE

Officer	Total Anticipated Attendances	Total Attendances	Substitutions
Chief Internal Auditor	7	7	
Chief Officer - Finance	7	4	
Chief Officer - Governance	7	7	
External Auditor	2	2	

## 11 EXECUTIVE LEAD'S COMMENTS

- 11.1 A robust governance framework supported by an effective control environment provides the necessary platform for the Council to be a success. The Audit, Risk and Scrutiny Committee plays a key role by ensuring that the Council's governance arrangements remain appropriate and adhered to. It is therefore reassuring to note that the Best Value Assurance Report published by the Accounts Commission during 2021 noted that the Council exhibits strong and effective governance and continues to conduct self-assessment and identify improvement opportunities. It also noted that members robustly challenge and scrutinise management with a clear focus on the communities and citizens they represent, in respect of governance, process and matters presented for decision.
- 11.2 The committee approved the Council's first ever Risk Appetite Statement. The statement is a key element to the Council's Risk Management Framework and will allow the organisation to establish and embed the culture required to become a 'risk intelligence organisation.' It provides staff and members with guidance on the types and levels of risk the Council is willing to accept in the pursuit of its strategic outcomes.
- 11.3 During 2020/21, the Council's control environment was impacted by the Covid-19 pandemic. There were delays to planned internal audit activity and third-party inspections. The Council's Urgent Business Committee agreed on 6 May 2020 to revise

the Council's Internal Audit Plan 2020/21 to ensure that it remained relevant to the changes to the Council's risk profile. Internal audit activity was focused on those areas that posed the greatest risk to the Council. This, together with other factors such as staff turnover, led to delays in the completion of the 2020/21 internal audit plan and in turn the 2021/22 internal audit plan.

11.4 Work is already underway to develop the 2022/23 audit plan and careful consideration will be given to the number of internal audit reports scheduled to match the capacity available to deliver new audit reports together with those that are overdue from previous years' audit plans.

11.5 The committee appears to be working constructively and transparently, noting that:

- all reports were approved unanimously; and
- all reports were considered in public.

11.6 The Committee on 8 October 2020, deferred the 2019/20 Internal Audit Summary Report to a Special Meeting of the Committee on 4 November 2020 to enable members to consider the full audit reports;

11.6 The total number of recommendations made by the Council's internal audit team was as follows:

- 2016-17: 340
- 2017-18: 274
- 2018-19: 159
- 2019-20: 218
- 2020-21: 114

11.7 The total number of outstanding recommendations was as follows:

- February 2018: 45
- March 2019: 17
- March 2020: 67
- March 2021: 37

11.8 The number of recommendations made by internal audit has reduced. This was to be anticipated because the impact of the Covid-19 pandemic led to fewer audits than the previous year being carried out. In turn the number of outstanding audit recommendations has reduced. This is pleasing to see.

## 12 NEXT YEAR'S FOCUS

12.1 The development of an internal audit plan for 2022/2023 is already underway. This will seek to reflect the risks to the Council and avoid any unnecessary duplication with third party activity (for example, inspections by regulators). It is also proposed that the internal audit plan give an overview of areas for possible audit during 2023/2024 and 2024/2025. This will seek to reflect the emerging risks to the Council and help provide additional context for next year's audit plan.

At the February 2022 meeting of the Audit, Risk and Scrutiny Committee, it is anticipated that the committee will receive:

- Corporate Risk Registers;

- Cluster Assurance Maps;
- Internal Audit Plan 2022-23;
- External Audit Strategy 2022-23;
- ALEO Assurance Hub Plan 2022;
- External Inspections Planner 2022-23;
- Local Area Network Plan 2022-23; and
- A Review of the Council's Risk Appetite Statement.

12.2 Through this suite of documents, the committee will be able to identify those risks which pose the greatest threat to Council and the system of internal and external activity planned to monitor those risks. This will set the tone for much of the assurance that will be presented back to the committee during 2022-2023.

## Appendix 1

### Audit Risk and Scrutiny Committee Terms of Reference Approved by Council in March 2021

#### PURPOSE OF COMMITTEE

To ensure that the Council has robust arrangements for:

- Good governance including information governance, surveillance, fraud, bribery and corruption;
- Maintaining an effective control environment through an effective approach to risk management; and
- Reporting on financial and performance reporting.

The Committee will also monitor the effectiveness of the Internal Audit function and the Council's implementation of its recommendations, as well as the implementation of the recommendations of its external auditors.

#### REMIT OF COMMITTEE

##### 1. Risk Management

The Committee will ensure the effectiveness of the Council's risk management system and will:

- 1.1 receive an annual review of the system of risk management and an annual report on the corporate risk register and related action plans;
- 1.2 monitor the implementation of the Council's ALEO Assurance Framework by receiving reports from the ALEO Assurance Hub on the monitoring and mitigation of risks to the Council associated with its ALEOs;
- 1.3 receive an annual report in respect of the Council's information governance;
- 1.4 approve all relevant policies.

##### 2. Internal Audit

The Committee will:

- 2.1 approve the Internal Audit Annual Plan;
- 2.2 consider reports prepared by Internal Audit (with the exception of reports related to Pensions);
- 2.3 monitor compliance with Internal Audit recommendations (with the exception of reports related to Pensions);
- 2.4 monitor the performance of Internal Audit.

##### 3. External Audit

The Committee will:

- 3.1 consider reports prepared by the Council's External Auditor;
- 3.2 monitor the Council's relationship with the External Auditor;
- 3.3 receive reports from the Local Area Network; and
- 3.4 monitor compliance with External Audit recommendations.

#### 4. Governance, Accounts and Finance

The Committee will:

- 4.1 approve the Council's Annual Report and Annual Accounts;
- 4.2 approve the annual governance statement;
- 4.3 approve and monitor the Council's Code of Corporate Governance and approve such action as appropriate; and
- 4.4 monitor the integrity of financial reporting, and governance processes and internal control functions and approve such action as appropriate.

#### 5. Legal obligations

The Committee will:

- 5.1 consider reports in respect of the whistle blowing policy; and
- 5.2 monitor the Council's compliance with its statutory obligations relating to surveillance, information governance, bribery, corruption and fraud, including the approval of all relevant policies.

#### 6. Scrutiny

The Committee will:

- 6.1 once a matter, process or practice has been the subject of a report to Council or committee (including internal and external audits) and the consideration of the matter concluded by Council or said committee action (with the exception of quasi judicial matters and the Appeals, Business Rates Appeals and Community Asset Transfer Review Sub Committees), the committee, to ensure good practice, can determine that further consideration is required. It will not prevent, or alter, any decision being taken and will only review the effectiveness of decision making, or monitoring and may make recommendations to the relevant committee or Council;
- 6.2 on occasion, where appropriate and as it sees fit, seek information from partner organisations, contractors or other stakeholders such as Community Councils or groups of interest on any particular issue;
- 6.3 request, where appropriate and in terms of any contract or agreement, representatives of external organisations to attend and contribute to meetings; and



- 6.4 receive reports from regulatory bodies and those providing external assurance such as the Scottish Public Services Ombudsman and Inspector of Crematoria, ensure that the Council responds appropriately and monitor compliance with recommendations.

Executive Lead: Chief Officer – Governance

## Appendix 2

### LOIP stretch outcomes

#### Economy

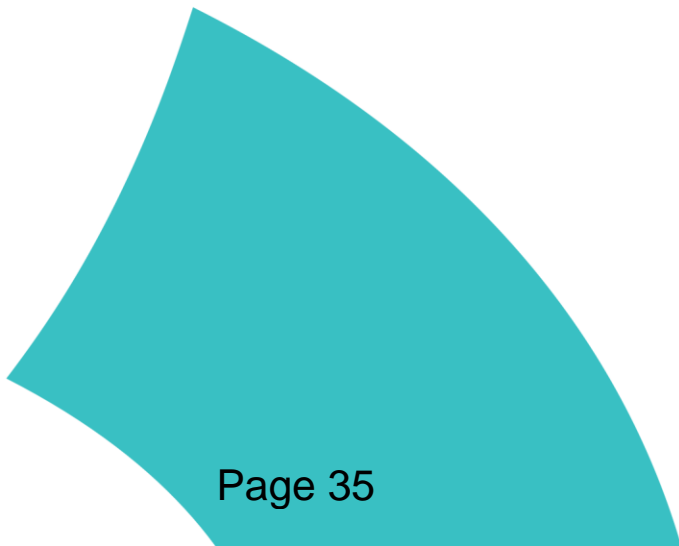
1. 10% increase in employment across priority and volume growth sectors by 2026.
2. 90% of working people in Living Wage employment by 2026.

#### People

3. 95% of children (0-5 years) will reach their expected developmental milestones by the time of their child health reviews by 2026.
4. 90% of children and young people will report that they feel mentally well by 2026.
5. 95% of care experienced children and young people will have the same levels of attainment in education, emotional wellbeing, and positive destinations as their peers by 2026.
6. 95% of children living in our priority localities will sustain a positive destination upon leaving school by 2026.
7. Child Friendly City which supports all children to prosper and engage actively with their communities by 2026.
8. 25% fewer young people (under 18) charged with an offence by 2026.
9. 25% fewer people receiving a first ever Court conviction each year by 2026.
10. 2% fewer people reconvicted within one year of receiving a community or custodial sentence by 2026.
11. Healthy life expectancy (time lived in good health) is five years longer by 2026.
12. Rate of harmful levels of alcohol consumption reduced by 4% and drug related deaths lower than Scotland by 2026.

#### Place

13. No one in Aberdeen will go without food due to poverty by 2026.
14. Addressing climate change by reducing Aberdeen's carbon emissions by 42.5% by 2026 and adapting to the impacts of our changing climate.
15. 38% of people walking and 5% of people cycling as main mode of travel by 2026



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## ABERDEEN CITY COUNCIL

<b>COMMITTEE</b>	Audit, Risk and Scrutiny Committee
<b>DATE</b>	2 December 2021
<b>EXEMPT</b>	No
<b>CONFIDENTIAL</b>	No
<b>REPORT TITLE</b>	Internal Audit Progress
<b>REPORT NUMBER</b>	IA/21/011
<b>DIRECTOR</b>	N/A
<b>REPORT AUTHOR</b>	Colin Harvey
<b>TERMS OF REFERENCE</b>	2.2 and 2.4

### 1. PURPOSE OF REPORT

- 1.1 This report advises the Committee of Internal Audit's progress against the approved 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 As has been common practice in previous years, work was carried forward from the 2020/21 Internal Audit Plan and reported to subsequent meetings of the Audit, Risk and Scrutiny Committee during 2021/22. This reflects that the Internal Audit Plan is not restricted to a single financial year: The Internal Audit annual report provides an opinion on the continued application and suitability of the Council's internal control environment. The Internal Audit team refreshes and updates their understanding of that (and helps influence it by making recommendations) through a rolling

programme of work, which is currently determined once a year in advance of the new financial year commencing. A refreshed approach, including a multi-year Plan, is being developed to inform scheduling for 2022/23 onwards.

3.3 Previously agreed Internal Audit Plans included indicative dates by when it was planned to report the outcome of each audit to the Audit, Risk and Scrutiny Committee, up to and including the Committee’s first meeting in the new financial year (typically May or June).

3.4 The table below sets out the extent to which work has been concluded, and carried forward, within previous financial years:

Year	Brought Forward	Planned April Year 1 to June Year 2	Planned and Brought Forward	Delivered April to March Year 1	Delivered April to June Year 2	Cancelled / Deferred	Carried Forward
2015/16		35	35	16	9	7	12
2016/17	12	28	40	31	2	3	6
2017/18	6	31	37	29	4	1	7
2018/19	7	29	36	25	6	3	8
2019/20	8	29	37	24	0	1	12
2020/21	12	27	39	15	5	9	15
2021/22 (YTD)	15	24	39	11			

3.5 As can be seen in the figures, the impact of work carried forward on subsequent years can be significant. However, with the exception of 2020/21 the overall level of work delivered has remained broadly similar. During 2020/21 Internal Audit and audited service resources were constrained due to the impact of Covid 19.

3.6 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 have been completed.

3.7 A summary of progress with the remaining 2020/21 Internal Audit Plan is shown in the following table:

2020/21 Planned Audit Status	As at 16 November 2021					%
	by Original Target Committee Date					
	Oct- 20	Dec- 20	Feb- 21	May- 21	Total	
Complete	5	2	2	4	13	81%
Draft Report Issued	0	0	0	0	0	0%
Work in Progress	1	0	1	1	3	19%
<b>Total</b>	<b>6</b>	<b>2</b>	<b>3</b>	<b>5</b>	<b>16</b>	<b>100</b>

### Internal Audit Plan 2021/22

- 3.8 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. These indicative dates were included in the Committee Business Planner.
- 3.9 As previously reported, Internal Audit's resources have been constrained due to the direct and indirect impacts of Covid 19, increased absences within the Section, and a series of vacancies following the departure of the former Chief Internal Auditor, recruitment for which has only recently concluded. The post will be filled from 6 January 2022.
- 3.10 Absence statistics remain high, including experienced members of the team. During 2020/21 over 200 days were lost due to absence, and 138 days absence have been recorded to date during 2021/22. This equates to over 10% of the Service's planned resources, and has impacted on conclusion and reporting of individual pieces of work pending reinstatement or reallocation.
- 3.11 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. When the new Chief Internal Auditor takes up their post in January, the team will progress towards a full staffing complement to restore capacity currently lost through back-filling of posts.
- 3.12 Given the challenges set out above, the 2021/22 Internal Audit Plan has not progressed to the extent originally anticipated. This has had an impact on

meeting the indicative dates originally included in the Committee Business Planner to date.

3.13 Work is however progressing, with a summary shown in the following table:

2021/22 Planned Audit Status	As at 16 November 2021						%
	by Original Target Committee Date						
	Jun-21	Sep-21	Dec-21	Feb-22	Jun-22	Total	
Complete	1	1	0	0	0	2	10%
Draft Report Issued	0	0	0	0	0	0	0%
Work in Progress	1	2	2	0	1	6	29%
To Start	0	0	2	6	5	13	62%
<b>Total</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>6</b>	<b>6</b>	<b>21</b>	<b>100</b>

3.14 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.

3.15 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. A similar approach to reviewing and re-prioritising the Audit Plan has been undertaken for 2021/22. The areas in which this is currently anticipated to have an impact on the 2022-23 Internal Audit Plan, have been highlighted in Appendix B.

3.16 Whilst delivery of the Internal Audit Plan within 2021/22 is at risk due to the circumstances outlined at 3.9 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 the indicative dates for reporting audits to the Committee will be subject to delays.

3.17 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.

- 3.18 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. This is being mitigated as set out in paragraphs 3.15-3.17 above.

**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**

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[colin.harvey@aberdeenshire.gov.uk](mailto:colin.harvey@aberdeenshire.gov.uk)  
(01467) 530701

## APPENDIX A

### PROGRESS WITH 2020/21 INTERNAL AUDIT PLAN

SUBJECT / SCOPE	OBJECTIVE	Progress as at 19 November 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>  Service availability to progress the audit has been limited.
		Original Target Committee date Revised Target Committee Date	08.10.20 22.02.22	Red	Work in progress.  Report anticipated February 2022.

#### 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 Draft report due to be issued Draft report issued	19.01.21 31.03.21 13.08.21	Red	<i>The assigned auditor has had sickness absences which have delayed progress.</i>
		Original Target Committee date Revised Target Committee Date Presented to Committee	09.12.20 02.12.21 02.12.21	Red	Complete

SUBJECT / SCOPE	OBJECTIVE	Progress as at 19 November 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"> <li>•Control access to schools</li> <li>•Ensure that knives / weapons are not brought into schools</li> <li>•Know where pupils are during the school day</li> <li>• Escort vulnerable young people</li> </ul>	<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 22.02.22</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 then requested the audit commence following the October break.</p> <p>Report anticipated February 2022.</p>
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SUBJECT / SCOPE	OBJECTIVE	Progress as at 19 November 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.  Delayed due to Service availability and Auditor absence.  Report anticipated February 2022.
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## APPENDIX B

### PROGRESS WITH 2021/22 INTERNAL AUDIT PLAN

SUBJECT / SCOPE	OBJECTIVE	Progress as at 19 November 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)	The audit was originally suspended pending the CO – Digital & Technology commencing in post.  Service availability to progress the audit has been limited.  Report anticipated June 2022.
Licensing Income	To provide assurance over the processes in place for controlling income from licensing applications.	Audit Commenced Draft report issued Final report agreed  Revised Target Committee date	28.05.21 02.09.21 19.10.21  02.12.21	Low (Largely routine, financial and compliance risks)	System access delayed due to service requirements.  Complete

SUBJECT / SCOPE	OBJECTIVE	Progress as at 19 November 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.  Delayed due to Service availability and Auditor absence.  Report anticipated February 2022.
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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.  Delayed due to Auditor absence.  Report anticipated February 2022.
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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 Final draft report issued  Target Committee date Revised Target Committee date	11.06.21 04.10.21 20.10.21  29.09.21 02.12.21	Medium (Key systems / processes)	Delayed due to Service and Auditor availability.  Complete.
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SUBJECT / SCOPE	OBJECTIVE	Progress as at 19 November 2021	Risk / Audit Priority Level	Proposal / Update
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**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)	This audit will now take place in 2022. This aligns with the availability of resources within the audit team and within the services. It will allow for effective business capacity planning, allowing the People & Organisation and Customer Experience teams, who have already supported multiple audits over the year, to successfully undertake their ongoing improvement activity and support the current increased demand from the organisation.
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**Planned for December 2021 Committee (continued)**

SUBJECT / SCOPE	OBJECTIVE	Progress as at 19 November 2021	Risk / Audit Priority Level	Proposal / Update	
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.

**Planned for December 2021 Committee (continued)**

SUBJECT / SCOPE	OBJECTIVE	Progress as at 19 November 2021		Risk / Audit Priority Level	Proposal / Update
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)	Delayed due to Auditor and Service availability.  Work in progress.  Report anticipated February 2022.
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)	Delayed due to Auditor availability.  Report anticipated June 2022.

SUBJECT / SCOPE	OBJECTIVE	Progress as at 19 November 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 22.02.22	High (Key systems / processes)	Delayed due to Auditor availability.  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.2022	Medium (Financial and care management risks)	Delayed due to Auditor availability.  Procurement risks are being considered under consulting work with C&PSS (see Appendix C)  Report anticipated 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 22.02.22	High (Discretionary, Key systems / processes)	Delayed due to Auditor availability.  Report anticipated June 2022.
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SUBJECT / SCOPE	OBJECTIVE	Progress as at 19 November 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.2022	Low (Compliance risks)	Report anticipated 2022
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SUBJECT / SCOPE	OBJECTIVE	Progress as at 19 November 2021	Risk / Audit Priority Level	Proposal / Update
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### Planned for June 2022 Committee

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 Tbc.2022	Low (Financial risks)	Delayed due to Auditor availability.  Report anticipated 2022
Financial Administration - Waste	To obtain assurance over financial administration including payroll, timesheets, and purchasing.	Audit Commenced Target Committee date	tbc Tbc.2022	Low (Financial / compliance risks)	Delayed due to Auditor availability.  Report anticipated 2022

SUBJECT / SCOPE	OBJECTIVE	Progress as at 19 November 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 19 November 2021	Risk / Audit Priority Level	Proposal / Update
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### Other Committees

<i>Transformational Programme (IJB Risk Audit &amp; 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 &amp; 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 &amp; Scrutiny.</i>

## APPENDIX C

### 2021/22 INTERNAL AUDIT CONSULTANCY WORK

SUBJECT / SCOPE	OBJECTIVE	Progress as at 19 November 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. Regular reports are being provided by C&PSS to the Risk Board.
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 highlighted the key controls anticipated within the new system to ensure these are being considered at appropriate stages of system development.



## ABERDEEN CITY COUNCIL

<b>COMMITTEE</b>	Audit, Risk and Scrutiny Committee
<b>DATE</b>	2 December 2021
<b>EXEMPT</b>	No
<b>CONFIDENTIAL</b>	No
<b>REPORT TITLE</b>	Internal Audit Recommendations
<b>REPORT NUMBER</b>	IA/21/012
<b>DIRECTOR</b>	N/A
<b>REPORT AUTHOR</b>	Colin Harvey
<b>TERMS OF REFERENCE</b>	2.3

### 1. PURPOSE OF REPORT

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

### 2. RECOMMENDATIONS

- 2.1 The Committee is requested to review, discuss and comment on the contents of this report and the attached appendices.

### 3. BACKGROUND / MAIN ISSUES

- 3.1 The Public Sector Internal Audit Standards require that Internal Audit monitors the implementation of agreed recommendations until they are implemented by management. The Corporate Management Team and the Audit, Risk and Scrutiny Committee receive a report from Internal Audit at each of 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 falling due up to the end of October 2021, based on assurances received from officers tasked with their implementation and independent checks where appropriate. All actions are due at the end of the specified month – e.g. 31 October 2021.

- 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. FINANCIAL IMPLICATIONS**

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

**5. LEGAL IMPLICATIONS**

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

**6. MANAGEMENT OF RISK**

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

**7. OUTCOMES**

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

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

**8. IMPACT ASSESSMENTS**

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	Not required

Assessment	
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**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)

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## 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

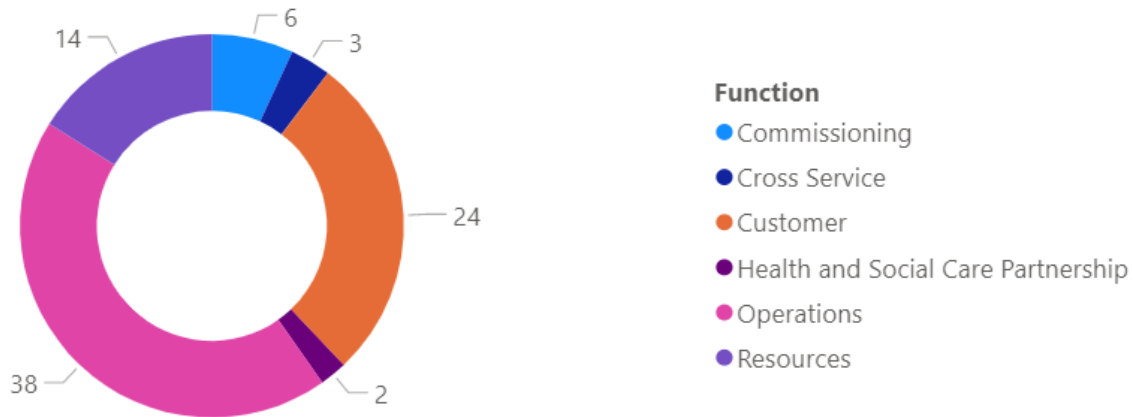
Complete during current financial year

01/04/2021 23/11/2021

Total Complete

# 87

Number of recommendations by Service



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Function	1) Important	2) Significant	3) Major - Service	4) Major - Corporate	Total
Commissioning		4		2	6
Cross Service		3			3
Customer	9	15			24
Health and Social Care Partnership	1	1			2
Operations	7	30	1		38
Resources	6	8			14
<b>Total</b>	<b>23</b>	<b>61</b>	<b>1</b>	<b>2</b>	<b>87</b>

## 2) Agreed actions completed since last reported in September 2021

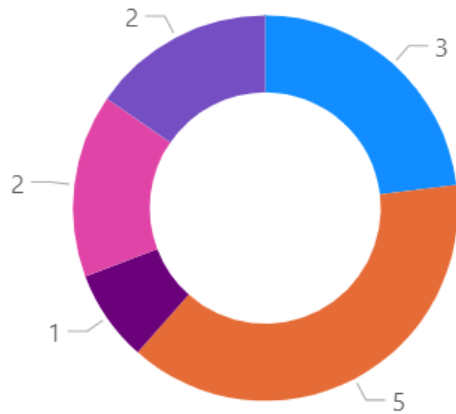
Complete since last Committee

17/09/2021 23/11/2021

Total Complete

13

Number of recommendations by Service



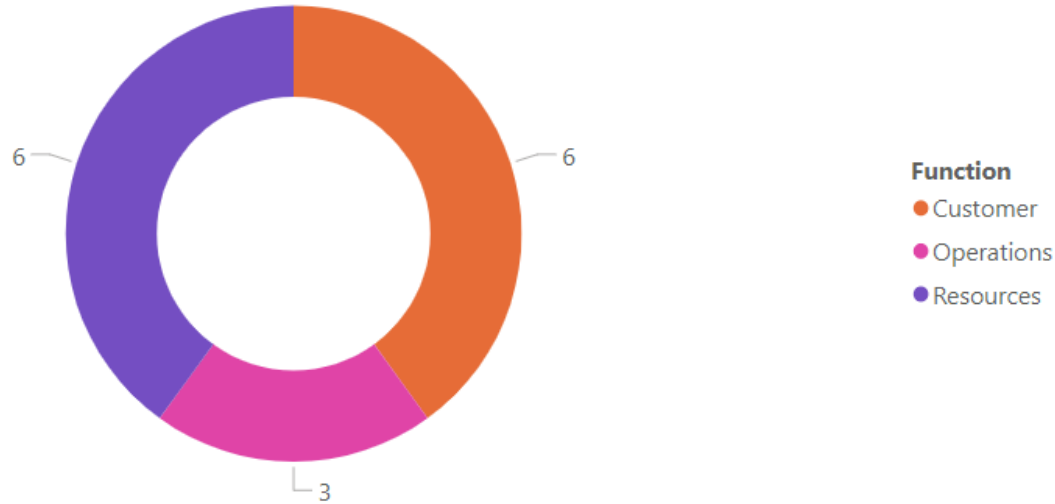
Function

- Commissioning
- Customer
- Health and Social Care Partnership
- Operations
- Resources

Function	1) Important	2) Significant	Total
Commissioning		3	3
Customer	1	4	5
Health and Social Care Partnership		1	1
Operations		2	2
Resources		2	2
<b>Total</b>	<b>1</b>	<b>12</b>	<b>13</b>

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

Number of recommendations by Service



Total overdue

**15**

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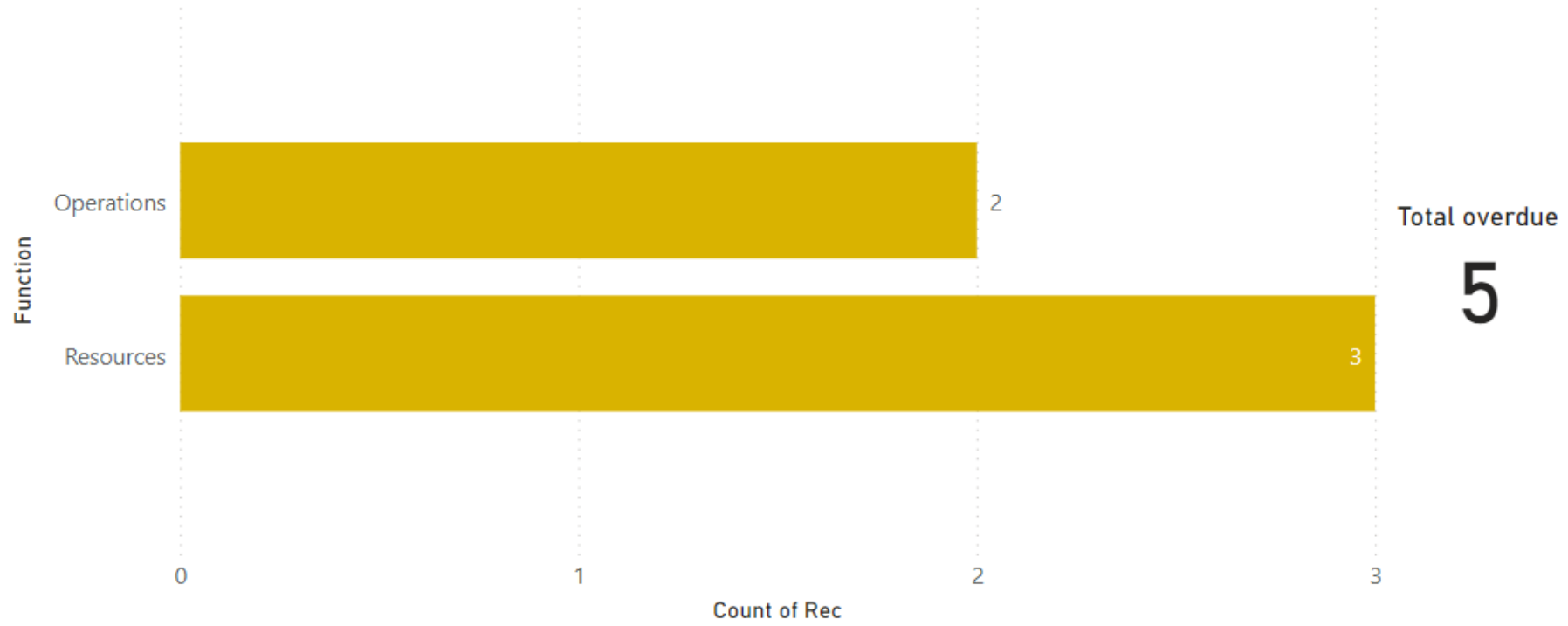
Function	1) Important	2) Significant	Total
Customer	3	3	<b>6</b>
Operations		3	<b>3</b>
Resources	1	5	<b>6</b>
<b>Total</b>	<b>4</b>	<b>11</b>	<b>15</b>

Function	a) Less than six months	b) Over six months	c) Over one year
Customer	5		1
Operations	1	1	1
Resources	2	4	
<b>Total</b>	<b>8</b>	<b>5</b>	<b>2</b>

#### 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 <i>(Report Lead: Action Lead)</i>	Report	Recommendation	Original Due date	Current due date	Committee Update		Times Extended
Operations: Integrated Children's and Family Services	<b>AC2021</b> - <b>SEEMIS</b>	2.4.10b: Required Data Sharing Agreements will be developed where not in place. (Significant within audited area)	Sep-20	<b>Dec-21</b>	<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

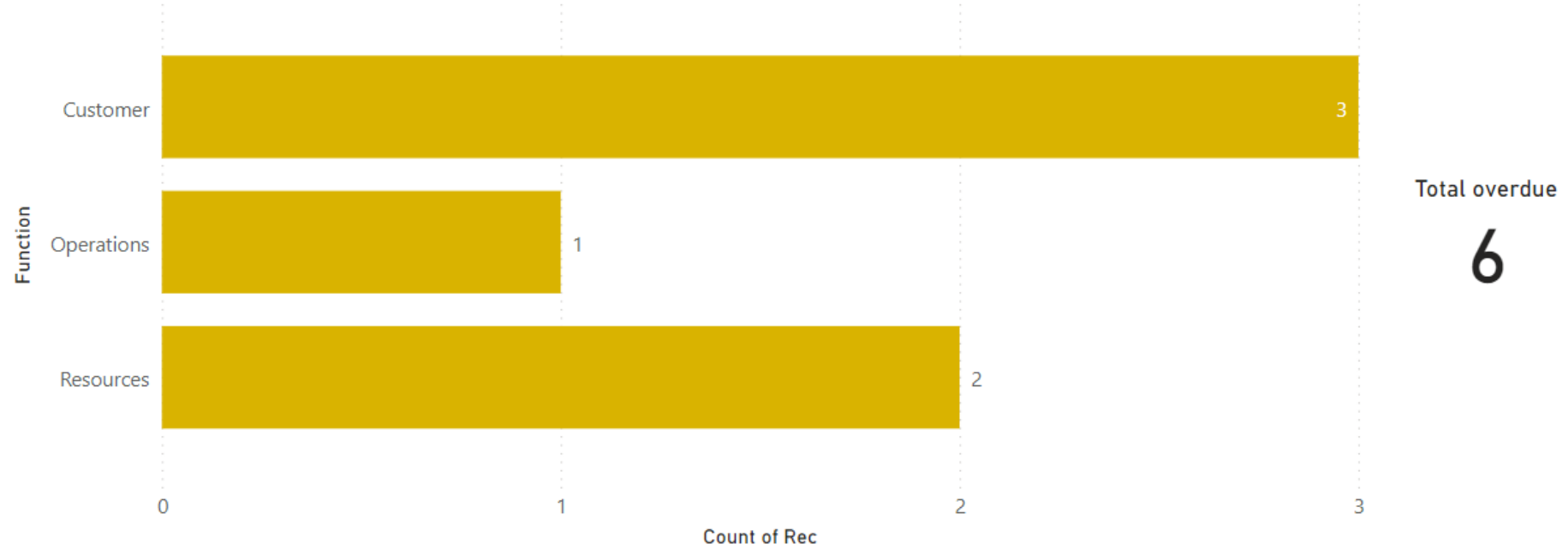
Service <i>(Report Lead: Action Lead)</i>	Report	Recommendation	Original Due date	Current due date	Committee Update		Times Extended
Operations: Operations and Protective Services	<b>AC2013 - School Catering Income &amp; Procurement</b>	2.4.4: The Service should work with Commercial and Procurement Services to progress the tendering process for a cashless catering contract. (Significant within audited area)	Dec-20	<b>Feb-22</b>	The Scotland Excel framework for Online School Payments, Cashless Catering, Kitchen Management and Nutritional Analysis Systems was awarded by Scotland Excel on 29 October 2021. As an alternative to procuring through Scotland Excel, the service had been asked by Digital & Technology (D&T) colleagues to engage with our partners at Microsoft to determine whether they could build a suitable replacement system for the service. Following meetings with Microsoft where they were given the system scope, D&T colleagues have advised that although it is feasible for Microsoft to build such a system, because of the complexity of the system requirements, priority could not be given currently but it could be visited as an option later in the digital roadmap. As such, the Service will take a Procurement Business Case to the Demand Management Control Board on 13 December 2021 seeking to progress via the Scotland Excel Framework and, if approved, to the Strategic Commissioning Committee meeting of 24 February 2022.	In progress	7
Resources: Corporate Landlord	<b>AC2017 - Industrial &amp; Commercial Properties</b>	2.2.2: The Service should update the Property Estates Strategy. (Significant within audited area)	Apr-21	<b>Jul-23</b>	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

Service (Report Lead: Action Lead)	Report	Recommendation	Original Due date	Current due date	Committee Update		Times Extended
Resources: Finance	<b>AC2009 - Travel Policy</b>	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	<b>Dec-21</b>	<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	<b>AC2009 - Travel Policy</b>	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	<b>Mar-22</b>	<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 &amp; 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

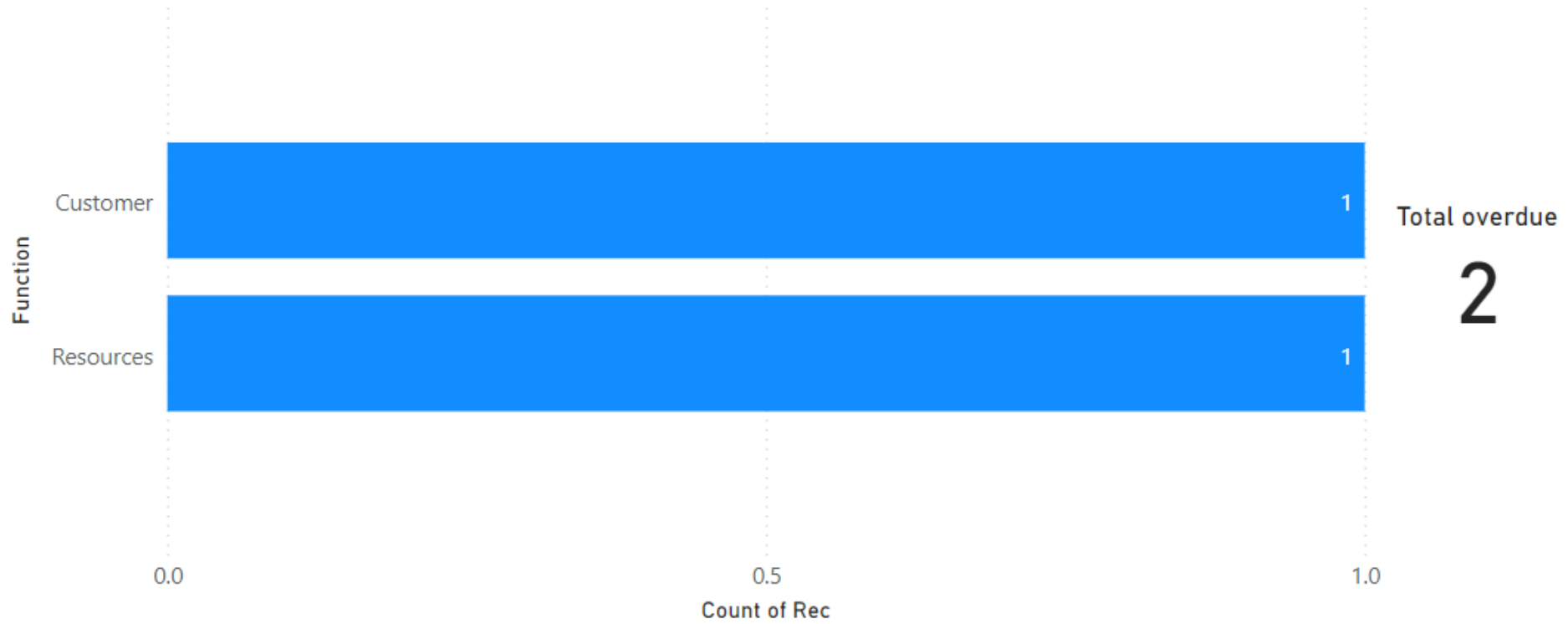
Service (Report Lead: Action Lead)	Report	Recommendation	Original Due date	Current due date	Committee Update		Times Extended
Operations: Integrated Children's and Family Services	<b>AC2028 - Fostering, Adoption &amp; Kinship</b>	2.1.6: The Service should review whether all payments can be controlled via the CareFirstsystem. (Significant within audited area)	Aug-21	<b>Jun-22</b>	While the Service had considered this option the current Carefirst / Carepay system is limited and cannot be adapted at present. A new system is being devised, to which the service will contribute to ensure that the payments system is streamlined. It was expected the new system would be available by now however further delays have been incurred and the new system is now not likely to be available until April 2022 with subsequent training of staff expected to result in the system being fully functional by June 22.	In progress	4
Resources: Finance	<b>AC2104 - Financial Sustainab ility</b>	2.2.24: The Service should ensure that progress with implementing Financial Sustainability risk control actions, and the extent to which each action contributes to reducing risk scores, is clearly supported. (Significant within audited area)	Sep-21	<b>Dec-21</b>	Service confirmed this action is in progress and expected to be completed by end of December 2021.	In progress	2
Resources: Finance	<b>AC2104 - Financial Sustainab ility</b>	2.3.52: The Service should ensure that the control elements referred to in the Finance Cluster Assurance Map are adequately understood and can be easily referenced. (Significant within audited area)	Sep-21	<b>Dec-21</b>	Service confirmed this action is in progress and expected to be completed by end of December 2021.	In progress	2

Service (Report Lead: Action Lead)	Report	Recommendation	Original Due date	Current due date	Committee Update		Times Extended
Customer: Early Intervention and Community Empowerme nt	<b>AC2117 - Housing Waiting List and Allocatio ns</b>	2.2.11: Evidence supporting housing decisions and communication to applicants should be retained. (Significant within audited area)	Sep-21	<b>Sep-21</b>	The Service has advised that the system has been updated to create a weekly report of letters sent with applicant decisions that can be retained against each application. Internal Audit is awaiting supporting documentation before closing this action.	Awaiting supporting detail	
Customer: Early Intervention and Community Empowerme nt	<b>AC2117 - Housing Waiting List and Allocatio ns</b>	2.3.3: The outcome of application reviews should be recorded. (Significant within audited area)	Sep-21	<b>Sep-21</b>	The Service has noted that the procedure has been updated to ensure information is recorded when a review takes place. Internal Audit is awaiting supporting documentation before closing this action.	Awaiting supporting detail	
Customer: Early Intervention and Community Empowerme nt	<b>AC2117 - Housing Waiting List and Allocatio ns</b>	2.4.3: A system of review should be established for housing applicant positions on Council Housing Lists and where housing applicants are bypassed for housing offers. (Significant within audited area)	Sep-21	<b>Sep-21</b>	The Service has advised that a QA&PM report is now produced weekly for audit checks. Internal Audit is awaiting supporting documentation before closing this action.	Awaiting supporting detail	

### 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 <i>(Report Lead: Action Lead)</i>	Report	Recommendation	Original Due date	Current due date	Committee Update		Times Extended
Customer: Finance	<b>AC2012 - Cash Collection Offices</b>	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	<b>Mar-22</b>	<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
Resources: Corporate Landlord	<b>AC2017 - Industrial &amp; Commercial Properties</b>	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	<b>Dec-21</b>	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



## 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 <i>(Report Lead: Action Lead)</i>	Report	Recommendation	Original Due date	Current due date	Committee Update		Times Extended
Customer: Early Intervention and Community Empowerme nt	<b>AC2117 - Housing Waiting List and Allocatio ns</b>	2.1.2: System guidance should be reviewed and updated. (Important within audited area)	Sep-21	<b>Nov-21</b>	The Cluster has advised that due to the service transformation system guidance will be updated once it is known how the systems will be developed as there will be some significant changes. The recommendation has been extended to November 2021.	In progress	1
Customer: Early Intervention and Community Empowerme nt	<b>AC2117 - Housing Waiting List and Allocatio ns</b>	2.1.4: Housing Officer tasks should be formalised within detailed procedures. (Important within audited area)	Sep-21	<b>Sep-21</b>	The Service has advised that training guides have been created for the Allocations Officer role. Internal Audit is awaiting supporting documentation before closing this action.	Awaiting supporting detail	

## APPENDIX B

### Grading of Recommendations

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

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## ABERDEEN CITY COUNCIL

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<b>COMMITTEE</b>	Audit, Risk and Scrutiny Committee
<b>DATE</b>	2 December 2021
<b>EXEMPT</b>	No
<b>CONFIDENTIAL</b>	No
<b>REPORT TITLE</b>	Internal Audit Report AC2202 – Licensing Income
<b>REPORT NUMBER</b>	IA/AC2202
<b>DIRECTOR</b>	N/A
<b>REPORT AUTHOR</b>	Colin Harvey
<b>TERMS OF REFERENCE</b>	2.2

---

### 1. PURPOSE OF REPORT

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

### 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 Licensing Income.

### 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 AC2202 – Licensing Income.

## 10. REPORT AUTHOR DETAILS

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



## **Internal Audit Report**

### **Governance**

### **Licensing Income**

**Issued to:**

Gale Beattie, Director - Commissioning  
Fraser Bell, Chief Officer – Governance  
Jenni Lawson, Legal Services Manager  
Alan Thomson, Team Leader  
Jonathan Belford, Chief Officer – Finance  
External Audit

## EXECUTIVE SUMMARY

### Background

The Aberdeen Licensing Board and the Council control licensing of a wide range of activities within Aberdeen. The Aberdeen Licensing Board is concerned with control of licences required for: the sale of alcohol under the Licensing (Scotland) Act, and gambling under the Gambling Act 2005. The Licensing Committee determines applications for the grant, renewal, revocation, variation or suspension of any licence under the Civic Government (Scotland) Act 1982 including licences required by / for: metal dealers; indoor sports entertainment; skin piercing and tattooing; knife dealers; taxi booking offices; taxi and private hire vehicles; taxi and private hire drivers; second hand car dealers; boat hire; street traders; public entertainment; late hours catering; window cleaners; public charitable collections, public processions; and market operators.

In 2020/21 the Council received income of £310,000 in respect of licence fees and a further £287,000 on behalf of the Aberdeen Licensing Board.

### Objective

The objective of this audit was to provide assurance over the processes in place for controlling income from licensing applications. This involved a review of a sample of licence applications to ensure the Council's licence records were accurate and income was collected.

### Assurance

In general, licence income is well controlled. However, updated procedures, periodic review of fee levels, system updates to ensure data protection requirements are met, and reconciliation of income received to licences issued, would enhance assurance over this area.

### Findings and Recommendations

Governance last undertook a review of civic and miscellaneous licence fees in 2017, when the Licensing Committee approved proposals for increasing the majority of fees under the Committee's control. The proposal accepted in December 2017 forecast a small surplus, which may no longer apply. In order to ensure fees charged are sufficient for the Council to undertake its licensing responsibilities, a recommendation graded Significant within audited area was made for regular review of fee levels.

There is a clear process for each type of licence, however there was no guidance setting out how applications are processed, payments matched, and licence details input to the Council's licensing system; and no procedures describing how to deal with applications received where no payment could be identified, or how to deal with cheque payments (including rejected cheques). Without comprehensive written procedures there is more risk of errors and inconsistency, particularly for any new member of staff. A recommendation graded Significant within audited area was made to review and update these procedures.

For a sample of 40 licence applications granted in 2021 the correct fees had been collected based on the licence types and duration of awards. However, two applications were incorrectly recorded as new licences rather than renewals, creating a cash discrepancy on initial review. One of these related to the use of discretion to award a late renewal rather than a new licence at £50 for one year. Application of this discretion and the related reasons was not recorded within the licensing system. There is currently no retrospective reconciliation between cash received and the licences recorded in the Licensing system, which would identify such discrepancies. Recommendations graded Significant within audited area were raised with the



Service to introduce a system of control to ensure the Licensing system is updated in line with licence fees paid, and for a regular reconciliation of cash received to licences awarded, according to the Licensing System, to be undertaken by an officer independent of licence processing.

In accordance with the General Data Protection Regulation (GDPR) data minimisation principle, personal data should be limited to what is necessary. However, the current Licensing system does not provide for licence records to be deleted, meaning applications are being retained for longer than described in the related privacy notices. This presents an increased risk data protection legislation will be breached. Inaccurate applicant contact details were also identified in one case, where the system had not been updated following changes reflected in a new application. The GDPR requires personal data to be accurate and, where necessary, kept up to date, with every reasonable step taken to ensure that personal data that is inaccurate, having regard to the purposes for which they are processed, are erased or rectified without delay. Recommendations graded Significant within audited area were raised with the Service for Licensing system details to be updated in line with current licence applications and licence applications to be retained in line with the related Council privacy notices.

#### Management Response

Governance has agreed to periodically review the level at which licence fees under the remit of the Licensing Committee are set. Governance confirmed that the licensing budgets are kept under periodic review and the fees are monitored, however note that a formal review has not been conducted for a while. The Civic Government (Scotland) Act 1982 states for both taxi and other civic licences that “*the licensing authority shall seek to ensure that from time to time the total amount of fees receivable by the authority is sufficient to meet the expenses of the authority in exercising their function*”. This is an ongoing balancing act as the costs and income will vary from year to year. In the past couple of years, this balance has been difficult to manage due to the impact of the covid pandemic on licence holder businesses. The recovery from the pandemic has also had an impact on demand for certain licences such as an increase in street trader licence applications.

The Service has also agreed to review and update licence processing procedures; this will cover Licensing system recording requirements, including changes to personal data relating to licence applications and use of discretion when awarding licence renewal applications received late. The Service will liaise with the system supplier to arrange deletion of historic licence application records and to ensure future records are retained in line with Council licence privacy notices.

In addition, Governance has agreed to undertake a regular sample reconciliation of cash received to Licensing system records.

# 1. INTRODUCTION

- 1.1 The Aberdeen Licensing Board and the Council control licensing of a wide range of activities within Aberdeen. The Aberdeen Licensing Board is concerned with control of licences required for: the sale of alcohol under the Licensing (Scotland) Act, and gambling under the Gambling Act 2005. The Council's Licensing Committee deals with the functions of the Council relating to licensing matters under the Civic Government (Scotland) Act 1982 and other licences, certificates and permits under the Housing (Scotland) Act 2006 (houses of multiple occupancy), Antisocial Behaviour etc. (Scotland) Act 2004 (private landlord registration), Theatres Act 1968 (theatre licence), Cinemas Act 1985 (cinema licence), and Safety in Sports Grounds Act 1975 (safety certificates).
- 1.2 The Licensing Committee determines applications for the grant, renewal, revocation, variation or suspension of any licence under the Civic Government (Scotland) Act 1982 including licences required by / for: metal dealers; indoor sports entertainment; skin piercing and tattooing; knife dealers; taxi booking offices; taxi and private hire vehicles; taxi and private hire drivers; second hand car dealers; boat hire; street traders; public entertainment; late hours catering; window cleaners; public charitable collections, public processions; and market operators.
- 1.3 The Council's Licensing Sub-Committee is responsible for determining any licence referred to it by the Licensing Committee or determining any urgent business referred by the Chief Officer – Governance or Chief Officer – Early Intervention and Community Empowerment relating to any matter falling under the remit of the Licensing Committee.
- 1.4 The Council's Licensing team are responsible for processing licence applications and ensuring applicants have paid the appropriate fees. In addition, where no objections or representations have been made in relation to a complete licence application under the remit of the Licensing Committee, the Chief Officer - Governance has delegated authority to approve these.
- 1.5 In 2020/21 the Council received income of £310,000 in respect of licence fees and a further £287,000 on behalf of the Aberdeen Licensing Board.
- 1.6 The objective of this audit was to provide assurance over the processes in place for controlling income from licensing applications. This involved a review of a sample of licence applications to ensure the Council's licence records were accurate and income was collected.
- 1.7 The factual accuracy of this report and action to be taken with regard to the recommendations made have been agreed with Fraser Bell, Chief Officer – Governance, Jenni Lawson, Legal Services Manager and Alan Thomson, Team Leader.

## 2. FINDINGS AND RECOMMENDATIONS

### 2.1 Written Policies and Procedures

- 2.1.1 The Licensing (Scotland) Act 2005 and the Gambling Act 2005 both require Licensing Boards to publish a licensing policy every three years describing how the respective Licensing Board will exercise its functions under both Acts. The Aberdeen Licensing Board published such a policy as required in November 2018.
- 2.1.2 Fees for gambling licences and gaming permits are prescribed by the Gambling (Premises Licence Fees) (Scotland) Regulations 2007 and the Gambling Act 2005 (Fees) (Scotland) Regulations 2007 respectively. In relation to licences for the sale of alcohol it is a requirement of the Licensing (Fees) Scotland (Regulations) 2007 for each Licensing Board to publish details of any fee determined by the Board under the Regulations i.e. application for premises licence (for sale of alcohol); annual fee for premises licence; variation of premises licence; occasional licence; extended hours licence; and a personal licence (person responsible for supervising or authorising sale of alcohol). The Licensing (Scotland) Act 2005 sets maximum fees which Licensing Boards can set for undertaking their responsibilities under the 2005 Act. Whilst the Council has discretion over the level of fees charged for licences covered by the Civic Government (Scotland) Act 1982. Licence fees are included on the Council's website.
- 2.1.3 The Council's website includes details of all licences administered by the Council and the Licensing Board as well as links to the related applications and fees. The Council's website also includes licence application guidance resulting from Covid-19 restrictions.
- 2.1.4 Policies, procedures and guidance notes are stored on SharePoint within the 'Governance Hub' for relevant staff. These are filed by licence type (e.g., gambling, liquor, taxis, other civic licences). Procedures included information on how to apply for different licences, related fees, licence renewal timeframes, processing licences and preparing reports for Committee.
- 2.1.5 Governance last undertook a review of civic and miscellaneous licence fees in 2017, when after a reported process of consultation, the Licensing Committee approved proposals for increasing the majority of fees under the Committee's control in December of that year. The proposal accepted in December 2017 forecast a small surplus of £386 per annum. In order to ensure fees charged are sufficient for the Council to undertake its licensing responsibilities, regular fee reviews should take place.

#### **Recommendation**

Governance should regularly review the level at which licence fees are set for those fees under the remit of the Licensing Committee.

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

Agreed. Governance will undertake a review prior to fees being considered by Council as part of the annual budget setting process.

#### **Implementation Date**

March 2022

#### **Responsible Officer**

Team Leader

#### **Grading**

Significant within audited area

- 2.1.6 Although there were procedures in place that outlined the process for each type of licence, there was no guidance in place which explained how applications are processed, payments matched, and licence details input to the Council's licensing system. There were also no procedures describing how to deal with applications received where no payment could be identified, or how to deal with cheque payments (including rejected cheques).

The lack of comprehensive written procedures increases the risk of errors and inconsistency, particularly for any new member of staff.

**Recommendation**

The Service should review and update procedures to cover how licence applications are processed and input to the Council's licensing system.

**Service Response / Action**

Agreed. Procedures exist for all licensing processes. Given the scale of the action and demand on services, anticipate completion in 2022.

**Implementation Date**

December 2022

**Responsible Officer**

Team Leader

**Grading**

Significant within audited area

## **2.2 Licensing Board Annual Financial Report**

2.2.1 The Air Weapons and Licensing (Scotland) Act 2015 amended the Licensing (Scotland) Act 2005 to place a new statutory duty on Licensing Boards to publish an 'Annual Financial Report' within 3 months of the end of each financial year; the deadline for this report was extended to 9 months after the financial year by the Coronavirus (Scotland) Act 2020.

2.2.2 The 'Annual Financial Report' must include:

- a statement of the amount of relevant income received by the Licensing Board during the financial year in conducting its duties under the 2005 Act;
- a statement of the amount of relevant expenditure incurred by the Licensing Board during the financial year in conducting its duties under the 2005 Act;
- an explanation of how the amounts in the statement were calculated.

2.2.3 The 2020/21 annual financial report was reported to the Licensing Board as required in August 2021 showing a surplus of approximately £70,000.

## **2.3 Licence Applications and Related Fees**

2.3.1 There are two primary systems used in the Licensing income process: the cash receipting system and the licensing system.

2.3.2 Licence applications can be submitted via the Council's online services portal or where required a paper licence can be submitted. However, Covid-19 restrictions at the time of the audit are described on the Council's website, which state no face to face contact is available at the Council's Licensing offices, and require only essential signed applications and supporting documentation to be submitted electronically (including photographs of documentation if required) to [licensing@aberdeencity.gov.uk](mailto:licensing@aberdeencity.gov.uk). The Covid-19 Licensing Response guidance goes on to request that all existing civic government licence holders ensure their licence renewal application is submitted before their current licence expires. Furthermore, the guidance requires all payments to be made at the time of the licence application / renewal submission, online via the Aberdeen City Council payment portal.

2.3.3 The Council's payment portal, which is linked to the Council's cash receipting system, displays all licence types and the fee required for each. Once an applicant selects a particular licence application option, the fee is already attached to this option. If the payment is successful, an automated email receipt will be forwarded to the Licensing team's shared inbox advising of the payment made. The following details will be included on the payment receipt: type of licence paid for, quantity, payment date and time, applicant details, card holder details (if different from applicant), receipt number and fee amount.

- 2.3.4 Once both the application and payment receipt have been received by the Licensing team, this information will be passed on to the Customer Applications team to update the licensing system. The applications and supporting documentation are also uploaded to the 'Legal Licensing' SharePoint group by the Customer Applications team (however this does not include personal licences or licenced vehicles, which are stored separately on the team's shared drive). Applications are filed by statutory deadlines for decisions on award to be made, then by type of licence (e.g., civic), the year they were granted and then the date they were granted.
- 2.3.5 The Licensing team are responsible for recording the outcome of licence applications within the licensing system and emailing the applicant to confirm the outcome. The Customer Applications team will issue the related decision letter once notified of the outcome.
- 2.3.6 Internal Audit selected a sample of 40 licence applications granted in 2021 to ensure they had been processed appropriately and fees received were correct. The sample was selected by obtaining reports from the licensing system of all awarded licences as at 5 August 2021.
- 2.3.7 The Council's website states that applications may take some time to be reviewed and processed and that applicants should expect 'most applications to take the statutory timescale of 9-12 months to process'. All applications in the sample were reviewed and granted either within this timeframe or earlier than anticipated.
- 2.3.8 Internal Audit reviewed the details contained within applications to ensure: applications were complete; the applicant or agent had declared the contents were true and accurate; and details recorded on the Licensing system matched the application, including type of licence, licence requirements (e.g. trading hours), granted date, renewal date, premises address and applicant contact details. Testing confirmed that this was the case for the majority of applications, with the following exceptions:
- 2.3.9 In accordance with the GDPR data minimisation principle, personal data should be limited to what is necessary. However, the Service advised that the current Licensing system does not allow licence records to be deleted easily, meaning licence applications are being retained for longer than that described in the related privacy notices.
- 2.3.10 Contact details relating to two directors for a late hours catering licence application were absent from the licensing system whilst the licensing system listed a director of the same business not detailed on the application. The General Data Protection Regulation (GDPR) requires personal data to be accurate and, where necessary, kept up to date, with every reasonable step taken to ensure that personal data that is inaccurate, having regard to the purposes for which they are processed, are erased or rectified without delay.
- 2.3.11 Where personal data retained on the Licensing system is not maintained in line with licence applications and applications are not retained in line with the Council's related privacy notice, there is an increased risk data protection legislation will be breached

**Recommendation**

- a) Licensing system details should be updated in line with current licence applications.
- b) Licence applications should be retained for licences in line with the related Council privacy notice.

**Service Response / Action**

- a) Agreed. This will be considered as part of the review of procedures (2.1.6).

b) Agreed. Current system does not allow us to delete data. Service will write to the system supplier and ask them to propose a solution to delete older data.

<u>Implementation Date</u>	<u>Responsible Officer</u>	<u>Grading</u>
a) December 2022	Team Leader	Significant within audited area
b) December 2021 (write to Northgate) October 2022 (records to be deleted as appropriate)		

- 2.3.12 Internal Audit reviewed awarded licences to ensure the correct fee had been paid by applicants, by comparing the expected fee based on licence applications to the payment receipt value and the value recorded in the cash receipting system.
- 2.3.13 There were seven applications where the payment receipt was not held on file. Whilst it was possible to agree payment of licence fees for these applications to the cash receipting system, in the absence of retained payment receipts there is no evidence a process of fee verification was undertaken by the Licensing team prior to licence award.
- 2.3.14 Furthermore, there were three instances where licence application fees received were less than that owed based on the application and / or details in the Licensing system. The system indicated a new licence 'grant' was being applied for but payment receipts were for 'renewal' fees (Second Hand Dealer licence renewal £200 and Taxi Driver Licence Renewal £105. The Council's website states that a Second-Hand Dealer grant costs £230 for a period of three years and a new Taxi Driver Licence is £50 and must be renewed after one year however actual payments received were £200 and £105 respectively for renewals rather than grant of new licences. Both applicants had paid the correct fee however the licences were incorrectly recorded as new licences rather than licence renewals within the Licensing system. The Service advised in the case of the renewed taxi driver licence the applicant was late submitting their application and discretion was used to allow the applicant to apply for a licence renewal for 3 years at £105, rather than the applicant being required to incur additional expenditure by initially applying for a new licence of one year at £50 – however the use of this discretion was not documented within the Licensing system. Similarly, discretion was used to award the renewal of the Second Hand Dealer licence.

**Recommendation**

A system of control should be introduced to ensure the Licensing system is updated in line with licence fees paid.

**Service Response / Action**

Agreed. The Service will update procedures ensuring that systems are updated correctly and ensure that records are kept where discretion has been used due to unique circumstances.

<u>Implementation Date</u>	<u>Responsible Officer</u>	<u>Grading</u>
December 2022	Team Leader	Significant within audited area

**2.4 Incomplete applications**

- 2.4.1 Incomplete applications are also uploaded to SharePoint but held separately from granted licences. One folder holds applications submitted without fees paid and one folder holds fees paid without applications submitted. Internal Audit selected a sample of five

incomplete applications where fees had yet to be paid to ensure a licence had not been awarded on the Licensing system; this was the case for all.

## 2.5 Cheques

2.5.1 The Council accepts cheques to settle licence fees where necessary. These are received by the Licensing Team with the respective application and are forwarded to Finance to update the cash receipting system and bank.

2.5.2 Should a cheque subsequently be rejected by the Council's banking provider, the Council will receive a letter or email informing them and subsequently the income will be reversed from the Council's bank account. Finance would then rectify this reconciling difference by accessing the cash receipting system, searching for the original transaction and processing this as a bounced cheque which would reverse the transaction through the cash receipting system. The Licensing Team are then informed by Finance of the rejected cheque and the Licensing Team then contact the applicant to make alternative payment. As stated in paragraph 2.1.6 above, there are no formalised procedures covering Licensing processes for rejected cheques; a recommendation has been made at paragraph 2.1.6 to address this.

2.5.3 Finance (Senior Finance Assistant) advised there have been no rejected cheques in the current financial year i.e. since 1 April 2021.

## 2.6 Reconciliations

2.6.1 The Licensing team advised that no reconciliations currently take place between the Licensing system and the cash receipting system since applications are only sent to the Customer Applications team for processing on the Licensing system after payment is received, based on the automatic payment receipts received from the cash receipting system. However, as described in paragraph 2.3.14 above, whilst no cash discrepancies were identified, the licensing system was incorrectly updated in relation to two licences applications based on cash received. Whilst a recommendation has been made at paragraph 2.3.14 above to implement a system of control to address cash discrepancies at a transaction level, a regular retrospective reconciliation of cash received to licences awarded would provide assurance that licences are only awarded where payment has been received.

### **Recommendation**

A regular reconciliation of cash received to licences awarded according to the Licensing System should be undertaken by an officer independent of licence processing.

### **Service Response / Action**

Agreed. A reconciliation of all licences granted and rejected in any period will be a hugely onerous task due to system restrictions and staff resource. In recognition of this and the relative low risk as licences are paid upfront before processing, the Service will conduct reconciliations on a sample of licences on a regular basis.

### **Implementation Date**

June 2022

### **Responsible Officer**

Team Leader

### **Grading**

Significant within audited area

2.6.2 All licensing income is received into the Councils General Bank Account. The reconciliation of the cash receipting system to the Council's General Bank Account was reviewed in Internal Audit report 2101 Bank Reconciliations; bank reconciliations were being undertaken regularly and in a timely basis and in general the methodology was found to be robust.

**AUDITORS:** C Harvey  
A Johnston  
C Jamieson



## Appendix 1 – Grading of Recommendations

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

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## ABERDEEN CITY COUNCIL

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<b>COMMITTEE</b>	Audit, Risk and Scrutiny Committee
<b>DATE</b>	2 December 2021
<b>EXEMPT</b>	No
<b>CONFIDENTIAL</b>	No
<b>REPORT TITLE</b>	Internal Audit Report AC2112 – Mental Health and Substance Misuse
<b>REPORT NUMBER</b>	IA/AC2112
<b>DIRECTOR</b>	N/A
<b>REPORT AUTHOR</b>	Colin Harvey
<b>TERMS OF REFERENCE</b>	2.2

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### 1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to present the planned Internal Audit report on Mental Health and Substance Misuse.

### 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 Mental Health and Substance Misuse.

### 4. FINANCIAL IMPLICATIONS

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

### 5. LEGAL IMPLICATIONS

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

### 6. MANAGEMENT OF RISK

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

## 7. OUTCOMES

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

## 8. IMPACT ASSESSMENTS

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

## 9. APPENDICES

- 9.1 Internal Audit report AC2112 – Mental Health and Substance Misuse.

## 10. REPORT AUTHOR DETAILS

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(01467) 530701



## **Internal Audit Report**

### **Aberdeen City Health & Social Care Partnership**

### **Mental Health and Substance Misuse**

**Issued to:**

Sandra MacLeod, Chief Officer, Aberdeen City Health & Social Care Partnership  
Alex Stephen, Chief Finance Officer, Aberdeen City Health & Social Care Partnership  
Kevin Dawson, Head of Mental Health and Learning Disabilities (NHS Grampian)  
Claire Wilson, Lead Social Work Officer  
Jonathan Belford, Chief Officer – Finance  
Fraser Bell, Chief Officer - Governance  
External Audit

## EXECUTIVE SUMMARY

### Background

The Mental Health and Substance Misuse (MHSM) Social Work team supports a variety of service users with a variety of needs. When a person applies to get care or support, an assessment is carried out and a support plan is agreed between them or their representative and a Practitioner stating what they would like to be able to do/achieve with the assistance provided by the Council, either through providing the support or providing the funds under Self Directed Support (SDS) to obtain appropriate support.

The Social Work Mental Health and Substance Misuse Team spent a total of £9 million in financial year 2020/21. This included £8.94 million paid to 63 external providers and £0.06 million direct to 17 service users. £7.43 million related to mental health and £1.57 million for addictions/dependency.

### Objective

The objective of this audit was 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. This involved review of a sample of service users' records and ensuring appropriate procedures were followed regarding support arrangements, and funding provided.

### Assurance

While requiring some legislation updates the Partnership has written procedures covering the assessment process and recording on the care management system.

The Partnership's process of assessing client needs and subsequent referral to the appropriate support package is carried out by qualified staff at the appropriate level. Approval of these packages is governed by the Adult Services Resource Allocation Panel (RAP) which provides a good segregation of duties between those assessing and approving expenditure. During the pandemic the panel did not meet, and the approval process was delegated to Service Managers. While this was appropriate to provide ongoing client support, the terms of reference covering the RAP did not fully support his level of delegation. Testing did not find any packages allocated during this period to be inappropriate in terms of client need.

### Findings and Recommendations

The Partnership's written procedures were last updated in 2009, since then legislation covering self directed support and data protection have changed along with the formation of the Health and Social Care Partnership. A recommendation graded as Important within audited area was made that the Service should review its policies and procedures to ensure they are up to date.

2 of 12 service users had no record of the required annual review being undertaken. Annual reviews should be undertaken and documented to ensure service users' care arrangements remain appropriate and any changes are made timeously. The remaining reviews were not recorded in a consistent manner within the care management system. Review data was recorded either within assessments, activities, or in an observations field. It is important that details are recorded consistently to ensure the care management process has been followed. This is particularly important in the event of changes in care staff. A recommendation graded as Significant within audited area was made that the Partnership should ensure that reviews are completed in line with service requirements and are consistently documented.

Clients can be referred to employment skills and experience support to help rehabilitate them back into the work place; this is provided through a third sector commissioned service. Once on this path the review process should be undertaken by the provider, and no ongoing review is undertaken by the Partnership. Testing found clients who had been on this path since 2016. Without a Partnership review there may be a risk of continuing to provide services that are no longer required or achieving the originally assessed outcomes. A recommendation graded as Significant within audited area was made that the Partnership should implement periodic review of service users assigned to employment skills and experience.

The Service has noted that due to Covid, the Resource Allocation Panel (RAP) was suspended between March 2020 and August 2021 and as such all plans in this period had been approved by Service Managers. While the RAP terms of reference note the ability of Service Managers to approve care plans in urgent situations between the normal fortnightly RAP meeting schedule it does not explicitly cover cases where the panel does not meet. Also, while the terms provide for a level of delegation in such situations these financial levels were exceeded during this period. A recommendation graded as Significant within audited area was made that the Partnership should ensure all expenditure is approved and reviewed at the appropriate level.

#### Management Response

The Service has highlighted that Covid 19 has impacted on the urgency and nature of new and ongoing care provision, however acknowledges the audit findings and has agreed to implement actions in response. The written procedures will be updated as part of the roll out of the new D365 system which will include procedures on recording data along with updated paperwork to reflect legislation and Partnership working. The Employment Skills and Development Contract is under review and the requirement for reviews has already been highlighted to the providers. The providers are undertaking to move people on, where appropriate to the service users' needs. Although not documented, an approval process commensurate with Officers work remits and seniority was undertaken during the pandemic, including liaising with the Chief Finance Officer for higher value packages. As these officers normally form the RAP, packages approved during that period will not be submitted for retrospective approval. The RAP terms will be reviewed to ensure they provide sufficient scope to deal with any future situation.

# 1. INTRODUCTION

- 1.1 The Mental Health and Substance Misuse (MHSM) Social Work team supports a variety of service users with a variety of needs. When a person applies to get care or support, an assessment is carried out and a support plan is agreed between them or their representative and a Practitioner stating what they would like to be able to do/achieve with the assistance provided by the Council, either through providing the support or providing the funds (under Self Directed Support (SDS) to obtain appropriate support.
- 1.2 The Social Work Mental Health and Substance Abuse Team spent a total of £9 million in financial year 2020/21. This included £8.94 million paid to 63 external providers and £0.06 million direct to 17 service users. £7.43 million related to mental health and £1.57 million for addictions/dependency.
- 1.3 The objective of this audit was 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. This involved review of a sample of service users' records and ensuring appropriate procedures were followed regarding support arrangements, and funding provided.
- 1.4 The factual accuracy of this report and action to be taken with regard to the recommendations made have been agreed with Kevin Dawson, Head of Mental Health and Learning Disabilities and Claire Wilson, Lead for Social Work.



## 2. FINDINGS AND RECOMMENDATIONS

### 2.1 Written Procedures

- 2.1.1 Written procedures are available for use of the care management system which is used in the management of service users and their support arrangements. These procedures were last updated in 2018, and remain current based on the version of the system being used. Plans to implement a new system are currently in progress.
- 2.1.2 The Care Management Procedures, Case Recording Procedures and Case Recording Policy were last updated in 2009. While the basic processes are the same there have been a number of changes in legislation, including but not limited to, legislation around self-directed support, data protection, and the formation of the Health and Social Care Partnership. The procedures will need to be reviewed to ensure all current legislation is reflected and ensuring references are made to the Aberdeen City Health and Social Care Partnership (ACHSCP) rather than to Aberdeen City Council where appropriate.

#### **Recommendation**

The Service should review policies and procedures to ensure they are up to date.

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

Agreed. This will be implemented as part of the roll out of the new D365 system which will include procedures on recording case data along with updated paperwork to reflect legislation and Partnership working.

#### **Implementation Date**

June 2022.

#### **Responsible Officer**

Head of Mental Health  
and Learning Disabilities

#### **Grading**

Important within audited  
area

### 2.2 Support Arrangements

- 2.2.1 When service users are first referred to the MH/SM team an assessment of need is completed to identify what support they require. At this stage a financial assessment may also take place as some social care services are means tested and require service user contributions. Service users, with the support from their social worker, are then able to select from one of the 4 Self-Directed Support options (see 2.3.1). Following this, support/care plans are agreed with the service user or the service user's representative which detail planned outcomes and how these are aimed to be achieved.
- 2.2.2 The care management system is used to record and manage these support arrangements. The Service noted that some historic records may only be available in paper files, which are currently unavailable to audit due to Covid 19 restrictions, however any agreed changes to care arrangements should be reflected on the system.
- 2.2.3 Based on the service users' needs they are referred to a relevant team: one of three Adult Mental Health teams, the Integrated Alcohol Service Social Work Team, the Integrated Drugs Service Social Work Team, the Old Age Psychiatry team or the External Employment Skills and Experience third sector commissioned providers.
- 2.2.4 Service users' files should contain: the service user's personal details, key contacts, and a summary of key events, referrals to or from other services, detailed records of all contacts with the service user, any assessments/reports, care plan/support plan, medical information, financial information including financial assessments and service agreements, records of counselling, and records of occupational therapy.

2.2.5 Following assessment and implementation of the service user's care package an initial review should take place 3 months after starting if the care is community based, or 6 weeks after admission if the service user is admitted to a care establishment. It is then anticipated that a service user's care would be reviewed at least annually, along with regular contact from Social Work.

2.2.6 A random sample of 12 service users was reviewed to ensure initial and annual reviews were being undertaken. 10 had evidence of annual reviews occurring, however the record of these reviews was not recorded in a consistent manner within the care management system. Review data was recorded either within assessments, activities, or in an observations field. For the remaining 2 cases, there was no clear record of annual reviews taking place. It is important that details are recorded consistently to ensure the care management process has been followed. This is particularly important in the event of changes in care staff. Annual reviews should be undertaken and documented to ensure the service users care arrangements remain appropriate and any changes are made timeously.

<b><u>Recommendation</u></b>		
The Service should ensure that reviews are completed in line with service requirements and are consistently documented.		
<b><u>Service Response / Action</u></b>		
Agreed. Some care reviews were put on hold depending on the risk rating of the case so as not to put additional pressure on care homes during the pandemic. The two cases found during the audit have now been reviewed. The service will ensure reviews are all conducted within legislative time scales. Emails to relevant levels of staff to remind them of this requirement will be issued by end of October.		
<b><u>Implementation Date</u></b>	<b><u>Responsible Officer</u></b>	<b><u>Grading</u></b>
October 2021	Head of Mental Health and Learning Disabilities	Significant within audited area

2.2.7 Employment skills and experience is a third sector commissioned service to which Service users can be referred by professionals within the Partnership as well as General Practitioners. Once referred to external providers it becomes the responsibility of that provider to review the progress of the individual. This framework is about to be reviewed and retendered .

2.2.8 There is no specified review process for these cases, meaning a service user may remain on these programmes indefinitely without further oversight, presenting a risk of continuing to provide services that are no longer required or achieving the originally assessed outcomes. In a sample of 5 service users, 1 had started in 2016, 3 in 2018 and 1 in 2019.

<b><u>Recommendation</u></b>		
The Service should implement periodic review of service users assigned to employment skills and experience.		
<b><u>Service Response / Action</u></b>		
Agreed. This is being looked at under the Employment Skills and Development Contract Review and already been highlighted to the providers prior to the pandemic in meetings in 2020. They are undertaking to move people on but it is a big move for individuals.		
<b><u>Implementation Date</u></b>	<b><u>Responsible Officer</u></b>	<b><u>Grading</u></b>
February 2022	Lead Social Work Officer/ Commissioning Manager	Significant within audited area

## 2.3 Expenditure

2.3.1 Care packages are funded in different ways depending on which self-directed support (SDS) option is chosen by the service user / representative. These can be summarised as follows:

- Option 1 – Applies where the service user has the capacity to manage their budget or where a legal guardian (financial or welfare guardian or power of attorney) has been allocated this capacity. Service users or their representative are paid directly into a specific bank account set up by the Council, so the service user can choose who provides their care. Payments from the account must only be for costs agreed within the service user's care plan.
- Option 2 - Service users continue to choose and direct the support but management of the financial budget is done in partnership with the Council/service provider to administer the budget on the service users behalf. Where a service provider manages the budget they are required to set up a 3rd party Individual Service Fund (ISF). An ISF is an internal system of accounting within a service provider that makes the personal budget transparent to the individual or family. This helps provide flexible support by making the organisation accountable to the person. Service users are still in control of all the decisions relating to their care under option 2 based on their care plan.
- Option 3 - the Local Authority choose, arrange, and pay for support on behalf of the service user, this option occurs where a service user selects it, or in cases where they do not have the capacity or a delegated legal guardian who can make decisions regarding their care and support. Payments are therefore made by the Council direct to approved service providers for the agreed care plan.
- Option 4 - is a mix of any of the other options, and payments would be made as appropriate.

2.3.2 All new and reviewed care packages relating to Mental Health and Substance Misuse, under Options 1, 2, and 4 are required to be approved by the Resource Allocation Panel (RAP). The remit of the Resource Allocation Panel (RAP) is to:

- Ensure a consistent, fair and equitable approach is taken across all adult service areas on the allocation of service provision
- Create a process for collectively
  - a) Consider the submitted assessment and RAP funding request for service provision through SDS Options 1-4
  - b) Consider applications and allocation of resources
- Consider applications for external specialist, targeted support and intervention
- Agree the assessment and funding
- Where an assessment or funding is not agreed, the panel will provide clear justification and suggestions for revision where appropriate
- Identify gaps in services, unmet need and practice issues which will be escalated to the Clinical and Care Governance Group (CCG) which will link into individual service planning when required

2.3.3 The panel is chaired on a rotational basis by a Service Manager from: Older People/Physical Disability Care Management, Learning Disability or Mental Health. The panel may also be chaired by the Lead for Social Work from ACHSCP. The Panel chair is supported in decision making by a fellow Service Manager or the Lead for Social Work. Where possible the panel has representation from senior frontline staff (Senior Care

Managers, Senior Social Workers and Senior Practitioners) from each adult service area as well as from the finance and self-directed support team.

- 2.3.4 Where care is required to be delivered immediately a Service Manager can authorise the care to be commenced in the absence of an Individual Budget being set and/or approval from the RAP. Retrospective budget setting is undertaken, and retrospective approval from the RAP sought. No service user contributions are collected initially although the service user will be advised that should the financial assessment indicate that a contribution is to be made this will be collected from an agreed point: normally the point the individual is advised what the value of that contribution will be.
- 2.3.5 All new and reviewed mental health option 3 packages which are not presently block funded must come to RAP regardless of cost. Block funding is where the Council pays a service provider for capacity i.e. a set number of service users at a specific rate. The Council may choose to use all the available spaces or to leave some free, however the charge paid will be based on full take up.
- 2.3.6 The Service has noted that due to Covid, the RAP was suspended between March 2020 and August 2021 and as such all plans in this period have been approved by Service Managers. While the RAP terms of reference note the ability of Service Managers to approve care plans in emergency situations it does not explicitly cover cases where the panel does not meet. 340 service users received funded support in the financial year 2020/21. Of these, 37 had started since the RAP committee had been suspended. Sixteen of these service users had received a funded package exceeding the £150 per week limit for which a Service Manager has authority to approve under the RAP terms of reference.

**Recommendation**

The Service should ensure all expenditure is approved and reviewed at the appropriate level.

**Service Response / Action**

Agreed.

The panel began sitting again on the 12 August 2021. The packages approved during the pandemic period were a command and control response where usual processes were paused to allow emergency and urgent work to be undertaken as expediently as possible including the movement of people from the hospital to create surge capacity. The pandemic was considered an emergency situation as noted in the RAP terms of reference.

The packages implemented during the period the panel was not sitting were approved by Senior Managers who normally sit on the RAP and where the value of a package was deemed of a higher value, also discussed and agreed by the Chief Finance Officer. As the same officers will normally form the RAP it is not thought to be of any added value to present the numerous packages initiated during this period for retrospective approval.

It is recognised the current terms of reference do not cover such long term situations. The ToRs will be reviewed to ensure the approval process for care plans/packages provide enough flexibility to deal with such occurrences while still providing the required level of approval and assurance.

**Implementation Date**

ToR review April 2022.

**Responsible Officer**

Head of Mental Health  
and Learning Disabilities

**Grading**

Significant within audited  
area

- 2.3.7 Invoices from service providers are received by the processing team in Finance. Details are input into the care management system invoice screens and matched against the pre-authorised care plan. Any discrepancies should be raised with the appropriate Social Work team and dealt with as required.
- 2.3.8 A sample of payments made through the Councils creditors system was taken and tested to ensure the payment was properly approved, service agreements were in place and that these were supported by the service user's care plan at the time of payment. Invoices were requested for the samples selected and contracts to support these payments were identified. All of the payments to service providers reviewed were appropriately invoiced and related to agreed plans recorded in the care management system.
- 2.3.9 Direct Payments are made to service users using specified bank accounts for service users to direct their own care. Service users paid in this manner are noted on the ledger as suppliers using their name followed by Direct Payment in brackets. No invoices are produced for these payments as direction to make these payments comes directly through the care management system.

## **2.4 Discretionary / Negotiated Support**

- 2.4.1 Expenditure from the service user's personal budget must be used to meet their assessed outcomes. All care and support is bespoke to that service user and it is up to the service user what outcomes are most important for them to achieve each year. The Service provide guidance to service users on areas where a service user can spend their budget, areas that are expressly excluded and a set of expenditure which would require to be negotiated with their Social Worker.
- 2.4.2 All negotiated personal budget spend must be presented by the Social Worker to the RAP who will consider each case individually, using a centred, outcome focused approach. As indicated at 2.3.6 above meetings had been suspended since March 2020 but have restarted on 12 August 2021.
- 2.4.3 From a review of the expenditure processed through the Councils payment system the only discretionary payments being made relate to Section 12 referrals to Cornhill Hospital, where emergency items are required by clients. A review of a sample of 10 receipts for this area of expenditure found the supplies being purchased to be appropriate in the circumstances.

**AUDITORS:** C Harvey  
G Flood  
C Johnston

## Appendix 1 – Grading of Recommendations

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

## ABERDEEN CITY COUNCIL

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<b>COMMITTEE</b>	Audit, Risk and Scrutiny Committee
<b>DATE</b>	2 December 2021
<b>EXEMPT</b>	No
<b>CONFIDENTIAL</b>	No
<b>REPORT TITLE</b>	Internal Audit Report AC2203 – Financial System Interfaces and Reconciliations
<b>REPORT NUMBER</b>	IA/AC2203
<b>DIRECTOR</b>	N/A
<b>REPORT AUTHOR</b>	Colin Harvey
<b>TERMS OF REFERENCE</b>	2.2

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**1. PURPOSE OF REPORT**

- 1.1 The purpose of this report is to present the planned Internal Audit report on Financial System Interfaces and Reconciliations.

**2. RECOMMENDATION**

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

**3. BACKGROUND / MAIN ISSUES**

- 3.1 Internal Audit has completed the attached report which relates to an audit of Financial System Interfaces and Reconciliations.

**4. FINANCIAL IMPLICATIONS**

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

**5. LEGAL IMPLICATIONS**

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

**6. MANAGEMENT OF RISK**

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

## 7. OUTCOMES

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

## 8. IMPACT ASSESSMENTS

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

## 9. APPENDICES

- 9.1 Internal Audit report AC2203 – Financial System Interfaces and Reconciliations.

## 10. REPORT AUTHOR DETAILS

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





## **Internal Audit Report**

### **Finance**

# **Financial System Interfaces and Reconciliations**

**Issued to:**

Steven Whyte, Director of Resources  
Jonathan Belford, Chief Officer – Finance  
Fraser Bell, Chief Officer – Governance  
Richard Burnett, Senior Accountant  
External Audit

## **EXECUTIVE SUMMARY**

### Background

The Council's Integrated Financial System (IFS) is used to: make payments to suppliers; raise debtors invoices; and for the Council's accounting requirements. The system is capable of reporting the Council's budgeted and actual financial position. The Council's IFS is updated with: purchase orders and receipts, and creditors, debtors and general ledger transactions, by various Council systems.

### Objective

The objective of this audit was to obtain assurance that appropriate checks and balances are in place to confirm the accuracy of information transferred into the Integrated Financial System.

### Assurance

In general the accuracy of financial information transferred into the Council's IFS is well controlled based on a review of a sample of 51 interface batches. However, updated procedures, improved Digital and Technology (D&T) records of interface adjustments, and a system of review for interface adjustments prepared by D&T and Finance would enhance assurance over this area.

### Findings and Recommendations

Written procedures are in place on how to reconcile accounts payable, create accounts receivable and journal interface batches, process interfaces and correct related errors. However, Digital and Technology (D&T) and Finance procedures did not include an explanation of how assurance was gained that all interfaces / financial system updates had been processed as expected. In the absence of a list of interfaces expected and an explanation of how all interface data is verified, there is an increased risk the financial system will not be updated as required, increasing the risk of financial misstatement, or of invoices not being processed. Since the technicalities of interface processing and verification are operated by a small team within Digital and Technology (2.7 FTE) and a small team within Finance (3.6 FTE), procedures are necessary for business continuity. A recommendation graded 'Significant within audited area' was raised with Finance to formalise assurance processes to cover all system interfaces / updates.

D&T confirmed that whilst supporting documentation is retained, manual adjustments are not subject to a system of review prior to interfaces being uploaded to the IFS and a log is not maintained of changes to facilitate such a process, increasing the risk of error or fraud. Whilst Finance document manual adjustments they are not subject to a system of review prior to interfaces being posted to the IFS. Recommendations graded 'Significant within audited area' were raised with Digital and Technology and Finance to introduce a system of review for interface manual adjustments and for D&T to maintain a log of manual adjustments.

### Management Response

Finance has agreed to update procedures to cover the frequency of interfaces for verification purposes. In addition, Finance has also agreed to introduce a system of review for all interface changes and to retain documentation provided by D&T in support of interface changes proposed by D&T to Finance for approval.

## **1. INTRODUCTION**

- 1.1 The Council's Integrated Financial System (IFS) is used to: make payments to suppliers; raise debtors invoices; and for the Council's accounting requirements. The system is capable of reporting the Council's budgeted and actual financial position. The Council's integrated financial system is updated with: purchase orders and receipts, and creditors, debtors and general ledger transactions, by various Council systems as described below.
- 1.2 The objective of this audit was to obtain assurance that appropriate checks and balances are in place to confirm the accuracy of information transferred into the financial system.
- 1.3 The factual accuracy of this report and action to be taken with regard to the recommendations made have been agreed with Jonathan Belford, Chief Officer – Finance and Richard Burnett, Senior Accountant.

## 2. FINDINGS AND RECOMMENDATIONS

### 2.1 Written Procedures

- 2.1.1 Comprehensive written procedures which are easily accessible by all members of staff can reduce the risk of errors and inconsistency. They are beneficial for the training of current and new employees and provide management with assurance that correct and consistent instructions are available to staff, important in the event of an experienced employee being absent or leaving.
- 2.1.2 Written procedures are stored in SharePoint and are accessible to all Finance Systems Team (FST) staff involved in processing interfaces. The procedures included some guidance on how to reconcile accounts payable, accounts receivable and journal interface files, process interfaces and correct related errors. Procedures were also in place covering Digital and Technology responsibilities in relation to interface processing and adjustments.
- 2.1.3 However, Digital and Technology and Finance procedures did not include an explanation of how assurance was gained that all interfaces / financial system updates had been processed as expected. A list of interfaces and their schedule for processing is not in place for the purposes of ensuring interface files have been transferred to the Integrated Financial System's server as expected. A list of financial system interfaces is detailed at appendix 2.
- 2.1.4 In the absence of a list of interfaces expected and an explanation of how it is ensured all interface data is verified, there is an increased risk the Council's financial system will not be updated as required, increasing the risk of financial misstatement, or of invoices not being processed. Since the technicalities of interface processing and verification are operated by a small team within Digital and Technology (2.7 FTE) and a small team within the Finance (3.6 FTE), procedures are necessary for business continuity.

#### **Recommendation**

Finance should formalise assurance processes to cover all system interfaces / updates.

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

Agreed. Procedures will be updated to cover the frequency of interfaces with an explanation of what to do if all interfaces are not received as expected. In addition, procedures will be updated to indicate the required action where the FST is emailed to indicate an interface has been uploaded to the Integrated Financial System but no interface file can be identified. A meeting will be held with FST staff to discuss the revised procedure requirements.

#### **Implementation Date**

December 2021

#### **Responsible Officer**

Senior Accountant

#### **Grading**

Significant within audited area

- 2.1.5 It was noted that both Digital and Technology and Finance take responsibility for manually adjusting failed interfaces in order for files to be successfully processed. However, the nature of these interventions is distinct, with technical issues relating to the upload of interface files being resolved by Digital and Technology and file posting issues relating to the integrated financial management system being addressed by the FST.

### 2.2 Interface Reconciliations

- 2.2.1 Interface files are saved to the Integrated Financial System's (IFS) server on an automated basis via scheduled evening 'cron jobs'; these files are automatically uploaded to a 'click'

holding area within the system the following morning at 7.15 am – this generates an email to the FST and Systems Analysts of what has been loaded to clink.

- 2.2.2 The system has a number of automated checks which identify failures. The cron jobs all produce logs and if there are any errors then warning emails are sent to D&T staff to identify the problem and take appropriate action. The cron job writes out any error records to a “clink.bad” file which helps to identify which batch has caused the problem.
- 2.2.3 System Analysts in D&T cross reference the feeder system interface file batch values and time stamps leaving the feeder system with the values and batch time stamps in the interface batch loaded to the eFinancials server. D&T then check for any ‘rogue’ interface files before confirming a complete set of files is in place as required (header, invoices / transactions and analysis) – if the expected number of files is not saved as required, then the files are renamed with an ‘incomplete’ pre-fix and removed from further processing by setting their status to invalid.
- 2.2.4 Interfaces will commonly fail where a variance occurs, such as inputting a date out of the expected range for the interface or an incorrect financial code. Duplicate interface uploads based on batch references and invoice numbers are also rejected by the system. Some clink imports may require to be removed from the clink tables, in which case an email agreement with the respective Service is saved to document this process and the related reasons, with subsequent re-creation of the file by the feeder system by the Service as appropriate. Other errors may require a manual adjustment to the file; the before and after screenshots of the interface file should be saved by D&T and the adjustment should be authorised by both the User Contact (Service based officer who processed the interface) as well as the System Owner or FST, according to the D&T procedure.
- 2.2.5 D&T confirmed that whilst supporting documentation is retained, manual adjustments are not subject to a system of review and a log is not maintained of changes to easily facilitate such a process, increasing the risk of error and fraud. A similar issue was identified in relation to manual adjustments to interface files processed by the FST, as described at paragraph 2.2.11 below.

**Recommendation**

a) A log of manual adjustments made by D&T should be maintained including the nature of adjustments, reason and details of the officer responsible for the adjustment.

b) Manual adjustments to interface files processed by D&T and the FST should be subject to a system of review.

**Service Response / Action**

a) Agreed. A record will be maintained by Finance of D&T manual adjustments as part of a new system of review of ‘pre-clink’ upload changes made by D&T. Related emails / supporting documentation detailing the nature of adjustments, related reason and responsible officer will be saved.

b) Agreed. Finance will introduce a system of review within the FST whereby amendments to interface files will be reviewed a day in arrears by an officer who was not responsible for posting the files under review. Any pre-clink upload changes made by D&T would be verified by Finance before being posted to the integrated financial management system as described in response to recommendation 2.2.5a.

**Implementation Date**  
December 2021

**Responsible Officer**  
Senior Accountant

**Grading**  
Significant within audited area

- 2.2.6 A BOXI report is scheduled to be emailed to the FST every morning at 8 am detailing what has been loaded to clink, with the respective interface batch names and numbers and values of records. 4 separate BOXI reports are available covering interfaces for: Accounts Receivable cash collected (IF002 report); Accounts Payable transactions (IF003 report); Accounts Receivable invoices (IF004 report); and General Ledger transactions (IF005 report). These are reconciled to the 7.15 am D&T emails referred to in paragraph 2.2.1 above to ensure what has been uploaded to clink is what is appearing in clink. Furthermore, in the case of accounts payable interfaces, System Owners send details of their submitted interface batches (reference numbers, total values and number of transactions) to the FST, and these are also reconciled to the related BOXI clink report.
- 2.2.7 If total values and transaction numbers balance, the interface batches are posted by the FST Processing Team. The FST then generate a report from the Integrated Financial System (IFS) showing details of transactions that were successfully uploaded into the IFS and any remaining rejected transactions / errors in clink requiring investigation.
- 2.2.8 The FST has detailed procedures covering investigation and correction of interface errors / rejections. In general, confirmation is required from the 'department in question' for any amendments to financial coding or transaction values (e.g. net amount plus VAT not equal to gross). However, some basic errors can be rectified by the FST without System Owner input where the problem is clearly understood e.g. rectifying spacing in financial coding.
- 2.2.9 Fleet Management System accounts payable files are an exception to this rule, due to a recurring problem relating to VAT; the FST correct the affected VAT without querying the issue with the Service, since the required correction is understood – this relates to the interface batch VAT being correct (as included on interface 'header') however the VAT requires manual application to the related charges to balance to the header VAT.
- 2.2.10 44 Accounts Payable invoice interfaces, 3 Accounts Receivable payment interfaces, and 4 General Ledger interfaces across a range of systems and dates were reviewed. This included all Interfaces processed on 1 April 2021, 10 May 2021 and 18 June 2021 and a further 4 system interfaces not covered on these days. All interface files had been reconciled as required and interfaces had been uploaded to the Integrated Financial System.
- 2.2.11 Where exceptions occurred (7 accounts payable invoices and 1 journal line in a journal rejected on 1 April 2021, 2 accounts payable invoices rejected on 10 May 2021 and 10 accounts payable invoices and 3 journal lines on 18 June 2021), System Owners had been notified of the rejections as required for investigation and had reported the required correction to the FST, which was applied to the IFS in a timely manner. Rejected transactions were corrected and re-uploaded by the same officer within the FST and there is not a system of review to verify changes made. In the absence of review there is an increased risk of error and fraud. A related recommendation has already been made at paragraph 2.2.5 above.

### **2.3 Professional Electronic Commerce Online System (PECOS)**

- 2.3.1 Bulk uploads of orders placed on PECOS are completed overnight, while ongoing variations or goods receipts are interfaced every 30 minutes. System e-mails are sent to an FST email address notifying them of a successful upload or reporting and detailing any failures. The FST review the failure reports to ascertain the reason, and either notify the requisitioning Service to make a correction (e.g. incorrect financial code to be corrected), or where administrative action is required, make amendments to PECOS or eFinancials (e.g. supplier closed in eFinancials but open in PECOS allowing order). The interface will not accept any non-active financial ledger codes, which will be reported as failures, and therefore no suspense entries will be generated.

- 2.3.2 Orders and receipts interfaced from PECOS to eFinancials are placed in a holding area each day, when a “matching” job is processed. For an invoice to be processed successfully, the system will look for a three way match between the purchase order, goods received and invoice. If invoices relating to purchase orders placed through PECOS are matched, they will be accepted automatically for payment in eFinancials, once the invoice information is entered to the system.
- 2.3.3 The last Purchase Orders Processing (POP) reports for the dates 1 April 2021, 10 May 2021 and 18 June 2021 (interfaces every 30mins) were obtained and reviewed. 10 Purchase Orders (POs) were rejected; these were processed appropriately.
- 2.3.4 The Service advised a record of adjustments to PECOS interface files is not maintained and manual adjustments processed are not subject review. A recommendation has already been made at paragraph 2.2.5 to introduce a system of review for manual adjustments to interface files.

## **2.4 Accounts Payable and Accounts Receivable Sub-Ledgers**

- 2.4.1 At period end the accounts payable and accounts receivable sub-ledgers are closed down and reports are run to confirm that this has taken place successfully; the sub-ledgers were closed timeously in July and August 2021 and system exception reports, which included a check of sub-ledger totals to general ledger control account totals, had been run on the same day the sub-ledgers were closed down and no exceptions were reported. More detailed reconciliation reports of accounts payable and accounts receivable sub-ledgers to their respective general ledger control accounts for July and August 2021 were reviewed. These had been completed in a timely manner and no reconciling differences were noted.

**AUDITORS:** C Harvey  
A Johnston  
A McDonald

**Appendix 1 – Grading of Recommendations**

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



**Appendix 2 – System Interfaces and Updates**

<b>Accounts Payable Module</b>	<b>Accounts Receivable Module</b>	<b>General Ledger</b>	<b>Purchase Order Processing (POP) Module</b>
Payroll System	Cash Receipting System	Payroll System	Purchase Order and Receipting System
Non-Housing Repairs System	Spreadsheet uploads of invoices and credit notes (Xcel uploader)	Cash Receipting System	
Library Management System		Housing Rent System	
Education Maintenance Allowance and Clothing Grant Databases		'K-Batch' Council Tax and Non-Domestic Rates (NDR) journals	
Non-Domestic Rates System (refunds)		Journals by spreadsheet upload (Xcel uploader)	
Accounts Payable Document Management and Payment System			
Social Care Case Management System			
Estates Management System			
Fleet Management System			
Early Payment Discount Provider			

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## ABERDEEN CITY COUNCIL

<b>COMMITTEE</b>	Audit, Risk and Scrutiny
<b>DATE</b>	2 December 2021
<b>EXEMPT</b>	No
<b>CONFIDENTIAL</b>	No
<b>REPORT TITLE</b>	Annual Accounts 2021/22 – Action Plan and Key Dates
<b>REPORT NUMBER</b>	RES/21/290
<b>DIRECTOR</b>	Steven Whyte, Director of Resources
<b>CHIEF OFFICER</b>	Jonathan Belford, Chief Officer – Finance
<b>REPORT AUTHOR</b>	Lesley Fullerton, Finance Operations Manager
<b>TERMS OF REFERENCE</b>	1.3

### 1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to provide Elected Members with high level information and key dates in relation to the 2021/22 Annual Accounts including linkages to the plans and timetables of the Council's External Auditors.

### 2. RECOMMENDATION(S)

- 1.2 It is recommended committee notes the information in relation to the 2021/22 annual accounts process contained within the report.

### 3. BACKGROUND

- 3.1 The Annual Accounts 2021/22 will summarise the Council's transactions for the period, 1 April 2021 to 31 March 2022 and its financial position at the year-end 31 March 2022. They will be prepared in accordance with the International Financial Reporting Standards (IFRS) based Code of Practice on Local Authority Accounting in the United Kingdom (the Code), and in accordance with The Local Authority Accounts (Scotland) Regulations 2014. There are no changes to these Codes in 2021/22 which will have any significant impact on the Annual Accounts.

3.2 In order to comply with the regulations of being listed on the London Stock Exchange the Council is implementing the same earlier year end closedown as previous years. This means that the unaudited Annual Accounts will be ready for audit by 30 April 2022 and signed audited Annual Accounts by 30 June 2022.

3.3 There are a number of key dates within this process, and these are summarised as follows:

<b>Date(s)</b>	<b>Description</b>
31 March 2022	End of the financial year 2021/22
Jan – June 2022	Information from Group Entities (including ALEO's)
25 April 2022	Public Notice for the Public Inspection Period to be issued
6 May 2022	Signing of unaudited Annual Accounts by the Proper Officer
9 May 2022	Submission of the Annual Accounts to Auditors
16 May – 3 June 2022	Public Inspection Period for the unaudited Annual Accounts
30 June 2022	Audit, Risk and Scrutiny Committee to consider and aim to approve the audited Annual Accounts for signature
30 June 2022	Signing of the audited Annual Accounts by the Proper Officer, Chief Executive and Council Leader.
30 June 2022	Statutory deadline for the Proper Officer to sign the unaudited Annual Accounts, submit to the Auditor and publish on the website, along with the accounts of all subsidiary bodies
15 July 2022 (tbc)	Deadline for submission of the unaudited Whole of Government Accounts (WGA) to the Scottish Government
30 September 2022	Deadline for submission of the signed audited Annual Accounts to the Auditor
30 September 2022	Deadline for submission of the audited WGA to the Scottish Government
31 October 2022	Statutory deadline for the publication on the website of the signed Annual Accounts & Audit Certificate, related Auditor report and accounts of all subsidiary bodies
31 December 2022	Deadline for submission of the audited Charitable Trust Annual Accounts to OSCR

### 3.3.1 31 March 2022

Transactions relating to goods and services received or provided by the Council by 31 March 2022 should be recorded in the 2021/22 financial year.

To facilitate an efficient year end closure, deadlines have been put in place in relation to ordering goods and services, posting/authorising payments, raising invoices and making accruals for material items. These key dates along with relevant guidance have been communicated throughout the Council by messages on the Zone, and meetings between accounting staff and budget holders.

### 3.3.2 January 2022 – June 2022

The Council is required to consider its interests in all types of entity and prepare Group Accounts which incorporate the material transactions and balances of those entities identified as subsidiaries, associates and joint ventures. A number of the entities included are also referred to as ALEO's (Arm's Length

External Organisations). Throughout this period there are a number of deadlines for these entities to provide management accounts, draft financial statements with detailed working papers as necessary and audited Annual Accounts.

### 3.3.3 25 April 2022, 16 May 2022 – 3 June 2022

The Local Authority Accounts (Scotland) Regulations 2014 defines the notice period, the inspection period, the deadline for submission of an objection to the accounts and the information which must be made available for inspection. The latest date by which the public inspection can start is 1 July and a public notice must be issued by 17 June, giving at least 14 days' notice before the start of the inspection period.

### 3.3.4 6 & 9 May 2022

The Local Authority Accounts (Scotland) Regulations 2014 only requires the unaudited Annual Accounts to be signed by the Proper Officer (Chief Officer - Finance) prior to submission to the Auditor.

The Audit, Risk and Scrutiny Committee will receive the unaudited Annual Accounts 2021/22, including the Annual Governance Statement and Remuneration Report for consideration prior to submission for audit. The Local Authority Accounts (Scotland) Regulations 2014 requires that a committee whose remit includes audit or governance meet to consider the unaudited accounts as submitted to the auditor no later than 31 August.

Due to the Scottish Local Government Elections being held on Thursday 5<sup>th</sup> May 2022 the committee cycle has had to be altered for 2022. As a result, there will be no Audit, Risk and Scrutiny Committee held in May, where the unaudited Annual Accounts would usually be reported. The first committee date after 30 April 2022, when the unaudited Annual Accounts are completed will be 30 June 2022. Therefore, the unaudited Annual Accounts 2021/22 will be reported to this Committee on 30 June 2022 along with the audited Annual Accounts 2021/22.

### 3.3.5 9 May 2022

The Regulations also require publication of the unaudited Annual Accounts, as submitted to the Auditor, on the Council's website until the audited accounts can replace them.

### 3.3.6 30 June 2022

The Audit, Risk and Scrutiny Committee will receive the audited Annual Accounts for consideration. The Local Authority Accounts (Scotland) Regulations 2014 require that the committee aim to approve these accounts prior to their signature by the Proper Officer, Chief Executive and Council Leader having regard to any report made on the accounts and any advice given by the Proper Officer or the Auditor.

The committee will also receive the external auditor's "Annual Report to Members and the Controller of Audit on the 2021/22 audit" for debate and

consideration. This report provides observations arising from the audit that are significant and relevant to their responsibility to oversee the financial reporting process and sets out the auditor's responsibilities in relation to the financial audit, the auditor's findings and conclusions from all audit activity undertaken during the year. It highlights the significant issues arising from the audit of the financial statements and informs Elected Members of the proposed audit opinion in advance of the accounts being certified.

The Annual Audit report includes the draft audit opinion on whether the accounts provide a 'true and fair view' of the Council finances and includes a review of 'going concern'. For 2019/20 and 2020/21 there was significant focus on this aspect of the audit due to Covid-19 impact, and this extended to the ALEO's.

### 3.3.7 15 July & 30 September 2022

The Whole of Government Accounts (WGA) Returns are prepared based on the draft and final annual accounts, and form part of the external audit. There was a delay in the WGA Return being issued for the 20/21 Accounts due to amended deadlines because of the Covid pandemic. Therefore, there is the possibility that these deadlines may be extended for 2021/22.

### 3.3.8 31 October 2021

The Local Authority Accounts (Scotland) Regulations 2014 set out the requirements for publication of the audited Annual Accounts by 31 October, including the signed accounts and audit certificate and all auditor reports relating to those signed accounts. In addition, the Council must publish the accounts of its subsidiaries either on its website or through a link to the relevant page on the company's website. All published documents must be available for at least five years.

3.4 KPMG's "Annual Audit Plan 2021/22" is also presented to this meeting and Elected Members should note that accounting staff have already engaged with the external audit team as part of planning to produce the accounts and the audit thereof. This engagement will continue throughout the accounts and audit processes. This will ensure that any issues arising with the accounts are highlighted and dealt with promptly and that information provided to the auditors is relevant, timely and of a suitable standard to enable them to carry out their work efficiently and effectively.

### 3.5 Local Authority Charities

3.5.1 There is a requirement for full compliance with the Charities Accounts (Scotland) Regulations 2006 which means that a full audit is required for all registered charities where the Council is the sole trustee irrespective of the size of the charity. The Accounts Commission has appointed the current auditor of the Council as the auditor of its relevant charities.

There are several statutory provisions in relation to record keeping and preparation of accounts for such charities as well as the duties of charity trustees in relation to accounting records. The Local Authority Accounts

(Scotland) Regulations 2014 also make provision for such bodies in a number of areas.

Taken together this effectively means that separate accounts and audit opinions are required for charities, and this is subject to the same requirements and timetable as detailed above for the Council's accounts.

#### 4. FINANCIAL IMPLICATIONS

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

#### 5. LEGAL IMPLICATIONS

5.1 There is a statutory requirement for the Council to produce both unaudited and audited Annual accounts within certain timescales and to a high standard.

#### 6. MANAGEMENT OF RISK

Category	Risk	Low (L) Medium (M) High (H)	Mitigation
<b>Strategic Risk</b>	No risk identified	n/a	n/a
<b>Compliance</b>	No risk identified	n/a	n/a
<b>Operational</b>	No risk identified	n/a	n/a
<b>Financial</b>	No risk identified	n/a	n/a
<b>Reputational</b>	No risk identified	n/a	n/a
<b>Environment / Climate</b>	No risk identified	n/a	n/a

#### 7. OUTCOMES

<b><u>COUNCIL DELIVERY PLAN</u></b>	
	<b>Impact of Report</b>
<b>Aberdeen City Council Policy Statement</b>	Annual Accounts is an enabler for the delivery of the outcomes and external audits ensure that the Council's stewardship and financial management are robust.
<b>Aberdeen City Local Outcome Improvement Plan</b>	
Prosperous Economy Stretch Outcomes	There are no direct implications on the economy arising from the recommendations of this report.
Prosperous People Stretch Outcomes	A robust year end process and timetable assists budget holders in their role which in turn should enhance the staff experience.

Prosperous Place Stretch Outcomes	There are no direct implications on the environment arising from the recommendations of this report.
<b>Regional and City Strategies</b>	There are no direct implications on the economy arising from the recommendations of this report.
<b>UK and Scottish Legislative and Policy Programmes</b>	The report sets out the key dates for the Annual Accounts 2020/21, which fulfils the requirements placed upon the Council by The Local Authority Accounts (Scotland) Regulations 2014.

## 8. IMPACT ASSESSMENTS

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

## 9. BACKGROUND PAPERS

9.1 None

## 10. REPORT AUTHOR CONTACT DETAILS

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## ABERDEEN CITY COUNCIL

<b>COMMITTEE</b>	Audit, Risk & Scrutiny
<b>DATE</b>	2 December 2021
<b>EXEMPT</b>	No
<b>CONFIDENTIAL</b>	No
<b>REPORT TITLE</b>	Quarter 4- Use of Investigatory Powers
<b>REPORT NUMBER</b>	COM/21/289
<b>DIRECTOR</b>	Gale Beattie – Director of Commissioning
<b>CHIEF OFFICER</b>	Fraser Bell – Chief Officer Governance
<b>REPORT AUTHOR</b>	Jessica Anderson - Team Leader
<b>TERMS OF REFERENCE</b>	5.2

### 1. PURPOSE OF REPORT

- 1.1 To ensure that Elected Members review the Council’s use of investigatory powers on a quarterly basis and have oversight that those powers are being used consistently in accordance with the Use of Investigatory Powers Policy.

### 2. RECOMMENDATION(S)

It is recommended that the Committee:-

- 2.1 Notes the update within the report in respect of the Council’s use of investigatory powers during Quarter 4 of the current year.
- 2.2 Approves the Use of Investigatory Powers Policy in Appendix A.

### 3. BACKGROUND

- 3.1 There are a range of situations in which Council officers in the course of their duties have to carry out investigations and activities for legitimate purposes and it is necessary and proportionate to use investigatory powers to acquire information about a person, either in their personal capacity or about their trade or business without their knowledge. These investigations and activities are covert, i.e. they are concealed, secret or clandestine. In accordance with the Human Rights Act 1998, it is essential that the use of these investigatory powers 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 Council has powers under the Regulation of Investigatory Powers (Scotland) Act 2000 (RIPSA), and Investigatory Powers Act 2016 (IPA) to use different investigatory techniques. RIPSA provides a legal framework for covert surveillance by public authorities, an independent inspection regime to monitor

these activities and 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).

This Committee has had oversight of covert surveillance activity under RIPSAs since 2017.

- 3.3 The IPA permits the Council to acquire Communications Data for a lawful purpose. Communications data is the way in which, and by what method, a person or thing communicates with another person or thing. The IPA sets out the manner and process by which Communications data can be obtained and this is supported by the Home Office's Communications Data Code of Practice<sup>1</sup>. The Council has not used Communications data since approximately 2005, however the ability to acquire it still remained. In response to concerns from the Operations and Protective Services cluster that there is an increase in online offences, more so during the pandemic, steps have been taken by Legal Services and Trading Standards to put in place operational procedures to ensure compliance with the requirements of the IPA.
- 3.4 The Investigatory Powers Commissioner (IPCO) has oversight of both RIPSAs and IPA and as such, the Council's use and management of powers under these will form part of the normal inspection process. Members will note that the last inspection took place in April 2021. The next is due 2024/2025.
- 3.5 The Council has a Corporate Policy (attached at Appendix A) which governs compliance with both RIPSAs and the IPA. It remains a mandatory requirement that all members of staff wishing to use investigatory power must undertake training prior to being able to make an application to use such investigatory powers.
- 3.6 Committee is being asked to approve the Corporate Policy on the Use of Investigatory Powers, note the update on the use of these powers, and the Council's compliance with the Policy, particularly in respect of covert surveillance activity during the period 18<sup>th</sup> September to 1<sup>st</sup> December 2021, namely Quarter 4 of 2021.

#### **QUARTER 4- 2021**

##### **Covert Surveillance – RIPSAs**

- 3.7 In the period from 18<sup>th</sup> September until 22 November 2021<sup>2</sup>, there were no authorisations for Directed Surveillance.

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<sup>1</sup> November 2018.

<sup>2</sup> The date of the deadline for this report.

- 3.8 There have been no further applications for covert surveillance made or approved within this quarter.

### **Communications Data- IPA**

- 3.9 At the time of writing this report, the Council has not acquired any Communications data but is progressing arrangements with NAFN<sup>3</sup> to provide services to the Council required by the IPA. Further, operational procedures have been drafted and shall be approved by the Chief Officer- Governance once arrangements with NAFN are concluded. No Communications data shall be acquired until training has been delivered and the operational procedure approved.
- 3.10 Any activity under the IPA will form part of the normal quarterly reporting cycle to this Committee.

### **POLICY**

- 3.11 As noted at paragraph 3.3, officers have put in place procedures to enable the Council to exercise powers it has under the IPA to acquire Communications Data for a lawful purpose.
- 3.12 Officers within Legal Services, in consultation with the Senior Responsible Officer (SRO)<sup>4</sup>, felt that whilst not required under the IPA or the Home Office's Code of Practice, this Committee should also be sited on the use of the Council's investigatory powers more broadly and, so in doing, the quarterly reporting of covert surveillance activity would be expanded to include some information on Communications data requests, where that was appropriate.
- 3.13 Further, as the two legislative regimes come within the remit of the IPCO, officers felt it was more transparent to have a holistic policy setting out a monitoring and assurance framework demonstrating compliance with both. The Use of Investigatory Powers Policy, attached at Appendix A, reflects the Council's standard policy template. It has been reviewed by the Policy Group and Risk Board prior to being considered by this committee and has also been shared with key officers involved in activities which fall within its scope. The implementation of the new policy has no impact on any operational processes that are in place for covert surveillance, it's merely taking the policy sections out of a procedural document which in turn, makes it more operational and user friendly in nature.
- 3.14 The role of elected members in setting policy for covert surveillance remains the same, this is to be done annually. Members will be asked to set the policy as part of the Annual Report in February 2023. The quarterly reporting on the use of investigatory powers will include an update on the policy's effectiveness,

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<sup>3</sup> NAFN is a body recognised by the Home Office to provide necessary services to local authorities who wish to acquire Communications Data.

<sup>4</sup> Chief Officer- Governance.

so Committee is getting assurance throughout the year that it remains fit for purpose. Thus, it is recommended that Members approve the Use of Investigatory Powers Policy and agree that this supersedes the Corporate Protocol and Procedure for Covert Surveillance with immediate effect.

## **TRAINING**

- 3.15 There have been no requests for full training in this Quarter. Refresher training for all officers who have been trained is in development. This training will be more practical and interactive than the full training and will have more of a focus on online investigations. It will be delivered remotely via Microsoft teams by officers within Legal Services.

## **AWARENESS RAISING**

- 3.16 The last Authorising Officer's meeting of this year took place on 5<sup>th</sup> November 2021. There was a 100% attendance rate. A representative from Trading Standards was invited along to talk to Authorising Officers about the importance of online investigations.
- 3.17 There has been a change in postholder with regard to one of the Authorising Officers this quarter. The incumbent postholder has already had full RIPSAs training and undertook a separate training session with the Team Leader-Regulatory & Compliance in November, prior to being able to authorise any applications for covert surveillance. The SRO has formally appointed the postholder as an Authorising Officer.

## **4. FINANCIAL IMPLICATIONS**

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

## **5. LEGAL IMPLICATIONS**

- 5.1 The Scottish Government Code of Practice on Covert Surveillance sets an expectation that elected members review and monitor the use of RIPSAs on a quarterly basis. This is also a matter which is taken into account by the IPCO when they carry out their inspections.
- 5.2 The Home Office Code of Practice on Communications Data states that any public authority wishing to acquire Communications Data must have regard to the Code and that there should be a robust process in place for accessing such data which should be overseen by the SRO.
- 5.3 Quarterly reporting of the Council's use of investigatory powers to Elected Members provides assurance that the Council's use of such powers is being used consistently and that the standards set by its policy remain fit for purpose.
- 5.4 The management, knowledge and awareness of those involved with RIPSAs activity was something which was commended by the Commissioner in his

inspection in 2020. Officers hope that reporting on the use of investigatory powers more broadly, enhances transparency and provides another level of scrutiny and assurance on the use of these powers.

## 6. MANAGEMENT OF RISK

Category	Risk	Low (L) Medium (M) High (H)	Mitigation
<b>Strategic Risk</b>	There are no strategic risks arising from this report.	N/A	
<b>Compliance</b>	That the Council's use of RIPSAs is not legally compliant.  The Council's acquisition of communications data does not comply with the Home Office Code of Practice.	L	This Committee receives quarterly and annual reports on its use of investigatory powers under RIPSAs and the IPA and related policy mitigates this risk highlighted in this section.
<b>Operational</b>	Employees are not suitably trained for surveillance work Failure to report to and update Committee on surveillance 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 surveillance activity.
<b>Financial</b>	There are no financial risks arising from this report.	N/A	
<b>Reputational</b>	Failure to update Committee on RIPSAs 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 RIPSAs activity operate every 3-4 years. This provides external assurance to the Committee of the Council's compliance with RIPSAs. Further, whilst there is no requirement to report to Committee about the Council's use of Communication Data, the

			broader reporting of both demonstrates the Council's wish to be transparent about its use of such powers. The Inspection Report is shared with Committee and an Action Plan created (where necessary) and is endorsed and approved by Committee.
<b>Environment / Climate</b>	There are no environmental/ climate risks arising from this report.	N/A	

## 7. OUTCOMES

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

## 8. IMPACT ASSESSMENTS

Assessment	Outcome
<b>Impact Assessment</b>	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.
<b>Data Protection Impact Assessment</b>	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

Appendix A- Use of Investigatory Powers Policy.

## 11. REPORT AUTHOR CONTACT DETAILS

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# The Use of Investigatory Powers Policy

Approved by Audit, Risk and Scrutiny Committee on 2 December 2021 with an implementation date of 2 December 2021

## Document Control

<b>Approval Date</b>	2 December 2021
<b>Implementation Date</b>	2 December 2021
<b>Policy Number</b>	Request from Assurance Team
<b>Policy Author(s) and Owner</b>	Jess Anderson, Fraser Bell
<b>Approval Authority</b>	Audit, Risk and Scrutiny Committee
<b>Scheduled Review</b>	12 months
<b>Date and Changes:</b> 28 Sept 2021 – Policy Group Review 5 Oct 2021- Risk Board Review and approval Dec 2021- Committee approved policy	

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## 1 Why does the Council need this Policy?

- 1.1 There are a range of situations in which Council officers in the course of their duties have to carry out investigations and activities for legitimate purposes and it's deemed necessary and proportionate to use investigatory powers to acquire information about a person, either in their personal capacity or about their trade or business.
- 1.2 The Council's policy documents are control documents designed to mitigate risks. Policies are key controls in the Council's Risk Management Framework. This policy sets out the monitoring and assurance framework (such as a robust application/authorisation process, audits, training and awareness raising provided by Legal Services) around the Council's use of specific investigatory techniques and powers by trained officers to enforce statutory duties the Council is tasked with discharging. By doing so, this policy mitigates any potential risks in relation to an unlawful interference with a person's right to a private and family life under the Human Rights Act 1998 (HRA)<sup>1</sup>, and ensures that the Council and its officers have clarity on the reporting arrangements in respect of this type of activity.
- 1.2 In particular, this policy ensures the Council complies with the requirement in the Scottish Government's "Covert Surveillance and Property Interference Code of Practice" and "Covert Human Intelligence Sources Code of Practice" that elected members set the policy for covert surveillance activity on an annual basis and ensure it remains fit for purpose. Additionally, this policy harmonises the assurance and monitoring in place for covert surveillance and extends that to situations where authority to acquire Communications data is sought and obtained.
- 1.3 In setting policy each year, members are giving that formal endorsement that the arrangements in place, and monitored by the Chief Officer- Governance as Senior Responsible Officer (SRO), comply with the relevant legislation through practical application of the operational procedures, training and awareness raising.

## 2 Application and Scope Statement

- 2.1 The Council does, and shall, continue to use the powers available to it under the Investigatory Powers Act 2016 (IPA) and the Regulation of Investigatory Powers (Scotland) Act 2000 (RIPSA) respectively, as key investigation tools where it has a lawful purpose to do so. This policy relates to the Council's use of covert surveillance and the acquisition of Communications data and defines the control environment and principles around the use of such investigatory powers. This policy does not extend to officers who do not have an investigatory or enforcement role whereby this type of activity is a real likelihood, nor does it apply to any external or partner organisations.

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<sup>1</sup> Article 8 of the HRA.

- 2.2 The Council has specific powers under RIPSAs, to conduct Directed Surveillance and it may authorise the use of a Covert Human Intelligence Source (CHIS) (where it is deemed necessary and proportionate). Directed Surveillance is surveillance for a specific investigation or operation, is covert, and is likely to result in the obtaining of private information about an individual. A CHIS is essentially an undercover officer. The purpose of a CHIS is to establish or maintain a false personal relationship with others to obtain or access information covertly. Covert Surveillance is covert where it is carried out in such a way that anyone subject to it is unaware that the surveillance is taking place. An example of when the Council may use surveillance is to covertly record Trading Standards test purchasing.
- 2.3 The acquisition of Communications data is permitted by the IPA. Communications data is the way in which, and by what method, a person or thing communicates with another person or thing. It excludes anything within a communication including text, audio and video that reveals the meaning, other than inferred meaning, of the communication.
- 2.4 Any officer requiring to use investigatory powers for a lawful purpose must be trained to do so, prior to applying for, using, and/ or authorising the use of investigatory powers. The operational procedures, referred to at section 4 of this policy, set out the training plan for covert surveillance and the acquisition of Communications data. Further, Authorising Officers are required to attend the same training prior to authorising an application for the use of investigatory powers and attend/ participate in quarterly meetings. Sections 1.3 and 1.4 of this policy set out the role which Elected Members play in setting policy.
- 2.5 The Council has entered into a contract with the National Anti-Fraud Network (NAFN) who provide assurance and advice to council officers where there is a lawful purpose to access Communications data. It is a requirement of the IPA that the Council has a person/ organisation in place to undertake this role. NAFN is the only provider approved by the Home Office to carry out these services.

### 3 Responsibilities

- 3.1 The Chief Officer - Governance as SRO is responsible for this policy. The SRO is the main point of contact for the Council with the Investigatory Powers Commissioner (IPC), the Office for Communications Data Authorisations, and the Home Office. The SRO is responsible and answerable to the IPC for the Council's compliance in respect of the use of these investigatory powers. The SRO has delegated powers to appoint

Authorising Officers for covert surveillance and Designated Senior Officers for the acquisition of Communications Data. The SRO shall continue to report to the Audit Risk and Scrutiny Committee on a quarterly basis on covert surveillance activity, and he shall also report on Communications data activity in so far as it does not impact on operational matters.

- 3.2 The Council is also required to appoint a Designated Senior Officer(s) (DSO) for Communications data purposes. This person(s) has delegated authority to authorise an application for such data. Details of the DSO are included within the operational procedure and on the restricted online forum referred to at section 4.2 below.
- 3.3 A willful breach of this policy by any Council officer shall be considered a disciplinary matter and will be dealt with under the Council's agreed disciplinary procedures or as a contractual dispute where the breach was caused by a third party engaged by the Council in the acquiring of Communications data. Further, a breach of this policy and supporting procedures may also be a breach of Data Protection Legislation and be reported and investigated internally having regard to the Corporate Information Policy and supporting Information Handbook of procedures. These responsibilities are highlighted in the training provided on the use of these investigatory powers.
- 3.4 As noted at 2.6 above, the Council contracts with NAFN to carry out the role of a Single Point of Contact (SPoC). The SPoC is there to ensure that any applications for the acquisition of Communications data are practical and lawful. The SPoC also provides objective judgement and advice to the Council and the Protective Services Manager on the application.
- 3.5 The Regulatory and Compliance (R&C) Team, Legal Services monitor compliance regarding covert surveillance activity and Communications data requests. Primarily this is done by maintaining a central record for covert surveillance and Communications data activity. Access to this record is restricted to the R&C Team and this record includes every application, authorisation or refusal made by the Council. The R&C Team also provides regular awareness raising, on the quality of applications/authorisations (in respect of covert surveillance only), and training to officers.

## 4 Supporting Procedures & Documentation

- 4.1 This policy is supported by two operational procedures: **namely Covert Surveillance and the Acquisition and Retention of Communications Data**. These procedures govern how applications and authorisations for the use of investigatory powers shall be made, reviewed and cancelled. They also set out how any data obtained shall be used, kept, accessed and destroyed, having particular regard to Data Protection Legislation and Data Assurance. They are available on the Council's intranet along with this policy. A copy of this policy is available on the Council's intranet.

- 4.2 Officers who have received training on **Covert Surveillance** and/or the **Acquisition and Retention of Communications Data** will be provided with access to an online restricted forum where these procedures, guidance, news/updates and application/authorisation forms (for covert surveillance only) will be accessible. This online resource was developed and is maintained by the R&C Team.
- 4.3 The Chief Officer – Governance has the power under the Council’s Scheme of Governance to approve any necessary changes to the procedures referred to in 4.1 above. At all times, the procedures will be consistent with the terms of this Policy.
- 4.4 Any changes to process, or law shall be notified to officers through the online forum (referred to at 4.2 above), and amendments to this policy or the procedures shall be uploaded after approval, so that the information available on that forum is up to date and accurate at all times.

## 5 About this Policy

- 5.1 This policy demonstrates the Council’s intention to exercise the powers available to it under the IPA and RIPSAs and provides a framework to ensure that the powers are exercised in accordance with the law.

## 6 Risk

- 6.1 This policy and its supporting procedures will manage the following risks:
- **Compliance Risks** - The policy and supporting documentation will reduce the risk of non-compliance with the Human Rights Act 1998, IPA and RIPSAs, by setting out the standards and behaviours required in order to ensure compliance. This policy sets out how routine monitoring is in place to ensure continued compliance with these documents and the relevant legislation.
  - **Reputational Risks** – The policy and supporting documentation sets out the standards required when considering and applying to use these investigatory powers. Failure to report to committee on covert surveillance activity and follow procedure could lead to reputational damage when this is identified by the IPC at their inspection. This risk is mitigated by reporting to the Audit, Risk and Scrutiny Committee on a quarterly basis. Further, any IPC inspection report is shared with Committee and any resultant action plan is endorsed by Committee.

- **Operational Risks**—the policy and supporting documentation sets out the process all Council officers must follow when they wish to use investigatory powers under the IPA and RIPSAs. Further, it is a requirement of this policy that officers receive training prior to applying to use investigatory powers. Officers who have not been trained shall not be permitted to use the investigatory powers referred to under this policy. This risk is managed by managers highlighting which staff require training due to their enforcement/ investigatory roles. Awareness-raising in this regard and the wider impact of surveillance work is done on a biennial basis.

## 7 Environmental Considerations

- 7.1 This policy does not relate to, nor have an impact on, any environmental factors. As such an Environmental Assessment was not undertaken.

## 8 Policy Performance

- 8.1 Setting policy is a requirement under the Code of Practice on Covert Surveillance and Property Interference. Assurance that the policy is effective when conducting covert surveillance falls to the Audit, Risk and Scrutiny Committee. Covert surveillance activity has been reported regularly to this committee since Autumn 2017 and it is considered prudent to extend that oversight role to the acquisition of Communications data, albeit such extension is not a statutory requirement. The effectiveness of this policy will be demonstrated by the feedback during inspections undertaken by the IPC but also in the quarterly reporting on the use of these powers to this Committee and compliance with this policy and its operational procedures. Committee will continue to receive updates on the use of investigatory powers on a quarterly basis.
- 8.2 The R&C Team, Legal Services undertake audits of all authorisations of covert surveillance applications and feedback is provided to council officers. Additionally, the R&C Team will maintain a record of all applications where these are made, refused or authorised, reviewed, renewed and/or cancelled in respect of both covert surveillance and the acquisition of Communications data. Additionally, any errors made by the Council under the IPA are reported to the Chief Officer- Governance. Collectively, this gives assurances that the policy is performing well, as there is a framework to mitigate and manage non-compliance.
- 8.3 The Investigatory Powers Commissioner (IPCO) has oversight of the Council's use of investigatory powers under the IPA and RIPSAs by way of an inspection every 3 or 4 years. The IPC focuses on the Council's compliance under those legislative regimes. As a matter of course, the IPC reviews the Council's policy and any feedback on its



performance, clarity or meaning would be reflected in the IPC inspection report which this Committee will be sighted on.

## 9 Design and Delivery

- 9.1 This policy links to the Aberdeen City Local Outcome Improvement Plan (LOIP), particularly the stretch outcomes; Prosperous Economy and Prosperous Place. The LOIP states that “All people in Aberdeen are entitled to live within our community in a manner in which they feel safe and protected from harm”, and “promote wellbeing and good health choices/ to nurture our physical health”. The use of investigatory powers, where this is appropriate, in tackling offences such as the selling of counterfeit goods or routine test purchases of tobacco related products to ensure they are being sold in accordance with the law, demonstrates the Council’s commitment to these outcomes and that it will act, where it is empowered to do so.
- 9.2 Council’s Statutory Obligations - this policy links to the Council’s statutory obligation not to act in a way which is incompatible with a human right, under section 6 of the HRA.

## 10 Housekeeping and Maintenance

- 10.1 This policy shall be reviewed annually by the Audit, Risk and Scrutiny Committee. The procedures which support this policy shall follow the same review timeline, so that changes or amendments to policy flow through to the procedures, where this is necessary.
- 10.2 The SRO as Chief Officer - Governance has delegated powers under the Council’s Scheme of Governance, Powers Delegated to Officers<sup>2</sup> to create and amend procedures, protocols and guidance. Any changes or amendments required will be referred to the SRO for approval.

## 11 Communication and Distribution

- 11.1 This policy will be uploaded to the Covert Surveillance page on the intranet, with a link provided from the Leadership Forum, and it will also be available on a restricted online forum. Access to this forum has been given to all staff who have completed the training.
- 11.2 Further, specific training will also be provided for any officer who requires to work with this policy, and guidance and support shall be provided on an ongoing basis.

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<sup>2</sup> PDO

## 12 Information Management

- 12.1 Any personal information gathered as a result of an officer using investigatory powers shall be processed in compliance with the Data Assurance practices and Data Protection Legislation, as set out in the supporting procedures.

### Definitions

**Communications data**

means the way in which, and by what method, a person or thing communicates with another person or thing. It excludes anything within a communication including text, audio and video that reveals the meaning, other than inferred meaning, of the communication;

**Data Protection Legislation**

means the (i) "UKGDPR" being the retained EU law version of the General Data Protection Regulation ((EU) 2016/679) as it forms part of the law of England and Wales, Scotland and Northern Ireland by virtue of section 3 of the European Union (Withdrawal) Act 2018 and as amended by Schedule 1 to the Data Protection, Privacy and the Electronic Communications (Amendments etc) (EU Exit) Regulations 2019 (SI 2019/419) and any applicable national implementing Laws as amended from time to time; and (ii) the Data Protection Act 2018 to the extent that it relates to the processing of personal data and privacy;

**Covert Surveillance**

means surveillance by way of either Directed Surveillance or a Covert Human Intelligence Source undertaken for a specific purpose or investigation and in a manner that is likely to result in the obtaining of private information about any person.

**Data Assurance**

means the way in which the Council, officers and elected members understand and have clarity about what happens to information about, and obtained as a result of, using investigatory techniques.

Exempt information as described in paragraph(s) 6, 12 of Schedule 7A of the Local Government (Scotland) Act 1973.

Document is Restricted

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