

# Public Document Pack



To: Councillor Crockett, Convener; Councillor Houghton, Vice-Convener; and Councillors Ali, Allard, Bonsell, Bouse, Fairfull, McLellan, Massey, Nicoll, Radley, Mrs Stewart and van Sweeden.

Town House,  
ABERDEEN 15 March 2023

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

The Members of the **AUDIT, RISK AND SCRUTINY COMMITTEE** are requested to meet in **Council Chamber - Town House** on **THURSDAY, 23 MARCH 2023 at 2.00 pm.** **This is a hybrid meeting and Members may also attend remotely.**

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>

JENNI LAWSON  
INTERIM 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 OR TRANSPARENCY STATEMENTS**

- 3.1. Members are requested to intimate any declarations of interest or transparency statements

## **DEPUTATIONS**

- 4.1. There are no requests at this time

## **MINUTE OF PREVIOUS MEETING**

- 5.1. Minute of Previous Meeting of 2 February 2023 (Pages 5 - 10)

## **COMMITTEE PLANNER**

- 6.1. Committee Business Planner (Pages 11 - 16)

## **NOTICES OF MOTION**

- 7.1. There are none at this time

## **REFERRALS FROM COUNCIL, COMMITTEES AND SUB COMMITTEES**

- 8.1. There are no reports under this heading

## **COMMITTEE BUSINESS**

### **Risk Management**

- 9.1. ALEO Assurance Hub Workplan 2023 and Terms of Reference - COM/23/073 (Pages 17 - 28)
- 9.2. Corporate Risk Register, Assurance Maps and Inspections Planner - COM/23/070 (Pages 29 - 80)
- 9.3. Risk Appetite Statement Annual Review - COM/23/071 (Pages 81 - 92)
- 9.4. Business Continuity Plans Annual Review - COM/23/069 (Pages 93 - 100)

### **Legal Obligations**

- 9.5. Scottish Public Services Ombudsman Decisions and Inspector of Crematoria Complaint Decisions - CUS/23/090 (Pages 101 - 108)

## **Internal Audit**

- 9.6. Internal Audit Progress Report - IA/23/002 (Pages 109 - 126)
- 9.7. Integrated Joint Board Data Sharing - IA/AC2302 (Pages 127 - 144)
- 9.8. Lease Financing - IA/AC2308 (Pages 145 - 156)
- 9.9. Following the Public Pound - IA/AC2303 (Pages 157 - 176)
- 9.10. Benefits Quality Assurance Process - AC2311 (Pages 177 - 188)
- 9.11. Internal Audit Charter - IA/23/003 (Pages 189 - 196)
- 9.12. Internal Audit Plan 2023-2026 - IA/23/004 (Pages 197 - 214)

## **EXEMPT/CONFIDENTIAL BUSINESS**

- 10.1. There are no reports under this heading

EHRAs 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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## Audit, Risk and Scrutiny Committee

ABERDEEN, 2 February 2023. Minute of Meeting of the AUDIT, RISK AND SCRUTINY COMMITTEE. Present:- Councillor Macdonald, Convener; and Councillors Ali, Bonsell, Fairfull, McLellan, MacGregor (as substitute for Councillor Allard), Massey, Nicoll, Radley, Mrs Stewart, van Sweeden and Yuill (as substitute for Councillor Bouse).

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 OR TRANSPARENCY STATEMENTS

1. At this juncture, in the interests of transparency the following statement was made:

Councillor Bonsell advised that she had a connection in relation to agenda items 9.3 (External Audit Report) and 9.4 (Annual Accounts for those Registered Charities where the Council were the Sole Trustee) due to her being a member of the Guildry and Mortification Funds Committee, having applied the objective test, she did not consider that she had an interest and would not be withdrawing from the meeting for the items.

### MINUTE OF PREVIOUS MEETING OF 13 DECEMBER 2022

2. The Committee had before it the minute of its previous meeting of 13 December 2022.

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

- (i) to approve the minute as a correct record; and
- (ii) in relation to article 14, resolution (i) from the minute of its meeting of 27 September 2022, to note that the response issued by email earlier today, would be made available to the public.

### COMMITTEE BUSINESS PLANNER

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

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

to note the content of the Committee Business Planner.

## Audit, RISK AND SCRUTINY COMMITTEE

2 February 2023

### USE OF INVESTIGATORY POWERS ANNUAL REPORT - COM/23/031

4. The Committee had before it a report by the Director of Commissioning which provided an overview of the Council's use of investigatory powers during 2022, particularly focussing on the Committees role in respect of assurance and sought confirmation that the Use of Investigatory Powers Policy was for purpose.

**The report recommended:-**

that the Committee -

- (a) notes the overview of the Council's use of investigatory powers during the calendar year 2022, as set out in this report; and
- (b) agrees that the Use of Investigatory Powers Policy remained fit for purpose and requires no amendment.

**The Committee resolved:-**

to approve the recommendations contained in the report.

### ALTENS EAST RECYCLING AND RESOURCE FACILITY - FIRE INVESTIGATION REPORT - OPE/23/030

5. The Committee had before it a report by the Director of Resources which provided information on the outcome of the Scottish Fire and Rescue (SFRS) report on the fire at Altens East Recycling and Resource Facility on 8 July 2022.

**The report recommended:-**

that the Committee -

- (a) notes the contents of the attached Scottish Fire and Rescue Service (SFRS) fire investigation report; and
- (b) notes that as an organisation, we can conclude from the SFRS report, that the fire at Altens East did not occur as a result of a failure in our system of internal control.

In response to various questions from members, the Waste and Recycling Manager advised that (1) the facility was being rebuilt with a timeline of late 2024 or early 2025; (2) the CCTV footage was not conclusive on the cause of the fire however it was likely to be a battery or similar electronic device deposited in recycling; (3) the first call to SFRS was an automatic call; and (4) the video footage from the start of the fire had been and would continue to be used to educate people on the importance of disposing waste in the correct manner to prevent similar issues in the future.

**The Committee resolved:-**

- (i) to note that the Waste and Recycling Manager would circulate, by email, details of the number of waste fires across the UK to the Committee; and
- (ii) to request the Waste and Recycling Manager to identify further actions that could be taken to educate citizens on the disposal of vapes and other battery/electrical products and report to the most relevant Committee in due course; and

## Audit, RISK AND SCRUTINY COMMITTEE

2 February 2023

- (iii) to otherwise approve the recommendations contained in the report.

### EXTERNAL AUDIT REPORT - CHARITIES ACCOUNTS

6. The Committee had before it a report by KPMG, External Auditor which presented their draft annual external audit report and summarised their audit opinions and conclusions on issues arising from the audit of the in relation to the Council's 2021/22 Charitable Trusts Annual Accounts.

**The Committee resolved:-**

to note the content of the report.

### ANNUAL ACCOUNTS FOR THOSE REGISTERED CHARITIES WHERE THE COUNCIL ARE THE SOLE TRUSTEE - RES/22/260

7. The Committee had before it a report by the Director of Resources which provided an overview of the Council's 2021/22 audited Charitable Trusts Annual Accounts.

**The report recommended:-**

that the Committee -

- (a) approves the Council's audited Charitable Trusts Annual Accounts for the financial year 2021/22 as presented, subject to the final amendments being agreed with external auditors, following consultation with the Chief Executive and four political group leaders; and
- (b) approves Councillor Alex McLellan, as Convener of Finance & Resources Committee to sign the 2021/22 Charitable Trusts Annual Accounts.

**The Committee resolved:-**

to approve the recommendations contained in the report.

### TRANSPARENCY STATEMENT

**At this juncture, Councillor Yuill advised that he had a connection in relation to the following item of business by virtue of him being a member of NHS Grampian Board. Having applied the objective test, he did not consider that he had an interest and would not be withdrawing from the meeting.**

### INTERNAL AUDIT PROGRESS REPORT - IA/23/001

8. The Committee had before it a report by the Chief Internal Auditor which provided an update on the progress against the approved Internal Audit plans, audit recommendations follow up and other relevant matters for the Committee to be aware of.

## **Audit, RISK AND SCRUTINY COMMITTEE**

2 February 2023

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

that the Committee -

- (a) note the progress of the Internal Audit Plan; and
- (b) note the progress that management has made with implementing recommendations agreed in Internal Audit reports.

In response to a question relating to clarification over Health & Social Care Partnership (H&SCP) and Integrated Joint Board (IJB) audits, the Chief Internal Auditor advised that audits for the IJB were strategic in relation to the Board and audits for the H&SCP aligned to services that the Council managed on behalf of the IJB.

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

to approve the recommendations contained in the report.

## **OUT OF AUTHORITY PLACEMENTS - AC/2301**

9. The Committee had before it a report by the Chief Internal Auditor which presented an audit in relation to Out of Authority Placements which had been undertaken to ensure the system for commencing and reviewing out of authority placements was adequate, effective and consistently applied.

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

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

In response to a question regarding the development of a Family Support Model, the Chief Officer – Integrated Children’s and Family Services advised that the Family Support Model looked at delivering early and preventative support to children and families through the establishment of four workstreams where they had identified test or change which were being presented to the Children’s Services Board and being incorporated into the revised Children’s Service Plan which would be reported to the Education and Children’s Services Committee on 21 March 2023.

In response to a question regarding the budget overspend and whether more focus was required on the actual children in placements, the Chief Officer – Integrated Children’s and Family Services advised that the number of Looked after Children had fallen over recent years and that there was close monitoring of each child in residential or day placements. He further advised that external agencies often dictated the outcome for children therefore there would always be a vulnerability on the budget.

In response to a question regarding the breakdown of the Looked after Children information, the Chief Officer – Integrated Children’s and Family Services advised that the data was contained in the performance reports that were discussed at the Education and Children’s Services Committee.

## Audit, RISK AND SCRUTINY COMMITTEE

2 February 2023

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

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

### **HERITAGE AND HISTORICAL ASSETS - AC/2305**

10. The Committee had before it a report by the Chief Internal Auditor which presented an audit in relation to Heritage and Historical Assets which was undertaken to consider whether adequate control was exercised over heritage/historical assets' inventory management.

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

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

In response to a question regarding whether the Legislative Framework being imposed was causing undue stress to Council finances in order to process volunteers' right to work status, the Interim Chief Officer – Governance advised that in the legislation there was a different distinction between volunteer work, right to work in the UK, and volunteers who don't need it.

In response to a question regarding security arrangements and the findings highlighting a single point of failure in relation to some elements of security based system work, the Chief Internal Auditor advised that only one member of staff had access to the security logs and internal audit would recommend an additional member of staff to cover holidays or periods of sickness.

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

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

### **VALEDICTORY**

11. At this point in the proceedings, the Convener advised that as of 22 February, she would be stepping down as the Convener of the Committee. She thanked members for their contributions over her time as Convener.

Councillors Nicoll and Yuill thanked Councillor Macdonald for her convenership of the Committee.

- **COUNCILLOR SANDRA MACDONALD, Convener**

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	A	B	C	D	E	F	G	H	I
1	<b>AUDIT, RISK &amp; SCRUTINY COMMITTEE BUSINESS PLANNER</b>								
	The Business Planner details the reports which have been instructed by the Committee as well as reports which the Functions expect to be submitting for the calendar year.								
2	<b>Report Title</b>	<b>Minute Reference/Committee Decision or Purpose of Report</b>	<b>Update</b>	<b>Report Author</b>	<b>Chief Officer</b>	<b>Directorate</b>	<b>Terms of Reference</b>	<b>Delayed or Recommended for removal or transfer, enter either D, R, or T</b>	<b>Explanation if delayed, removed or transferred</b>
3	<b>23 March</b>								
4	Use of Investigatory Powers Quarter 1 Report	to present the quarterly use of investigatory powers report	This is a standing item on the agenda.  No report this cycle.	Jessica Anderson	Governance	Commissioning	5.2	R	There have been no applications or authorisations for covert surveillance made, or approved, during this quarter. Further, there have been no changes to report since the Committee considered the Annual Report on 2 February 2023. An further update will be provided in Quarter 2, at the meeting in April 2023.
5	SPSO Decisions, Inspector of Crematoria Complaint Decisions	In order to provide assurance to Committee that complaints and Scottish Welfare Fund applications are being handled appropriately, this report provides information on all Scottish Public Services Ombudsman (SPSO) and Inspector of Crematoria decisions made in relation to Aberdeen City Council since the last reporting cycle.	This is a standing item on the agenda  Agenda Item 9.5	Lucy McKenzie	Customer Experience	Customer	6.4		
6	Internal Audit Update Report	To provide an update on progress of the Internal Audit Plan, Audit Recommendations Follow Up and other relevant information for the Committee.	Agenda Item 9.6	Jamie Dale	Governance	Commissioning	2.2		
7	Internal Audit Charter	To present the Internal Audit Charter	Agenda Item 9.11	Jamie Dale	Governance	Commissioning	2.2		
8	Internal Audit Plan 2023-2026	to present the Internal Audit Plan for 2023-26	Agenda Item 9.12	Jamie Dale	Governance	Commissioning	2.1		
9	IJB Data Sharing	The objective of this audit is to ensure that the IJB has appropriate assurance over the arrangements / procedures for data sharing between the Partners themselves, (Aberdeen City Council and NHS Grampian) and other agencies responsible for delivering health and social care arrangements in respect of delegated functions and in line with the IJB's strategic directions.	Agenda Item 9.7	Jamie Dale	Governance	Commissioning	2.2		

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10	Lease Financing	The objective of this audit is to ensure that lease financing decisions are based on sound business and financial criteria and that appropriate control is exercised over lease agreements, payments, and record-keeping.	Agenda Item 9.8	Jamie Dale	Governance	Commissioning	2.2		
11	Following the Public Pound	The objective of this audit is to ensure that there is proper accountability for public funds used in delivering services, irrespective of the means of service delivery.	Agenda Item 9.9	Jamie Dale	Governance	Commissioning	2.2		
12	Benefits Quality Assurance Process	The objective of this audit is to ensure the Council's quality assurance processes over rent allowances, rent rebates and council tax reduction benefits ensure benefit claims are supported, accurately calculated, verified, and properly recorded for subsidy purposes.	Agenda Item 9.10	Jamie Dale	Governance	Commissioning	2.2		
13	ALEO Workplan 2023 and Terms of Reference	To present the ALEO Assurance Hub Workplan for 2023 including the dates for reporting.	Agenda Item 9.1	Vikki Cuthbert	Governance	Commissioning	1.3		
14	Business Continuity Annual Review	To present the annual review of the Council's Business Continuity arrangements.	Agenda Item 9.4	Ronnie McKean	Governance	Commissioning	1.2		
15	Corporate Risk Register and Assurance Maps	To present the Corporate Risk Register and Assurance Maps.	Agenda Item 9.2	Ronnie McKean	Governance	Commissioning	1.1		
16	Risk Appetite Statement - Annual Review	The purpose of this report is to present the Council's updated Risk Appetite Statement.	Agenda Item 9.3	Ronnie McKean	Governance	Commissioning	1.1		
17	Best Value Auditing	To present information regarding the change to how Best Value will be audited and reported.		Vikki Cuthbert	Governance	Commissioning	3.1	D	Further information is required in order to present this report. The report is expected in May 2023.
18	<b>11 May</b>								



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19	SPSO Decisions, Inspector of Crematoria Complaint Decisions	In order to provide assurance to Committee that complaints and Scottish Welfare Fund applications are being handled appropriately, this report provides information on all Scottish Public Services Ombudsman (SPSO) and Inspector of Crematoria decisions made in relation to Aberdeen City Council since the last reporting cycle.		Lucy McKenzie	Customer Experience	Customer	6.4		
20	Internal Audit Update Report	To provide an update on progress of the Internal Audit Plan, Audit Recommendations Follow Up and other relevant information for the Committee.		Jamie Dale	Governance	Commissioning	2.2		
21	Internal Audit Reports	Reports which have been finalised will be presented to the Committee.		Jamie Dale	Governance	Commissioning	2.2		
22	Unaudited Annual Accounts 2022-23	To present the unaudited accounts for 2022-23		Lesley Fullerton	Finance	Resources	4.1		
23	Local Government Transparency Code	instruct the Chief Executive to prepare a feasibility report on the establishment of a parallel Code for Aberdeen, where analogous data publishing is not already in place, for consideration by Council.		Jacqui McKenzie/ Isla Newcombe	Customer Experience	Customer			
24	<b>27 June</b>								
25	Use of Investigatory Powers Quarter 2 Report	to present the quarterly use of investigatory powers report		Jessica Anderson	Governance	Commissioning	5.2		
26	SPSO Decisions, Inspector of Crematoria Complaint Decisions	In order to provide assurance to Committee that complaints and Scottish Welfare Fund applications are being handled appropriately, this report provides information on all Scottish Public Services Ombudsman (SPSO) and Inspector of Crematoria decisions made in relation to Aberdeen City Council since the last reporting cycle.		Lucy McKenzie	Customer Experience	Customer	6.4		
27	Internal Audit Update Report	To provide an update on progress of the Internal Audit Plan, Audit Recommendations Follow Up and other relevant information for the Committee.		Jamie Dale	Governance	Commissioning	2.2		

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28	Internal Audit Reports	Reports which have been finalised will be presented to the Committee.		Jamie Dale	Governance	Commissioning	2.2		
29	Audited Annual Accounts 2022-23	To present the audited accounts for 2022-23.		Lesley Fullerton	Finance	Resources	4.1		
30	ALEO Assurance Hub Update	To provide an update of risk and financial management and governance arrangements in accordance with Hub TOR and annual workplan.		Vikki Cuthbert	Governance	Commissioning	1.3		
31	<b>14 September</b>								
32	Use of Investigatory Powers Quarter 3 Report	to present the quarterly use of investigatory powers report		Jessica Anderson	Governance	Commissioning	5.2		
33	SPSO Decisions, Inspector of Crematoria Complaint Decisions	In order to provide assurance to Committee that complaints and Scottish Welfare Fund applications are being handled appropriately, this report provides information on all Scottish Public Services Ombudsman (SPSO) and Inspector of Crematoria decisions made in relation to Aberdeen City Council since the last reporting cycle.		Lucy McKenzie	Customer Experience	Customer	6.4		
34	Internal Audit Update Report	To provide an update on progress of the Internal Audit Plan, Audit Recommendations Follow Up and other relevant information for the Committee.		Jamie Dale	Governance	Commissioning	2.2		
35	Internal Audit Reports	Reports which have been finalised will be presented to the Committee.		Jamie Dale	Governance	Commissioning	2.2		
36	Information Governance Annual Report	to present the annual report for the Council's Information Governance		Caroline Anderson	Data Insights	Customer	1.3		
37	<b>23 November</b>								
38	Use of Investigatory Powers Quarter 4 Report	to present the quarterly use of investigatory powers report		Jessica Anderson	Governance	Commissioning	5.2		
39	SPSO Decisions, Inspector of Crematoria Complaint Decisions	In order to provide assurance to Committee that complaints and Scottish Welfare Fund applications are being handled appropriately, this report provides information on all Scottish Public Services Ombudsman (SPSO) and Inspector of Crematoria decisions made in relation to Aberdeen City Council since the last reporting cycle.		Lucy McKenzie	Customer Experience	Customer	6.4		

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40	Internal Audit Update Report	To provide an update on progress of the Internal Audit Plan, Audit Recommendations Follow Up and other relevant information for the Committee.		Jamie Dale	Governance	Commissioning	2.2		
41	Internal Audit Reports	Reports which have been finalised will be presented to the Committee.		Jamie Dale	Governance	Commissioning	2.2		
42	ALEO Assurance Hub Update	To provide an update of risk and financial management and governance arrangements in accordance with Hub TOR and annual workplan.		Vikki Cuthbert	Governance	Commissioning	1.3		
43	<b>Service Updates</b>								
	Reconciliation of Granite - Union Terrace Gardens	<b>ARSC 30 June 2022 - Item 3</b> (v) to add two Service Updates to the business planner, those being: Reconciliation of Granite, Union Terrace Gardens and Review of Items Recorded as 'Missing' From Art Gallery & Museums Collections	Review of Items Recorded as Missing from Art Gallery and Museums Collections was provided in September 2022	John Wilson	Capital	Resources			

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## ABERDEEN CITY COUNCIL

<b>COMMITTEE</b>	Audit, Risk and Scrutiny
<b>DATE</b>	23 March 2022
<b>REPORT TITLE</b>	ALEO Assurance Hub – Workplan and Terms of Reference
<b>REPORT NUMBER</b>	COM-23-073
<b>CHIEF OFFICER</b>	Jenni Lawson
<b>REPORT AUTHOR</b>	Vikki Cuthbert
<b>TERMS OF REFERENCE</b>	Remit - 1.2

### 1. PURPOSE OF REPORT

To present the ALEO Assurance Hub workplan for 2023 including the dates for reporting.

### 2. RECOMMENDATIONS

That the Committee –

- 2.1 note the workplan for the ALEO Assurance Hub in 2023 which has been consulted upon with the ALEOs and the relevant Conveners; and
- 2.2 note the Terms of Reference for the ALEO Assurance Hub which have been amended to reflect revisions to the Committee structure and to include bp Aberdeen Hydrogen Energy Limited within the Hub’s oversight arrangements.

### 3. CURRENT SITUATION

- 3.1 The ALEO Assurance Hub is one component of the ALEO Assurance Framework which provides a basis for the Council to oversee and support its arms-length external organisations. The Hub reports twice a year to this Committee to provide assurance that systems and policies are in place in each ALEO to mitigate and manage risks to the organisation and to the Council.
- 3.2 The Hub has in place a Terms of Reference which are reviewed annually by the Risk Board. These are attached at **appendix A** to the report. Some minor revisions are included and tracked, relating to the new Committee structure, as well as reference to bp Aberdeen Hydrogen Energy Limited.
- 3.3 Attached at **appendix B** is a workplan for 2023. The ALEO Assurance Hub met with each ALEO in December 2021 to discuss proposed reporting. The workplan has been agreed with each of the ALEOs.

3.4 In accordance with the decision of the Committee in June 2022, that the ALEO Assurance Hub provide oversight of bp Aberdeen Hydrogen Energy Limited, the workplan includes reporting in June and December for this joint venture.

#### 4. FINANCIAL IMPLICATIONS

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

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

#### 5. LEGAL IMPLICATIONS

5.1 Legal officers within Commercial and Procurement Services have reviewed ALEO Service Level Agreements which aim, amongst other things, to facilitate the ALEO Assurance Framework. These have been modified to recognise the requirements of the Assurance Hub to receive assurance regarding systems of governance, company outcomes and risk management and mitigation.

5.2 The Hub will help identify any projects and/or initiatives that could influence investment decisions of Bond holders or the Council’s credit rating and ensure that the appropriate governance is put in place. This adds to the Council’s existing Bond governance arrangements.

#### 6. ENVIRONMENTAL IMPLICATIONS

6.1 There are no direct environmental implications arising from this report.

#### 7. RISK

Category	Risks	Primary Controls/Control Actions to achieve Target Risk Level	*Target Risk Level (L, M or H)  *taking into account controls/control actions	*Does Target Risk Level Match Appetite Set?
<b>Strategic</b>	Ability of ALEOs to support the Council in meeting its strategic outcomes.	The Assurance Hub process mitigates against this risk by monitoring ALEO contribution to ACC strategic outcomes. This includes review of ALEO risk registers.	L	Yes

Category	Risks	Primary Controls/Control Actions to achieve Target Risk Level	*Target Risk Level (L, M or H)  *taking into account controls/control actions	*Does Target Risk Level Match Appetite Set?
<b>Compliance</b>	<p>ALEO service level agreements are not up to date and ALEOs are not delivering on Council outcomes.</p> <p>GDPR Compliance.</p>	<p>Commercial and Procurement Services reviews ALEO service level agreements to ensure they remain robust and fit for purpose.</p> <p>The Council has oversight of how ALEOs are achieving Council outcomes and complying with the terms of their service level agreements.</p> <p>The Hub will continue its oversight of ALEOs' approach to embedding strong governance, including audits, policies, procedures and systems to ensure that these are being reviewed and staff training is being delivered to mitigate the risk of governance failure.</p> <p>The Legal Regulatory and Compliance Team provide support and advice to the Hub on the steps ALEOs are taking on GDPR compliance in order for the Hub to provide assurance to Committee on ALEOs' management of this risk.</p>	L	Yes

<b>Category</b>	<b>Risks</b>	<b>Primary Controls/Control Actions to achieve Target Risk Level</b>	<b>*Target Risk Level (L, M or H)</b>  <small>*taking into account controls/control actions</small>	<b>*Does Target Risk Level Match Appetite Set?</b>
<b>Operational</b>	Failure of ALEOs to deliver services according to agreed Service Level Agreements	Monitored by Council which has oversight of ALEO strategic business plans.	L	<b>Yes</b>
<b>Financial</b>	Financial failure of ALEOs impacting on the Council and its credit rating.	ALEOs report financial performance and governance to their boards and present their annual accounts for scrutiny by an external auditor, then reported through the Finance and Resources Committee. One of the Hub's key functions is to provide assurance to Committee on the financial stewardship of Council ALEOs.	L	<b>Yes</b>
<b>Reputational</b>	Impact of performance or financial risk on reputation of ACC.	Regular reporting to this Committee from the Hub provides adequate control.	L	<b>Yes</b>
<b>Environment/ Climate</b>	No direct risks arising from the report's recommendations		L	<b>Yes</b>

## 8. OUTCOMES

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

## 9. IMPACT ASSESSMENTS



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

**10. BACKGROUND PAPERS**

None.

**11. APPENDICES**

**Appendix A** – ALEO Assurance Hub Terms of Reference

**Appendix B** – ALEO Assurance Hub Workplan 2023

**12. REPORT AUTHOR CONTACT DETAILS**

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 01224 522858

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## ALEO Assurance Hub – Terms of Reference

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

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

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

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

- 9) The Hub shall report its level of assurance on ALEOs to the Audit, Risk and Scrutiny Committee.
- 10) The Hub shall be responsible for setting its own programme of scrutiny in the form of an annual workplan. The Hub shall consult on this with the Risk Board, ALEOs and Conveners and Vice Conveners of the following Committees and Boards:-
  - a. Audit, Risk and Scrutiny;
  - b. ~~Strategic Commissioning Committee~~ Full Council;
  - c. ~~City Growth~~ Finance and Resources; and
  - d. Integration Joint Board
- 11) An open invitation shall be extended to the Council's internal and external auditors to attend Hub meetings as appropriate in order for them to meet their audit objectives.
- 12) The Hub shall receive assurance on ALEOs risk management, financial management and governance arrangements through exception reporting and officers will assess ALEO governance and management of risk through a scoring matrix.
- 13) To ensure that risk posed to the Council by ALEO operations is monitored, the Hub shall oversee ALEO risk management arrangements including:
  - a. Risk management policy;
  - b. Management of risk registers;
  - c. Risk identification structures, including horizon-scanning;
  - d. Risk appetite;
  - e. Business continuity planning; and
  - f. ALEO internal and external audit reports.
- 14) To ensure compliance with Following the Public Pound guidance, the Hub shall oversee ALEOs:
  - a. Financial Resilience to ensure oversight of forward planning;
  - b. Financial governance and financial management to provide assurance on stewardship;
  - c. Accounting practices; and
  - d. Financial performance.
- 15) The Hub shall review ALEO decision making structures including:
  - a. Reporting arrangements, including powers reserved to the Board and powers delegated to executive officers;
  - b. Compliance with key governance standards, such as codes of conduct;
  - c. The composition and capacity of the board;
  - d. Transparency and accountability;
  - e. Induction and ongoing training programmes for Board members;
  - f. Ongoing assurance around information governance arrangements and data protection compliance; and
  - g. Progress against recommendations made within Audit Scotland's report on *How councils use arms-length organisations*.
- 16) The Hub shall monitor high level employment practices.
- 17) The Hub shall monitor reports relating to ALEOs from the Council's internal and external auditors and address any recommendations which are within the remit of the Hub's terms of reference. The Hub shall monitor best practice guidance from

organisations such as Audit Scotland and the Standards Commission for Scotland on the development of guidance relating to ALEOs.

- 18) The Hub shall monitor co-ordination arrangements between ALEO partners where the Council is not the sole shareholder.
- 19) The Hub shall receive assurance that ALEOs are supporting the Council to meet its obligations under the [PREVENT—CONTEST](#) Strategy and under the Civil Contingencies Act 2004 as a Category 1 responder.
- 20) The following organisations have been deemed to be ALEOs and will be subject to the Hub's oversight arrangements:
  - a. Aberdeen Heat and Power;
  - b. Aberdeen Performing Arts;
  - c. Aberdeen Sports Village;
  - d. [Bon Accord Care](#);
  - ~~d-e.~~ [bp Aberdeen Hydrogen Energy Ltd](#) and
  - ~~e-f.~~ [Sport Aberdeen](#).
- 21) The Risk Board, chaired by the Chief Officer – Governance, will review these Terms of Reference annually to ensure their ongoing appropriateness in monitoring ALEO governance.

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	A	B	C	D	E	F	G	H	I	J
	Area of Assurance	Item	Purpose	TOR	Aberdeen Heat and Power	Aberdeen Performing Arts	Aberdeen Sports Village	Bon Accord Care	bp AHEL	Sport Aberdeen
1	<b>Governance</b>	Training and Development Programmes	Assurance on the on-going training and development of Board members including any changes to Board stature, rationale for any structure changes, and training plans for Board members.	15(e) 16	June	June	June	June	June	June
2		Policies	Assurance that the board has clear policies and procedures for its members to ensure that potential conflicts of interests are identified, declared and acted upon.	15	June	June	June	June	June	June
3		Governance Documentation	Assurance that ALEOs articles of association are clear, remain up-to-date, and reflective of how the ALEO functions and operates.	15	June	June	June	June	June	June
4		Governance Documentation	Assurance of on-going review of all governance documentation and policies. The assurance will be provided through a short written summary of planned and completed activities in this area.	15	November	November	November	November	November	November
5	<b>Risk Management</b>	Risk Environment	Assurance that risks are being regularly reviewed in accordance with the organisation's agreed risk management policy. The assurance will be provided through a short written summary of ALEOs current risk environment, including risks that been added, escalated or de-escalated rather than through provision of the risk register. This will also include an overview of activity and controls in place across the three lines of defence.	13(b)	June	June	June	June	June	June
6		Risk Register	Assurance that risks are being regularly reviewed in accordance with the organisation's agreed risk management policy, are kept under regular review with control actions monitored to completion, and are linked to the achievement of outcomes for the ALEO and the Council. This assurance will be provided through provision of risk registers and relevant supporting minutes/documentation.	13(b)	November	November	November	November	November	November
7		Internal and External Audit	Assurance that ALEOs have risk-based internal and external audit plans in place and a process to address and close out audit recommendations to completion.	13(f)	June	June	June	June	November	June
8			Assurance that there have been no internal control failures or that any failures have been addressed and/or notified if they are of significance to the Council.							

	A	B	C	D	E	F	G	H	I	J
9		Resilience	Assurance that appropriate business continuity arrangements are in place, including testing and exercising arrangements or schedules which recognise the evolving risk environment for the Place; in particular that provision is made within plans and exercising to ensure resilience around critical service delivery; that each organisation has an awareness of the Council's responsibilities as a Cat 1 responder under the Civil Contingencies Act and has agreed mechanisms in place to support these; and that each organisation is fully conversant with the implications for their operations of the CONTEST Strategy (UK Govt strategy for counter-terrorism)	13(e)	November	November	November	November	November	November
10	<b>Finance</b>	Quarterly Trading Accounts	Assurance that accounts are being managed within budget, that the level of financial risk to the Council is low and that there is compliance with the Following the Public Pound Code of Practice.	14	June November	June November	June November	June November	June November	June November
11		Medium-Term Financial Planning and Financial Resilience	Assurance that ALEOs undertake medium-term financial planning or have incorporated medium term planning into a Business Plan to provide assurance that ALEOs are prepared for core funding pressures. Again this ensures compliance with the Following the Public Pound Code of Practice.	14	June November	June November	June November	June November	June November	June November
12		Audited Annual Accounts 2021-22	Assurance that accounts are being managed within budget, are in line with statutory requirements and Following the Public Pound Code of Practice, and that the level of financial risk to the Council is low.	14	November	November	June November	November	November	November



## ABERDEEN CITY COUNCIL

<b>COMMITTEE</b>	Audit, Risk and Scrutiny Committee
<b>DATE</b>	23 March 2023
<b>EXEMPT</b>	No
<b>CONFIDENTIAL</b>	No
<b>REPORT TITLE</b>	Corporate Risk Register, Cluster Assurance Maps, and Inspections Planner
<b>REPORT NUMBER</b>	COM/23/070
<b>DIRECTOR</b>	Gale Beattie
<b>CHIEF OFFICER</b>	Jenni Lawson
<b>REPORT AUTHOR</b>	Ronnie McKean
<b>TERMS OF REFERENCE</b>	Remit 1.1

### 1. PURPOSE OF REPORT

- 1.1 To present the Corporate Risk Register, Cluster Assurance Maps and Inspections Planner and to provide assurance on the Council's overall system of risk management.

### 2. RECOMMENDATION(S)

That the Committee:-

- 2.1 note the Corporate Risk Register set out in Appendix A;
- 2.2 note the Cluster Assurance Maps provided at Appendix B; and
- 2.3 note the Inspections Planner provided at Appendix C.

### 3. CURRENT SITUATION

- 3.1 The Audit, Risk and Scrutiny Committee is responsible for overseeing risk management on behalf of the Council and for receiving assurance that the Extended Corporate Management Team (ECMT) are effectively identifying and managing risks. Reviewing the strength and effectiveness of the Council's system of risk management as a whole is a key role for the Committee. It is the role of the Council's other Committees to scrutinise the Cluster Risk Registers that are relative to each Committee remit to receive assurance of the controls in place.
- 3.2 The Council's Corporate Risk Register (CRR) captures the risks which pose the most significant threat to the achievement of our organisational outcomes and have the potential to cause failure of service delivery and is a tool with which risk is managed by Clusters and Functions.
- 3.3 The CRR is scrutinised by the Risk Board after being updated by risk managers and owners. The CRR was last reported to the Committee in February 2022

and the Council's Risk Management Framework requires that the CRR should also be reported here annually. An updated version is attached to the report at Appendix A.

- 3.4 The risks contained within the Corporate Risk Register are grouped below by risk category and show the Council's corresponding risk appetite for the category as set within the Council's Risk Appetite Statement (RAS) which are accurate at time of writing. A separate report contains proposals to amend the existing RAS.

The Clusters are working towards a target risk score which aligns with the risk appetite.

<b>Risk Category</b>	<b>Risk Title</b>	<b>Target Risk Appetite</b>	<b>Aligned with RAS?</b>
Strategic	Workforce Capacity and Organisational Resilience	Averse	Yes
Compliance	Civil Contingencies Compliance	Averse	Yes
	Health & Safety Compliance	Averse	Yes
Operational	Excessive resettlement and asylum demand and risk of harm	Averse	Yes
	Cyber Security	Cautious	Yes
	Industrial Action – Pay Negotiations	Averse	Yes
Financial	Supply Chain - Commodity Risks	Averse	Yes
	Financial Sustainability	Averse	Yes
Environment/Climate	Climate Change (Place)	Cautious	Yes

- 3.5 Committee is asked to note that the risks contained in the CRR are those which ECMT and the Risk Board consider the most significant at the time of writing. These must be read alongside the Assurance Maps for each risk, where the completed control actions for these risks are documented – in each case, there are controls already in place, and those yet to be completed.

- 3.6 Below is a comparison with the corporate risks reported to Committee in February 2022:

De-escalated to Cluster level:

1. Information Governance to reflect progress and assurance provided by effective risk mitigation and controls. The risk will continue be monitored by the Cluster and the Information Governance Group.

2. Climate Duties – Council Compliance to reflect progress and level of assurance provided by effective risk mitigation and controls. The risk will continue to be monitored by the Cluster and the Climate Change Oversight Group.

Escalated to Corporate level:

1. Resettlement and Asylum Demand to reflect the in-year increase in demand following the war in Ukraine, concurrent with populations from Afghanistan and Syria.

Remaining on Corporate Risk Register:

1. Financial Sustainability
2. Health and Safety Compliance
3. Civil Contingencies Compliance
4. Cyber Security
5. Climate Change (Place)
6. Industrial Action – Pay Negotiations

Redrafted:

1. Workforce Capacity and Capability has been recast as Workforce Capacity and Organisational Resilience to reflect the impact of growing budget pressures on the workforce.

3.7 Risks are also monitored and managed through Cluster Risk Registers and may be escalated to the CRR if deemed necessary. When the Risk Board receives the required assurance that significant risks are being managed, they will agree to de-escalate them back to Cluster level. This will generally be the case when the target risk score is achieved, and the residual risk is aligned with the Risk Appetite Statement.

3.8 The CRR provides the organisation with the detailed information and assessment for each risk identified including:

- **Current risk score** – this is current assessment of the risk by the risk owner and reflects the progress percentage of control actions required in order to achieve the target risk score.
- **Target risk score** – this is the assessment of the risk by the risk owner after the application of the control actions.
- **Control Actions** – these are the activities and items that will mitigate the effect of the risk event on the organisation.
- **Risk score** – each risk is assessed using a 4x6 risk matrix as detailed below.

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

Impact	Score						
<b>Very Serious</b>	4	4	8	12	16	20	24
<b>Serious</b>	3	3	6	9	12	15	18

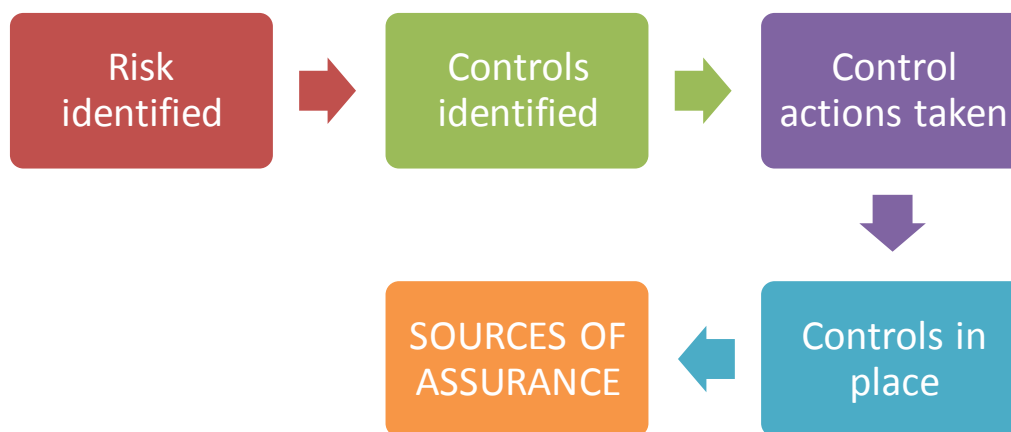
<b>Material</b>	2	2	4	6	8	10	12
<b>Negligible</b>	1	1	2	3	4	5	6
<b>Score</b>		1	2	3	4	5	6
<b>Likelihood</b>		Impossible	Almost Very Low	Low	Significant	High	Very High

3.9 Development and improvement of the CRR and the associated processes has continued since the CRR was last reported to the Committee:

- The Council's Risk Appetite Statement (RAS) has been reviewed and updated and is before the Committee for approval today.
- "Managing Risk" pages were published on the Council's intranet pages which contains information and links for officers and elected members on the Council's RAS, Risk Management Policy, Guidance and Training. This is a positive step forward in embedding our risk management culture and ensuring everyone knows the part they play in managing risks within the wider system.
- Training was provided to officers on the updated Committee report template risk sections that were reviewed and updated to reflect RAS, ensuring that officers fully align their proposals to elected members with the Council's agreed risk appetite statement.
- Risk owners and leads continue to review and update risk registers to improve monitoring and reporting across the organisation. These are mechanisms which reflect the day to day business of assessing and mitigating the risks and opportunities inherent in delivering public services.

#### Assurance Maps

3.10 The risk registers which are reviewed by the Council's Committees detail the risks identified within each of the relevant Functions and Clusters and provide detail of the risk, the potential impact and consequence of the risk materialising and the control actions and activities required to manage and mitigate the risk. Assurance Maps provide a visual representation of the sources of assurance associated with each Cluster so that the Committee can consider where these are sufficient. Sources of assurance are controls which are fully effective, following the completion of control actions. Presentation of each Cluster's assurance map provides full sight of the defences we have in place as an organisation to manage the risks facing local government.



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

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

3.12 Clusters will continue to review and update assurance maps to support their Risk Registers, and these will be reported to the operational committees over the course of the year.

#### Inspections Planner

3.13 The Inspections Planner provides Committee with a timetable of anticipated and planned external/internal audits and third-part regulatory inspections and compliance audits that are specified within the “Third Line of Defence” on each Assurance Map. These audits and inspections provide the Council with independent assurance of regulatory compliance and best practice to achieve and maintain accreditation. Where relevant, the improvement recommendations and actions arising from these audits and inspections will continue to be reported to the relevant Committees for review.

3.14 The Inspections Planner, together with the Assurance Maps, will continue to be kept under review throughout the year and updated as control actions are completed and become sources of assurance.

3.15 In previous years, the Local Area Network (LAN) produced a local report for this Committee to advise on inspections to be carried out in the coming year by external scrutiny bodies. Audit Scotland have confirmed that this report is no longer produced, but that the body incorporate any areas of concern from the LAN into the annual external audit report. This will be submitted to the Committee in June.

#### 4. FINANCIAL IMPLICATIONS

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

#### 5. LEGAL IMPLICATIONS

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

#### 6. ENVIRONMENTAL IMPLICATIONS

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

#### 7. RISK

7.1 There are no risks arising from the recommendations in this report. The report provides information on the Council's system of risk management and the improvements designed to make the system robust and fit for the changing social, political and economic environment in which we operate. The system ensures that all risks attaching to the Council's business and strategic priorities are identified, appropriately managed and are compliant its statutory duties.

The assessment of risk contained within the table below is considered to be consistent with the Council's Risk Appetite Statement.

Category	Risks	Primary Controls/Control Actions to achieve Target Risk Level	*Target Risk Level (L, M or H)  *taking into account controls/control actions	*Does Target Risk Level Match Appetite Set?
<b>Strategic Risk</b>	The council is required to have a management system in place	The council's risk management system requires that risks are identified,	L	Yes

	to identify and mitigate its risks.	listed and managed via Risk Registers.		
<b>Compliance</b>	As above.	As above.	L	Yes
<b>Operational</b>	As above.	As above.	L	Yes
<b>Financial</b>	As above.	As above.	L	Yes
<b>Reputational</b>	As above.	As above.	L	Yes
<b>Environment / Climate</b>	As above.	As above.	L	Yes

## 8. OUTCOMES

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

## 9. IMPACT ASSESSMENTS

Assessment	Outcome
<b>Integrated Impact Assessment</b>	Not required
<b>Data Protection Impact Assessment</b>	Not required
<b>Other</b>	Not applicable

## 10. BACKGROUND PAPERS

10.1 None

## 11. APPENDICES

11.1 Appendix A – Corporate Risk Register

11.2 Appendix B – Cluster Assurance Maps

11.3 Appendix C – Inspections Planner

## 12. REPORT AUTHOR CONTACT DETAILS

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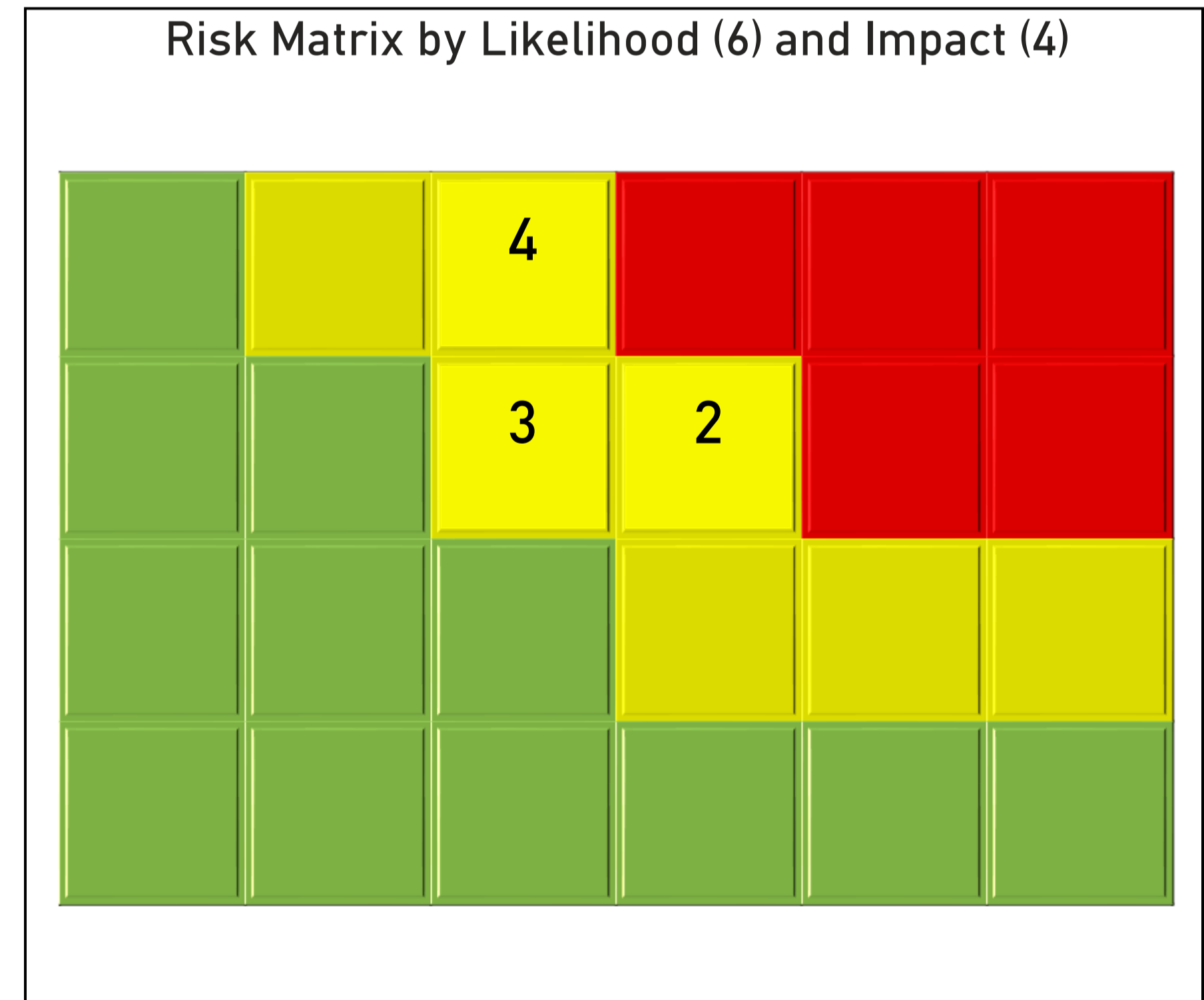


# Corporate Risk Register

Current Corporate Risks	CURRENT RISK SCORE
Civil Contingencies	9
Climate Change (Place)	12
Cyber Security	12
Excessive resettlement and asylum demand and risk of harm.	9
Financial Sustainability	9
Health & Safety Compliance	12
Industrial Action – Pay Negotiations	12
Supply Chain - Commodity Risks	12
Workforce Capacity and Organisational Resilience	12

Number of Corporate Risks

9



FUNCTION	CLUSTER	RISK OWNER	RISK LEAD
Commissioning	Governance	Vikki Cuthbert	Fiona Mann

RISK TITLE	RISK DESCRIPTION	CONTROL ACTIONS	TARGET RISK SCORE	CURRENT RISK SCORE	CURRENT LIKELIHOOD	CURRENT IMPACT	TARGET COMPLETION DATE
Civil Contingencies	Risk of non-compliance with the Council's responsibilities as a Category 1 responder under the civil contingencies legislation and guidance	<p>1. Develop a CONTEST delivery plan (to include all four strands Prevent, Protect, Prepare and Pursue) based on the national delivery framework by 31st December 2023.</p> <p>2. Complete emergency plans for power resilience, City Centre lockdown and Move to Critical. Complete guidance for multi-agency response for Council venues. All plans and guidance to take account of increasing likelihood and impact of climate events.</p> <p>Power Resilience (NETS Failure) consultation on draft - March 23.</p> <p>Move to Critical and Lockdown plans - Dec 23 alongside completion of CONTEST Delivery Plan.</p> <p>Pollution plan not required - LRP Plan exists and O&amp;PS contracts with Briggs Marine.</p> <p>3. Creation of a City Persons at Risk Database - November 2022 interim solution available. Next iteration to be complete by June 23.</p> <p>4. Community Resilience - increase number of Community Resilience Groups in 2023. Comms and engagement plan continue to promote community resilience - Dec 23</p>	6	9	3	3	31 December 2023

FUNCTION	CLUSTER	RISK OWNER	RISK LEAD
Commissioning	Strategic Place Planning	David Dunne	Alison Leslie

RISK TITLE	RISK DESCRIPTION	CONTROL ACTIONS	TARGET RISK SCORE	CURRENT RISK SCORE	CURRENT LIKELIHOOD	CURRENT IMPACT	TARGET COMPLETION DATE
Climate Change (Place)	Failure (where ACC has scope to influence), to contribute to a reduction in city-wide emissions and to address strategic climate risks for the city. These include heavy winter rainfall, flooding, a rise in sea level, reduction summer rainfall, higher temperatures.	<ol style="list-style-type: none"> <li>1. Review and develop city climate change partnership governance structure/s appropriate for meeting the aims of the Net Zero Aberdeen Route-Map and Aberdeen Adapts Framework.</li> <li>2. Establish processes for analysis of and monitoring city wide emissions, scenario modelling to inform optimal interventions (at appropriate times) and performance reporting, by April 2023.</li> <li>3. Develop an engagement plan to support delivery of the objectives of the Net Zero Aberdeen Routemap and Aberdeen Adapts.</li> <li>4. Develop and prioritise collaborative work programmes for Net Zero Aberdeen Routemap and Aberdeen Adapts.</li> <li>5. Identify appropriate funding mechanisms, relevant to project priorities, including opportunities for economies of scale.</li> </ol>	8	12	3	4	29 March 2024

FUNCTION	CLUSTER	RISK OWNER	RISK LEAD
Customer	Digital & Technology	Steve Roud	Lita Greenwell

RISK TITLE	RISK DESCRIPTION	CONTROL ACTIONS	TARGET RISK SCORE	CURRENT RISK SCORE	CURRENT LIKELIHOOD	CURRENT IMPACT	TARGET COMPLETION DATE
Cyber Security	There is a risk that the council's services are significantly impacted by a cyber attack	<ul style="list-style-type: none"> <li>1. Cyber hygiene is maintained through regular patching and equipment refresh - 31/03/24</li> <li>2. Application estate is modernised and technical debt is removed or re-factored - 31/03/24</li> <li>3. Adoption of public cloud (IaaS and SaaS) is used to spread risk -31/03/24</li> <li>4. Move towards zero trust infrastructure - 30/06/23</li> <li>5. Compliance with PSN (Complete) and Cyber essentials. - 31/03/23</li> </ul>	8	12	3	4	31 March 2024

FUNCTION	CLUSTER	RISK OWNER	RISK LEAD
Customer	Early Int. & Community Emp.	Derek McGowan	Derek McGowan

RISK TITLE	RISK DESCRIPTION	CONTROL ACTIONS	TARGET RISK SCORE	CURRENT RISK SCORE	CURRENT LIKELIHOOD	CURRENT IMPACT	TARGET COMPLETION DATE
Excessive resettlement and asylum demand and risk of harm.	<p>There is a risk that Aberdeen City Council and partners are unable to provide appropriate levels of support to people arriving in the city as refugees or asylum seekers.</p> <p>There is a risk to business continuity and service delivery in core services due to this increased demand.</p>	<p>Identification of resettlement needs and risks via Inward Migration Multi-Agency Group workplan – on-going</p> <p>Attend meetings / liaison with SG WSW delivery board, Home Office and Asylum Partnership Group and Resettlement Tactical Group to maintain situational awareness – on-going</p> <p>Ensure all children and young people of school age are enrolled in education and attending; and all are offered a health assessment on arrival - on-going</p> <p>Attend fortnightly meetings with SG Better Homes Division to monitor progress against the targets in the grant funding agreement - on-going</p> <p>Attend fortnightly meetings with Landlords, Home Office and Mears Housing to support movement of asylum seekers into settled accommodation – on-going</p>	6	9	3	3	31 March 2024

FUNCTION	CLUSTER	RISK OWNER	RISK LEAD
Resources	Finance	Jonathan Belford	Helen Sherrit

RISK TITLE	RISK DESCRIPTION	CONTROL ACTIONS	TARGET RISK SCORE	CURRENT RISK SCORE	CURRENT LIKELIHOOD	CURRENT IMPACT	TARGET COMPLETION DATE
Financial Sustainability	<p>Failure to deliver financial sustainability due to:</p> <p>Failure to align resources to commissioning intentions and service standards</p> <p>Inadequate financial reporting and planning</p> <p>Failure to respond to external factors</p> <p>Failure of partners, businesses or the 3rd sector</p> <p>Failure of transformation plans, projects or service redesigns</p> <p>Inadequate financial stewardship or capability</p>	<p>1. Achieve going concern status encompassing medium- and long-term planning assumptions and valuations in 21-22 accounts audit with work now commencing on the 22-23 accounts.</p> <p>2. The Medium-Term Finance Strategy was refreshed in August 22 taking account of the Scottish Government Resource Spending Review announced at the end of May 22 and the key Council strategic policies and priorities, work now progressing in developing a balanced budget for 23-24.</p> <p>3. Roll out the risk-based approach to the Counter Fraud Policy to those clusters where significant risk could exist has been completed by 30 September 22, and is ongoing for all other clusters.</p> <p>4. Completed a self-evaluation of the FM code criteria and reflected in AGS for March 22, this will be undertaken again for the 22-23 accounts in March 23.</p> <p>5. Scrutinise on a project by project basis the cost estimates at key stages of the delivery.</p> <p>6. Contract Managers are to complete a template which will allow them to test and challenge contract cost increases which will ensure they are achieving best value from the supply chain - on-going when required by contract managers.</p> <p>7. On-going assessment of impacts to ACC staff, assets and finances resulting from National Care Service</p>	6	9	3	3	29 June 2023



FUNCTION	CLUSTER	RISK OWNER	RISK LEAD
Commissioning	Governance	Vikki Cuthbert	Colin Leaver

RISK TITLE	RISK DESCRIPTION	CONTROL ACTIONS	TARGET RISK SCORE	CURRENT RISK SCORE	CURRENT LIKELIHOOD	CURRENT IMPACT	TARGET COMPLETION DATE
Health & Safety Compliance	Risk of non-compliance with Health and Safety legislation and practices resulting in harm to the workforce and/or members of the public	<p>1. Confirm H&amp;S mandatory training requirements within each Cluster as part of broader training needs analysis by PO&amp;D by 31st March 2022 COMPLETE</p> <p>2. Roll out H&amp;S module of Core HR and link to the Assurance dashboard of the Managers' Portal and implement across SMTs, H&amp;S Function Groups and ECMT by 30th April 2023</p> <p>3. Completion of action plans for Asbestos Compliance and Lone Working by 30th April 2023</p> <p>4. Completion of post-COVID H&amp;S Action Plan to embed good practices from the pandemic in BAU by 31st May 2023</p>	6	12	3	4	30 March 2023

FUNCTION	CLUSTER	RISK OWNER	RISK LEAD
Customer	People & Organisational Development	Isla Newcombe	Isla Newcombe

RISK TITLE	RISK DESCRIPTION	CONTROL ACTIONS	TARGET RISK SCORE	CURRENT RISK SCORE	CURRENT LIKELIHOOD	CURRENT IMPACT	TARGET COMPLETION DATE
Industrial Action – Pay Negotiations	Industrial action in schools impacts on delivery of SQA exam diet and on wider workforce capacity	<ol style="list-style-type: none"> <li>1. Timetable allocation of senior staff in schools to cover absences on exam days - by 31st March 2023</li> <li>2. Put in place contingency arrangements to cover schools where there is not cover available – by 31st March 2023</li> <li>3. Action Plan to ensure that vulnerable pupils requiring extra support during exams are provided for - by 31st March 2023</li> <li>4. Report special leave requests on strike days to monitor impact on workforce capacity – by 31st March 2023</li> <li>5. Ensure business continuity plans in highest risk areas of workforce are fully updated – by 28th February 2023</li> <li>6. Comms to pupils and parents to provide reassurance that the risk is being mitigated and comms to staff to provide guidance on use of leave for strike days – by 31st March</li> <li>7. Liaise with COSLA to ensure information is current - Isla Newcombe &amp; Jonathan Belford - on-going</li> <li>8. Touch base with local TU reps on a weekly basis to gather all available information - on-going</li> </ol>	6	12	3	4	30 March 2023



FUNCTION	CLUSTER	RISK OWNER	RISK LEAD
Commissioning	Commercial & Procurement	Craig Innes	Melanie McKenzie

RISK TITLE	RISK DESCRIPTION	CONTROL ACTIONS	TARGET RISK SCORE	CURRENT RISK SCORE	CURRENT LIKELIHOOD	CURRENT IMPACT	TARGET COMPLETION DATE
Supply Chain - Commodity Risks	1. Impacts on Supply Chain due to Brexit/Covid in particular market pressure/uncertainty in Food/Construction Materials 2. Inflation affecting key commodities as a result of Covid/Brexit and market volatility i.e. Utilities/Construction & Construction Materials/Food/Waste/Transportation/Fuel/Manufacturing i.e. Vehicle Purchase 3. Further impacts caused by Invasion of Ukraine - particularly in Energy for example. 4. Shortages across certain commodities leading to issues in delivery of goods/alternatives having to be investigated and/or sought	1. Monitor price increases and continue to challenge (Track & Report on Increases at each quarterly Strategic Procurement Board) along with reports on market trends - Ongoing  2. Review of pricing mechanisms within contracts and amendment of templates by 30.06.23  3. Develop programme of regular review of product availability with services & suppliers/Work with Scotland Excel & Framework Suppliers to look at alternatives where shortages are indicated - Ongoing  4. Work with Scotland Excel to further develop information	6	12	4	3	31 December 2023

FUNCTION	CLUSTER	RISK OWNER	RISK LEAD
Customer	People & Organisational Development	Isla Newcombe	Lindsay MacInnes

RISK TITLE	RISK DESCRIPTION	CONTROL ACTIONS	TARGET RISK SCORE	CURRENT RISK SCORE	CURRENT LIKELIHOOD	CURRENT IMPACT	TARGET COMPLETION DATE
Workforce Capacity and Organisational Resilience	Risk that changes to the workforce, i.e. reduction or movement in response to external factors, significantly impact on our capacity and ability to deliver critical services and on the resilience of our workforce.	<ul style="list-style-type: none"> <li>1. Delivery of year one workforce capacity aspects of Tom 1.2 including Workforce Strategy and Workforce Delivery Plan - by 31st March 2024</li> <li>2. Completion of VSER process 23/24 including capture of knowledge and requirements of each role being removed, including mandatory training, approvals and delegations attached to these roles, in order to mitigate against internal control failures resulting from loss of key staff – by 31st March 2024</li> <li>3. Agree and implement an escalation process for services to identify gaps in service delivery – to be owned by ECMT - by 30th April 2023</li> <li>4. Redesign of teams around Organisational Design Principles to ensure teams are resilient to any reduction in capacity and loss of capability - 31st March 2024</li> <li>5. Embed revised Service Standards where this is going to impact on customer requests, complaints and enquiries – 31st March 2024</li> </ul>	6	12	4	3	31 March 2024

Assurance Map		
Capital		
Cluster Risk Register Risks:		
<ol style="list-style-type: none"> <li>1. <b>Capital Project:</b> Budget Allocations - Budget allocations within approved Outline Business Cases of projects are insufficient for project development/construction and any associated future maintenance obligations.</li> <li>2. <b>Capital Projects:</b> Developer Obligations Income - The income from Developer Obligations is less than expected.</li> <li>3. <b>Capital Projects:</b> Financial Stewardship - Risk that management failures / slippage in the delivery of capital projects / failure to secure and or retain funding from external sources , impacts negatively on the Council's financial stewardship.</li> <li>4. <b>Capital Projects:</b> Resource – Lack of staff resources , which impacts negatively on the delivery of capital projects.</li> <li>5. <b>Concurrent Risks:</b> External Impacts (Covid, Brexit, War, etc) - External factors such as Covid - 19 pandemic, Brexit, Ukraine (war), having a direct impact on the deliverability of projects/programmes contained within the approved Capital Programme.</li> <li>6. <b>Construction delays due to interruption to supplies of materials:</b> Construction projects delayed due to interruptions to supplies of construction materials due to Covid, Brexit, climate events or industrial action.</li> </ol>		
First Line of Defence (Do-ers)	Second Line of Defence (Helpers)	Third Line of Defence (Checkers)
<ul style="list-style-type: none"> <li>• Trained and qualified staff.</li> <li>• Follow Project Management protocols for project delivery.</li> <li>• Ensure project/programme risk register review meetings include consideration of any financial impact on the wider capital portfolio and any implications this may have across the Council.</li> <li>• Ensure key/sensitive projects allocated to managers with appropriate skills.</li> <li>• Review risk management training programme for key staff.</li> <li>• Seek guidance from Project Management Office.</li> <li>• Plan for good communication across Clusters .</li> <li>• Consider availability to utilise ACC staff with appropriate skill out with the Capital team to deliver the capital programme of projects.</li> </ul>	<ul style="list-style-type: none"> <li>• CMT Boards.</li> <li>• Council Committees.</li> <li>• Resources Function Senior Management Team (SMT) undertakes review of Cluster Operational Risk Register.</li> <li>• Review by Chief Officer Capital and provide any key updates to Director of Resources and other Chief Officers.</li> <li>• Review by Capital Board.</li> <li>• Report any issues by exception to the Performance Board.</li> <li>• Policy Documentation.</li> </ul>	<ul style="list-style-type: none"> <li>• External Audit.</li> <li>• Internal Audit – Capital Project Management – February 2022</li> </ul>

<ul style="list-style-type: none"> <li>• Consider availability of using consultant/contractor frameworks to facilitate the delivery of the capital programme of projects .</li> <li>• Ensure consultation with other key Chief Officers .</li> <li>• Cost estimates for key projects to be reviewed at key stages of delivery.</li> <li>• For significant/key projects ensure an independent cost estimate review check is carried out, prior to approving OBC.</li> <li>• Regular progress meetings.</li> <li>• Where appropriate maintain close collaboration with other Chief Officers throughout delivery.</li> <li>• Regular reporting to Finance Officers, monthly.</li> </ul>		
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<b>Assurance Map</b>		
<b>Cluster – Children &amp; Families Services (Children’s Social Work)</b>		
<b>Cluster Risk Register Risks:</b>		
<ol style="list-style-type: none"> <li>1. <b>Budgets/Cost of care</b> - Continuing demand for care outstrips supply. As cost of living rises, fees are likely to increase.</li> <li>2. <b>Child Migration including unaccompanied asylum-seeking children and young people (UASC)</b> - Risk is that there is insufficient resource to meet demand and that this position compromises the care, protection and wellbeing of children and their families.</li> <li>3. <b>Workforce (Children’s Services)</b> - Recruitment of staff continues to be a challenge within Social Work and Social Care within Children's Services.</li> <li>4. <b>CareFirst System Failure</b> - Risk of major CareFirst systems failure</li> </ol>		
<b>First Line of Defence (Do-ers)</b>	<b>Second Line of Defence (Helpers)</b>	<b>Third Line of Defence (Checkers)</b>
<ul style="list-style-type: none"> <li>• Trained and qualified staff</li> <li>• Professional Supervision in place for all CSW staff ensuring day to day service delivery.</li> <li>• Team Managers/SM's oversight of finances for teams</li> <li>• Agreed health and safety procedures – all staff supported to familiarise as part of induction.</li> <li>• All staff involved in risk assessment process</li> <li>• Team Business Continuity Plans in place</li> <li>• Tracking and monitoring arrangements in place in all schools to track performance and delivery of statutory duties.</li> <li>• Learning from case reviews considered on single and multi-agency basis and embedded at practitioner level.</li> <li>• Voice of children and young people at the heart of service planning and improvement.</li> <li>• Regular analysis of CSW data to improvement planning on both single and multi-agency basis.</li> </ul>	<ul style="list-style-type: none"> <li>• CMT Boards</li> <li>• Council Committees</li> <li>• Health and Safety guidance for services, including Lone Working</li> <li>• Identified health and safety team link for all teams</li> <li>• Child protection and safeguarding guidance and professional learning available</li> <li>• Range of policies/procedures for schools to support consistent practice</li> <li>• SM QA activity within teams and through professional supervision.</li> <li>• Multi-agency Quality Improvement activity</li> <li>• Service Business Continuity Plan</li> <li>• Improvement groups comprising central Officers and school staff identify and address emerging risks</li> <li>• Data dashboard and Risk Register discussed fortnightly by SMT</li> <li>• Regular finance meetings with Senior Leadership Team</li> </ul>	<ul style="list-style-type: none"> <li>• Care Inspectorate Inspections</li> <li>• HSE Covid-19 inspections</li> <li>• Health and Safety Team compliance visits to work settings</li> <li>• ECMT data reviews</li> <li>• Performance reports to Committee</li> <li>• Annual reporting of Risk Registers to Committee</li> <li>• Regular contact with Scottish Government OCSA Team</li> <li>• External Audit</li> <li>• Monthly budget print outs • Annual External Audit and report • Annual Internal Audit Plan approved and overseen by Audit, Risk and Scrutiny Committee</li> <li>• Audit Scotland and National Audit reports</li> <li>• Internal Audit – Children with Disabilities – September 2022</li> <li>• Internal Audit – Out of Authority Placements – December 2022</li> </ul>

- Staff supported to fulfil registration requirements to ensure continuous professional development.

- Assurance Team
- Committee reports
- Regular contact with SWS and COSLA

Assurance Map		
City Growth		
Cluster Risk Register Risk:		
<p>1. <b>Concurrent Economic Events</b> - Impacts to the local economy from concurrent events such as COVID-19, EU-Exit, Oil &amp; Gas price fluctuations and inflationary pressures resulting in suppressed consumer demand and a cautious investment climate.</p>		
First Line of Defence (Do-ers)	Second Line of Defence (Helpers)	Third Line of Defence (Checkers)
<ul style="list-style-type: none"> <li>• Trained and qualified staff</li> <li>• Team Managers oversight of finances for teams</li> <li>• Agreed health and safety procedures – all staff supported to familiarise as part of induction.</li> <li>• All staff involved in risk assessment process</li> <li>• Team Business Continuity Plans in place</li> <li>• Operational plans and guidance including surveys, monitoring, committee reporting</li> <li>• Contract Management Guidance, policies and Procurement Regulations</li> <li>• Community involvement</li> <li>• Cross Service protocols and training events</li> <li>• Joint working with internal/external resources and services</li> <li>• Internal / external communication and networking</li> <li>• Committee reporting</li> <li>• LOIP objectives</li> <li>• Maintaining an awareness of current statutory requirements through receiving regular updates from Scottish Government and attending specific events</li> </ul>	<ul style="list-style-type: none"> <li>• CMT Boards</li> <li>• Council Committees</li> <li>• Senior Management Team undertakes review of Cluster Operational Risk Register and monthly budget and contract management</li> <li>• Oversight on service KPIs</li> <li>• Monitored SLAs with contracted service providers</li> <li>• Health and Safety guidance for services, including Lone Working</li> <li>• Identified health and safety team link for all teams</li> <li>• Annual review of up-to-date statutory training for areas of health and safety</li> <li>• Contract review by Demand Management Board</li> <li>• Plans and strategies to support the City's economic growth. Including Net Zero Vision and Prospectus for Aberdeen; Strategic Infrastructure Plan (Energy Transition); Aberdeen Hydrogen Strategy</li> <li>• Strategic Commissioning Committee</li> <li>• Inclusion in plans, programmes, strategies including those for planning, transport and housing</li> <li>• Local Outcome Improvement Plan (LOIP)</li> <li>• KPI's management established</li> <li>• Regional Economic Strategy</li> <li>• City Region Deal</li> <li>• Cultural Strategy</li> </ul>	<ul style="list-style-type: none"> <li>• Regional and National reports from Scottish Government, UK Government</li> <li>• Scottish Government performance review and reports</li> <li>• Community Planning Aberdeen Board (CPA Board)</li> <li>• Annual reporting of Risk Registers to Committee</li> <li>• Economic Policy Panel</li> <li>• APSE benchmarking</li> <li>• Net Zero city governance - Net Zero Leadership Board and Net Zero Transition Delivery Unit</li> <li>• Strategic input from regional and national partners in museums, galleries, tourism and events</li> <li>• Health and Safety Executive</li> <li>• Food Standards Scotland</li> <li>• Internal Audit – Heritage and Historical Assets – December 2022</li> </ul>

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<b>Assurance Map</b>		
<b>Corporate Landlord</b>		
<b>Cluster Risk Register Risks:</b>		
<p>1. <b>Failure to deliver asset valuations</b> - Risk of failure to complete the asset valuation which is required for the council financial accounts.</p> <p>2. <b>Inadequate Asset Management Planning</b> - Risk that resources will not be allocated appropriately and efficiently if asset management plan is not in place and is not robust.</p> <p>3. <b>Risk of non-compliance with Statutory Compliance with Council Properties</b> - The Council is required to safeguard its employees and members of the public to ensure their health and safety through effective implementation of statutory maintenance and compliance checks such as asbestos management plans, gas safety certification, legionella testing etc.</p> <p>4. <b>Risk to the delivery of Capital and Revenue Income</b> - The Cluster has income targets for capital and revenue income.</p>		
<b>First Line of Defence (Do-ers)</b>	<b>Second Line of Defence (Helpers)</b>	<b>Third Line of Defence (Checkers)</b>
<ul style="list-style-type: none"> <li>• Trained and qualified staff</li> <li>• Operational procedures and guidance including those set out in the Business Continuity Plans in the event of a system or process failure.</li> <li>• Risk Assessments.</li> <li>• Staff training and development on business continuity arrangements.</li> <li>• Analysis following activation of Customer Experience Cluster Senior.</li> <li>• Management Team (SMT) undertakes review of Cluster Operational Risk Register.</li> <li>• Staff have appropriate training, qualifications and engage with market and like professionals.</li> <li>• Regular marketing and income meetings.</li> <li>• Use of external property consultants, management agreements and managing agents as appropriate.</li> <li>• Resource plan developed.</li> <li>• Use of external advisors in specialised areas.</li> </ul>	<ul style="list-style-type: none"> <li>• CMT Boards</li> <li>• Council Committees</li> <li>• Policy Documentation.</li> <li>• Resources Senior Management Team (SMT) undertakes review of Cluster Operational Risk Register.</li> <li>• Executive Board Structure</li> <li>• Assurance Team.</li> <li>• Business Continuity Group Sub-Group.</li> <li>• Annual reporting of Function / Cluster Risk Register to Operational Delivery Committee</li> <li>• Monthly budget print outs.</li> <li>• Capital Board – post project reviews and post occupancy evaluations.</li> </ul>	<ul style="list-style-type: none"> <li>• Internal Audit - <a href="#">Industrial and Commercial Property Rental Income and Void Control</a>.</li> <li>• External Audit.</li> <li>• RICS Registration.</li> </ul>

<ul style="list-style-type: none"><li>• Participation in national networks (CIPFA/ ACES/ RICS/ SHoPs etc.)</li><li>• Programmes of inspections for property portfolio.</li><li>• Contract management meetings.</li></ul>		
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<b>Assurance Map</b> <b>Cluster – Commercial &amp; Procurement Services</b>		
<b>Corporate Risk Register Risks:</b>		
<b>1. Supply Chain - Commodity Risks</b> 1. Impacts on Supply Chain due to Brexit/Covid in particular market pressure/uncertainty in Food/Construction Materials 2. Inflation affecting key commodities as a result of Covid/Brexit and market volatility i.e. Oil, Steel, Sugar 3. Market impacts due to invasion of Ukraine i.e. Energy 4. Shortages across certain commodities leading to issues in delivery of goods/alternatives having to be investigated and/or sought		
<b>Cluster Risk Register Risks:</b>		
<b>1. Non-Compliance with Procurement Regulations</b> 1. Contract Management - Risk that Strategic & Critical contracts and associated supplier relationships are not managed effectively, which can have a detrimental impact on the achievement of required outcomes to support commissioning intentions/delivery of LOIP outcomes/achievement of best value. 2. Non-Compliance - Governance Arrangements are not fully complied with by Delegated Procurers including seeking approval to go out to market, provision of Annual Procurement Workplans and ensuring contracts are recorded on the Contract Register, which could lead to the Council being in breach of Procurement Legislation.		
<b>2. Shared Service - Service Level Agreement - Delivery of KPI's</b> - Risk that Commercial & Procurement Shared Service are unable to deliver against agreed KPI's within Service Level Agreement: 1. Local Supplier Spend (Aberdeenshire) 2. Community Benefits/Fair Work (Highland) 3. Climate Change (3 Councils)		
<b>3. Shared Procurement Service Partner Withdrawal</b> - Partner to the Shared Service decides to withdraw.		
<b>4. Scotland Excel - Membership does not deliver anticipated benefits</b> - The ability of Scotland Excel to deliver against their objectives in relation to Financial Savings/Delivery of Community Benefits & Sustainable Procurement on behalf of the Shared Service Partner Authorities		
<b>5. Climate Change and severe weather affect the costs and availability of goods and services.</b> 1. Failure to embed climate change procurement policy, processes and to consider climate risks in the design life of procurements. 2. Production or supply chain disruptions impact critical services 3. Increase in flooding, heavy rainfall, storms, higher temperatures, a rise in sea level and drought cause damage to supplier's stock, result in delivery disruptions and cause depletion of resources, affecting the price of products and the availability of goods.		
<b>6. Procurement Fraud</b> - Public procurement is vulnerable to fraud and corruption because of the level of expenditure, the volume of transactions, the complexity of the process and the number of stakeholders involved, these vulnerabilities can also make public procurement a target for Serious & Organised Crime.		
<b>First Line of Defence</b> <b>(Do-ers)</b>	<b>Second Line of Defence</b> <b>(Helpers)</b>	<b>Third Line of Defence</b> <b>(Checkers)</b>

<ul style="list-style-type: none"> <li>• Online Staff Training &amp; Development</li> <li>• Operational procedures and guidance including Procurement Manual, Contract Management Guidance and Procurement Regulations</li> <li>• Procedures to implement contract management policies</li> <li>• CPSS Communication Plan – Regular communication with CO's/Service Managers/DPA's with updates/guidance</li> <li>• Procurement Fraud Risk Assessment</li> <li>• Price Increase Review Process/Tracker</li> <li>• Inflation Monitoring/Tracker</li> </ul>	<ul style="list-style-type: none"> <li>• CMT Boards</li> <li>• Council Committees</li> <li>• Senior Management Team (SMT) undertakes review of Cluster Operational Risk Register</li> <li>• Contract review by Demand Management Board</li> <li>• Strategic Procurement Board (Senior management representation from other Shared Service Partners)</li> <li>• Joint Procurement Strategy</li> <li>• Policy documentation including Sustainable Procurement and Community Benefits Policy</li> </ul>	<ul style="list-style-type: none"> <li>• Internal Audits on Procurement – <ul style="list-style-type: none"> <li>◦ <a href="#">Vehicle Replacement Policy and Procurement</a></li> </ul> </li> <li>• Annual External Audit and report</li> <li>• External reports from Scotland Excel including <ul style="list-style-type: none"> <li>◦ Procurement Capability and Improvement Plans (PCIP)</li> </ul> </li> <li>• Scottish Government performance review and reports (Annual Procurement Report)</li> </ul>
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**Assurance Map**  
**Cluster – Customer Experience**

**Cluster Risk Register Risk:**

1. **Customer Experience Service Delivery** - Risk to delivery of key front-line services in the event of failures of systems, processes, significant increase in demand (e.g., pandemic; rise in cost of living), or in the event of an incident, e.g., climate event.

First Line of Defence (Do-ers)	Second Line of Defence (Helpers)	Third Line of Defence (Checkers)
<ul style="list-style-type: none"> <li>• Trained and qualified staff with knowledge captured and shared to ensure business continuity</li> <li>• Operational Procedures, Guidance Documents and videos captured for future training requirements and business continuity</li> <li>• Use of technology (e.g., Robotic Process engineering) to provide enhanced resource and resilience to processes</li> <li>• Staff training and development</li> <li>• Operational Risk Assessments</li> <li>• Operational procedures and guidance including those set out in the Business Continuity Plans in the event of a system or process failure.</li> <li>• Operational Test Schedules for Business Continuity Plans</li> <li>• Disaster Recovery plan for Regional Contact Centre</li> <li>• Analysis following activation of business continuity arrangements / tests and improvement plans identified.</li> </ul>	<ul style="list-style-type: none"> <li>• CMT Boards</li> <li>• Council Committees</li> <li>• Customer Function Senior Management Team (undertakes review of Cluster Operational Risk Register)</li> <li>• Customer Experience Cluster Senior Management Team (undertakes review of Cluster Operational Risk Register)</li> <li>• Policy Documentation</li> <li>• Assurance Team</li> <li>• Business Continuity Sub-Group</li> </ul>	<ul style="list-style-type: none"> <li>• Internal Audit – Payroll and HR System Amendments – August 2022</li> <li>• Internal Audit – Debt Recovery – August 2022</li> <li>• Annual External Audit</li> <li>• HMRC Audit on PAYE</li> <li>• DWP Subsidy Audit</li> <li>• DWP Housing Benefit Review</li> <li>• Non-Domestic Rates NDRI – External Audit</li> </ul>

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<b>Assurance Map</b>		
<b>Data &amp; Insights</b>		
<b>Cluster Risk Register Risk:</b>		
<p>1. <b>Information Governance</b> - Risk that the Council's Information Governance Framework (people and behaviour, process and system, adapting and learning) is not sufficiently robust to ensure that council information and data is processed in a way which: i. mitigates potential harm to the rights and freedoms of data subjects arising from data processing ii. meets the Council's operational, strategic and accountability requirements (business and statutory); iii. demonstrates proper stewardship to deliver outcomes for our people, place and economy.</p>		
<b>First Line of Defence (Do-ers)</b>	<b>Second Line of Defence (Helpers)</b>	<b>Third Line of Defence (Checkers)</b>
<ul style="list-style-type: none"> <li>• Trained and qualified staff</li> <li>• Operational procedures and guidance notes, including consistent corporate processes for:               <ul style="list-style-type: none"> <li>- Data Protection Impact Assessment</li> <li>- Privacy notices</li> <li>- Data Protection Rights Requests</li> <li>- Incident reporting and handling</li> <li>- Information Sharing Agreement and contractual arrangements</li> <li>- Maintaining the Council's records of processing activities (Information Asset Register)</li> </ul> </li> <li>• Records Retention and Disposal Schedule</li> <li>• Mandatory Information Governance Staff Training</li> <li>• Clear and consistent roles and responsibilities in relation to data and information in Corporate Policy and supporting Handbooks of procedures</li> </ul>	<ul style="list-style-type: none"> <li>• CMT Boards</li> <li>• Council Committees</li> <li>• Effective Information Governance / DPO advice and support</li> <li>• Information Governance Group led by Senior Information Risk Owner (SIRO) reviews Quarterly Information Governance Assurance reports</li> <li>• Corporate Information Policy</li> <li>• Data Forums</li> <li>• Governance including annual Information Governance Assurance Statement</li> <li>• Internal Information Assets Assurance Cycle</li> <li>• CCTV Assurance Framework</li> </ul>	<ul style="list-style-type: none"> <li>• External scrutiny of Council's arrangements in relation to DP and PRSA in the form of Reports, inspections, and audits from the Information Commissioners Office and the Keeper of the National Records of Scotland</li> <li>• Internal Audit – Commissioning – November 2022</li> </ul>

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Assurance Map		
Digital & Technology		
<b>Corporate Risk Register Risk:</b>		
1. <b>Cyber Security</b> - Risk that Cyber security threats are not sufficiently mitigated against to protect the Council, its essential functions and customer data		
<b>Cluster Risk Register Risks:</b>		
1. <b>Climate Change - Digital Infrastructure</b> - Digital infrastructure will be impacted by adverse incidents caused by climate change (flooding, extreme weather) resulting in disruption to the delivery of council services.		
2. <b>Sustainability of support services</b> - On premise infrastructure and networks are not supportable due to the availability of replacement components.		
First Line of Defence (Do-ers)	Second Line of Defence (Helpers)	Third Line of Defence (Checkers)
<ul style="list-style-type: none"> <li>• Trained and qualified staff</li> <li>• IT Security Technologies – devices to filter traffic and protect network, virus control software and domain access rules e.g. Conditional Access and Encryption</li> <li>• Proactive Monitoring &amp; Alerting</li> <li>• Operational procedures and guidance notes</li> <li>• Mandatory Information Governance Staff Training and IT Security Staff Training</li> <li>• Investigation into incidents and breaches</li> <li>• Patch Management</li> <li>• System Change Management process via Change Advisory Board</li> <li>• Threat Hunting</li> </ul>	<ul style="list-style-type: none"> <li>• CMT Boards</li> <li>• Council Committees</li> <li>• D&amp;T Senior Management Team (SMT) undertakes review of Cluster Operational Risk Register</li> <li>• Information Governance Group</li> <li>• ICT System Risk Assessments</li> <li>• Data Privacy Impact Assessments</li> <li>• Vendor Management</li> <li>• Policy documentation including, Information and Communication Technology (ICT) Acceptable Use Policy and ICT Access Control Policy, Protective Monitoring Policy</li> <li>• Annual review against Public Sector Cyber Security Framework</li> </ul>	<ul style="list-style-type: none"> <li>• External IT Health Checks for PSN Accreditation by Surecloud. Surecloud are National Cyber Security Centre and Check approved.</li> <li>• External Penetration testing on internet facing services by Surecloud. Surecloud are National Cyber Security Centre and Check approved.</li> <li>• Public Services Network (PSN) assurance review annually</li> <li>• Cyber Essentials Plus assurance</li> <li>• Internal Audit – IT Infrastructure Resilience – September 2022</li> </ul>

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Assurance Map		
Cluster – Early Intervention and Community Empowerment		
<b>Corporate Risk Register Risk:</b>		
1. <b>Excessive resettlement and asylum demand and risk of harm</b> - There is a risk that Aberdeen City Council and partners are unable to provide appropriate levels of support to people arriving in the city as refugees or asylum seekers and there is a risk to business continuity and service delivery in core services due to this increased demand.		
<b>Cluster Risk Register Risks:</b>		
1. <b>Inability to meet the Unsuitable Accommodation Order</b> - There is a risk to the Council of not being compliant with the Homeless Persons (Unsuitable Accommodation) (Scotland) Order		
2. <b>Rental income from Council Housing</b> - There is a risk of reduced Rental Income to the HRA and General Fund arising from COVID-19 crisis and as we transition to new welfare support mechanisms.		
3. <b>Risk to the welfare of children, young people and families due to the increase in the cost of living, and the long-term impact of Covid-19</b>		
4. <b>Safeguarding amongst refugee communities</b> - There is a risk that safeguarding issues for children and adults become prevalent and cannot be assessed as refugee communities move from hotel accommodation to settled accommodation.		
5. <b>Void Property Management</b> - There is a risk that the level of void properties leaves ACC unable to house applicants appropriately or timeously, affecting quality of life, increasing spend on hotels and reducing rental income.		
First Line of Defence (Do-ers)	Second Line of Defence (Helpers)	Third Line of Defence (Checkers)
<ul style="list-style-type: none"> <li>• Trained and qualified staff</li> <li>• Operational procedures and guidance documentation</li> </ul>	<ul style="list-style-type: none"> <li>• CMT Boards</li> <li>• Council Committees</li> <li>• Policy Documentation</li> <li>• Senior Management Team (SMT) undertakes review of Cluster Operational Risk Register</li> <li>• Full Council</li> <li>• Organisational Resilience Group</li> <li>• Asylum, Refugee, and Inward Migration Multi-Agency Group</li> <li>• Warm Scottish Welcome Delivery Board</li> </ul>	<ul style="list-style-type: none"> <li>• Internal Audit - <a href="#">Housing Waiting List and Allocations</a></li> <li>• Annual External Audit and report</li> <li>• Community Planning Aberdeen</li> <li>• Education Scotland - CLD Strategy and performance (HGIOCLD)</li> <li>• Scottish Housing Regulator - Annual return on housing performance; annual risk assessment</li> </ul>

	<ul style="list-style-type: none"><li>• Resettlement Tactical Group</li><li>• Home Office Afghan Resettlement Meetings</li><li>• Scottish Government Better Homes Division</li></ul>	<ul style="list-style-type: none"><li>• Scottish Social Services Council - Registered Housing Support Services</li><li>• Care Inspectorate for Registered Housing Support Services</li><li>• Scotland and Scottish Library &amp; Information Council - Ambition &amp; Opportunity: National Strategy for Public Library Services, and performance framework (HGIOPLS)</li><li>• Scotland and Scottish Library &amp; Information Council and Education Scotland -Vibrant Libraries thriving schools : Strategy for School Libraries -and performance HGIOSL</li><li>• Financial Inclusion Team - Scottish National Standards for Advice and Information Providers Scottish Legal Aid Board</li><li>• Scottish Government - Child Poverty Action Plan</li><li>• Scottish Government Homelessness reporting and Rapid rehousing Transition Plan scrutiny</li></ul>
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<b>Assurance Map</b>		
<b>Cluster – Education Service</b>		
<b>Cluster Risk Register Risks:</b>		
1. <b>Education - Demographic demands</b> - Growing demographic demands result in service delivery pressures 2. <b>Child Migration</b> – Risk that there is insufficient resource to meet demand and that this compromises the care protection and wellbeing of children and their families		
<b>First Line of Defence (Do-ers)</b>	<b>Second Line of Defence (Helpers)</b>	<b>Third Line of Defence (Checkers)</b>
<ul style="list-style-type: none"> <li>• Trained and qualified staff</li> <li>• School Leadership Team oversight and quality assurance of day to day operations and finances in school</li> <li>• School health and safety procedures agreed annually</li> <li>• All staff involved in school risk assessment process</li> <li>• Designated school Health and Safety Reps</li> <li>• Risk assessments shared with all staff including Trade Union reps</li> <li>• School risk registers in place in all schools with effective mechanisms in place for review and escalation</li> <li>• School Business Continuity Plans in place</li> <li>• Tracking and monitoring arrangements in place in all schools to track attainment</li> <li>• School positive behaviour management procedure agreed yearly</li> <li>• School child protection and safeguarding procedures agreed yearly</li> <li>• Yearly analysis of school community data to inform the school improvement plan</li> </ul>	<ul style="list-style-type: none"> <li>• CMT Boards</li> <li>• Council Committees</li> <li>• Health and Safety guidance for schools</li> <li>• Identified health and safety team link for all schools</li> <li>• Child protection and safeguarding guidance and professional learning available to schools</li> <li>• Range of policies/procedures for schools to support consistent practice</li> <li>• Quality Improvement Framework setting expectations around accountability</li> <li>• Quality Improvement Visits to schools and Early Learning and Childcare provision</li> <li>• Quality Improvement Team monitoring of live data</li> <li>• Service Business Continuity Plan</li> <li>• Monitoring of complaints</li> <li>• Improvement groups comprising central Officers and school staff identify and address emerging risks</li> <li>• Weekly Trade Union meetings</li> <li>• Engagement with Parents and Carers</li> <li>• Data dashboard and Risk Register discussed fortnightly by Senior Leadership Team</li> </ul>	<ul style="list-style-type: none"> <li>• Education Scotland inspections</li> <li>• Care Inspectorate Inspections</li> <li>• HSE inspections</li> <li>• Health and Safety Team compliance visits to schools</li> <li>• ECMT data reviews</li> <li>• External Audit</li> <li>• Monthly budget print outs</li> <li>• Annual Internal Audit Plan</li> <li>• Audit Scotland and National Audit reports</li> <li>• Internal Audit – School Estate and Pupil Security – March 2022</li> </ul>

- Regular review of applications for school placements in order to identify emerging trends
- Regular meetings with Higher Education to understand demand for school placements from international students
- Calendar of data gathering around the health and wellbeing needs of pupils
- Monitoring of levels of vacancy in schools and ELC provisions
- In-service days and staff meetings to address any identified vulnerabilities

- Regular finance meetings with Senior Leadership Team
- Assurance Team
- Regular contact with ADES and COSLA

Assurance Map		
Finance		
<b>Corporate Risk Register Risk:</b>		
<p>1. <b>Financial Sustainability</b> - Failure to deliver financial sustainability due to:</p> <ul style="list-style-type: none"> <li>• Failure to align resources to commissioning intentions and service standards</li> <li>• Inadequate financial reporting and planning</li> <li>• Failure to respond to external factors</li> <li>• Failure of partners, businesses or the 3rd sector</li> <li>• Failure of transformation plans, projects or service redesigns</li> <li>• Inadequate financial stewardship or capability</li> </ul>		
<b>Cluster Risk Register Risk:</b>		
<p>1. <b>Failure to deliver key financial services in the event of the failure of plans, capabilities, systems and processes</b></p> <ul style="list-style-type: none"> <li>• Failure to deliver statutory monitoring</li> <li>• Failure to administer NESPF</li> <li>• Failure to provide business advice and financial implications of change</li> <li>• Inability to deliver key service standards and customer service</li> <li>• System failure</li> <li>• Failure of financial policies and controls, loss of income, poor management of council finances</li> <li>• Failure to make benefits of technology and best practice</li> <li>• Reputational damage and poor relationship management</li> </ul>		
First Line of Defence (Do-ers)	Second Line of Defence (Helpers)	Third Line of Defence (Checkers)
<ul style="list-style-type: none"> <li>• Annual statements of accounts and quarterly reporting including valuations and balance sheet</li> <li>• Medium Term Financial Strategy and Budget setting</li> <li>• Monthly and Quarterly monitoring and reporting of budget including contingent liabilities</li> </ul>	<ul style="list-style-type: none"> <li>• Finance and Resources Committee scrutiny of all financial decisions</li> <li>• Pensions Committee scrutiny of pensions decisions</li> <li>• Audit, Risk and Scrutiny Committee oversight of risk management system</li> <li>• Audit Risk and Scrutiny oversight of Internal and External Audit reports</li> </ul>	<ul style="list-style-type: none"> <li>• Annual External Audit and report of ACC Accounts, Pension Funds and Group Accounts</li> <li>• Annual Internal Audit Plan based on risk and approved and overseen by Audit, Risk and Scrutiny Committee</li> <li>• Annual credit rating review</li> <li>• London Stock Exchange compliance checks</li> <li>• National Audit reports and Best Value Audit</li> <li>• His Majesty's Revenue and Customs Inspections</li> </ul>

<ul style="list-style-type: none"> <li>• Financial protocols in Scheme of Governance, Financial Regulations and associated financial procedures and practices</li> <li>• Financial policies and procedures including Counter Fraud, Following the Public Pound and Service Income</li> <li>• Financial Implications review of all committee reports</li> <li>• Treasury Management reviews with our treasury consultants</li> <li>• Monitoring of Finance Cluster and Institutional risks</li> <li>• FM Code Self Assessment</li> <li>• Pension fund management protocols and procedures</li> <li>• Task plans, CR&amp;D and Succession Plans</li> <li>• Horizon Scanning reviews</li> <li>• Embedding new impacts into BAU e.g. refugee costs, Monitoring and grant claims</li> <li>• Budget holder training</li> </ul>	<ul style="list-style-type: none"> <li>• Council and specific Charitable Trust Boards</li> <li>• Other Committees as applicable</li> <li>• Finance SMT</li> <li>• CMT and ECMT</li> <li>• Risk Board</li> <li>• Strategy Board</li> <li>• Transformation Board</li> <li>• Performance Board</li> <li>• ALEO assurance hub</li> <li>• IJB Risk Audit and Performance Board</li> </ul>	<ul style="list-style-type: none"> <li>• Treasury, Directors of Finance and other bodies reports and advice</li> <li>• Charities Commission (OSCR) reports and advice and reports on Trust Accounts</li> <li>• Scottish Government Returns e.g. budget and out-turn data, grant claim criteria</li> <li>• Data required by other grant funders and stakeholders of ACC</li> <li>• ICAS and CIPFA trainer accreditations</li> <li>• Benchmarking – LGBF and Directors of Finance</li> <li>• The Pensions Regulator</li> <li>• Bond Trustee</li> <li>• Internal Audit – Revenue Budget Monitoring – February 2022</li> </ul>
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<b>Assurance Map</b>		
<b>Governance</b>		
<b>Corporate Risk Register Risks:</b>		
1. <b>Civil Contingencies</b> - Risk of non-compliance with the Council's responsibilities as a Category 1 responder under the civil contingencies legislation and guidance 2. <b>Health &amp; Safety Compliance</b> - Risk of non-compliance with Health and Safety legislation and practices resulting in harm to the workforce and/or members of the public		
<b>Cluster Risk Register Risk:</b>		
1. <b>Legal Services Income</b> - Risk that Legal Services Income is impacted due to Covid-19 and Inflation pressures		
<b>First Line of Defence (Do-ers)</b>	<b>Second Line of Defence (Helpers)</b>	<b>Third Line of Defence (Checkers)</b>
<ul style="list-style-type: none"> <li>• Mandatory health and safety training requirements included in training needs analyses for Clusters</li> <li>• Trained and qualified staff</li> <li>• Training and exercising plan for DERCs, Tactical Leads, ALEOs and operational staff on the components of emergency response.</li> <li>• Risk assessments and project risk registers</li> <li>• RIDDOR reporting (Reporting of Injuries, Diseases and Dangerous Occurrences Regulations)</li> <li>• Investigations into incidents and breaches of H&amp;S policy or legislation.</li> <li>• Protocols, Plans &amp; Guidance to implement policies</li> <li>• Protest Management Plan</li> <li>• Duty Emergency Response Coordinators (DERCs)</li> </ul>	<ul style="list-style-type: none"> <li>• CMT Boards</li> <li>• Council Committees</li> <li>• Corporate Management Team</li> <li>• Scheme of Governance</li> <li>• Local Code of Corporate Governance</li> <li>• Annual Governance Statement</li> <li>• Risk Appetite Statement</li> <li>• Risk Registers</li> <li>• Legislation and Consultation Trackers</li> <li>• Risk Horizon Scanning Tracker</li> <li>• Generic Emergency Plan and Activation Packs</li> <li>• Fulltime EPR&amp;C Lead and Officer post</li> <li>• DERC, UDERC and Tactical Lead rota</li> <li>• Resilience Hub including DERC Handbook and Materials and regular updates, including for UNICORN</li> </ul>	<ul style="list-style-type: none"> <li>• Health and Safety Executive</li> <li>• Scottish Fire and Rescue Service Audits</li> <li>• Care Inspectorate inspections</li> <li>• Education Scotland inspections</li> <li>• Traffic Commissioner Scotland</li> <li>• External Audit</li> <li>• North Regional Resilience Partnership</li> <li>• Grampian Local Resilience Partnership (GLRP) and GLRP Working Group</li> <li>• GLRP P&amp;J Liaison Group</li> <li>• Local Authority Resilience Group Scotland (LARGS)</li> <li>• North East CONTEST Multi-Agency Group</li> <li>• Information Commissioner's Office (regarding data protection)</li> </ul>

<ul style="list-style-type: none"> <li>• Tactical Leads to support DERCs with emergency response</li> <li>• Housing and Flooding rotas to support emergency response</li> <li>• RCC, with Page One process to support emergency activation of DERC.</li> <li>• Additional Tactical Leads matching DERC numbers (11 of each)</li> <li>• Tactical Lead buddy system</li> <li>• Business Continuity Plan for Governance</li> <li>• Civil Contingency Incident De-Briefs</li> <li>• Corporate Procedure: CCTV</li> <li>• Bond Governance Protocol</li> <li>• Implementation of a Radio system across City Centre ACC buildings for managing security incidents and response.</li> <li>• Representation from across ACC emergency response team members at the monthly Bridge Calls arranged by Police Scotland Crime and Counter Terrorism Unit. Covering all CONTEST strands updates, training opportunities and awareness raising</li> <li>• Community Resilience Groups (Bridge of Don/Danestone, Culter, Culter, Milltimber &amp; Bieldside)</li> </ul>	<ul style="list-style-type: none"> <li>• DERC, UDERC and Tactical Lead Training Materials</li> <li>• Resilience huddles across three Grampian local authorities including Scottish Govt rep.</li> <li>• Reception Centre Handbook including ALEO support</li> <li>• SCORDS Training Hub (Scottish Resilience Development Service)</li> <li>• Community Resilience Framework</li> <li>• ALEO Assurance Hub</li> <li>• Committee Effectiveness Reports</li> <li>• Revised Corporate H&amp;S Policy approved by Staff Governance Committee including inventory of H&amp;S procedures.</li> <li>• Process for approval of H&amp;S procedures (CO-G approves corporate, relevant CO approves Cluster specific).</li> <li>• H&amp;S Management System setting out roles and responsibilities</li> <li>• Document management system detailing corporate and local H&amp;S procedures and documents, including review dates and responsible officers.</li> <li>• First Aid training and E-Learning including: Intro to health and safety, Fire safety, Managing Safety, Manual Handling, asbestos awareness, Fire Marshall and warden responsibilities, working at height, displayscreen equipment.</li> <li>• Face to face H&amp;S training sessions on: risk assessment, lone working, COSHH risk assessment, Investigation, Incident reporting</li> <li>• Guidance on incident and near miss reporting.</li> <li>• Asbestos Working Group Terms of Reference, to monitor actions arising from breaches or HSE interventions.</li> <li>• Reporting to external bodies (HSE, Scottish Fire and Rescue Service and the Care Inspectorate)</li> <li>• Risk Assessment Guidance and templates (including COVID-19)</li> <li>• Compliance checks for COVID-19 risk assessments</li> <li>• Process for COVID-19 individual risk assessments</li> <li>• Guidance on homeworking during COVID-19</li> </ul>	<ul style="list-style-type: none"> <li>• Office of the Scottish Information Commissioner (regarding freedom of information)</li> <li>• Investigatory Powers Commissioner's Office</li> <li>• Credit Rating Agency</li> <li>• Accounts Commission</li> <li>• Audit Scotland</li> <li>• CIPFA</li> <li>• Standards Commission for Scotland</li> <li>• Commission for Ethical Standards in Public Life in Scotland</li> <li>• Law Society of Scotland</li> <li>• Office of the Scottish Charity Regulator (relevant where ACC itself is a charity trustee)</li> <li>• Financial Conduct Authority (regarding Stock Exchange bonds)</li> <li>• External competent bodies (regarding statutory inspection of plant and equipment)</li> <li>• Electoral Commission</li> <li>• Electoral Management Board for Scotland</li> <li>• Internal Audit – Corporate Health and Safety – November 2022</li> </ul>
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	<ul style="list-style-type: none"><li>• Process for review of Scottish Government guidance on COVID-19 to update internal guidance</li><li>• Trades Union/Director Group</li><li>• Health and Safety Trade Union meeting</li><li>• Commissioning, Customer, Resources and Trades Unions Health and Safety Group</li><li>• Operations and Trade Unions Health and Safety Group</li><li>• Information Governance Group</li><li>• Public Protection Committee</li><li>• Risk Management Policy</li><li>• Business Continuity Policy</li><li>• International Twinning Grant Criteria Policy</li><li>• Appointment of Elected Members to Outside Bodies Policy</li><li>• Licensing Policies</li><li>• Licensing Committee</li><li>• Licensing Board</li><li>• Organisational Resilience Group</li><li>• Business Continuity Sub-Group</li><li>• Policy Group</li><li>• Occupational Health Provider</li></ul>	
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Assurance Map		
Operations and Protective Services		
Cluster Risk Register Risks:		
<ol style="list-style-type: none"> <li>1. <b>Climate change – Tree Disease</b> - Risk to public safety, increased service demand, and staff H&amp;S operational risks within Operations &amp; Protective Services due to tree pest and diseases such as Ash Dieback and Dutch Elm.</li> <li>2. <b>Loss of Operator’s Licence</b> - Effect of services inability to use goods vehicles through loss of operator’s licence.</li> <li>3. <b>Loss of UKAS Accreditation</b> - The Laboratory losing, temporarily, its external UKAS accreditation following findings raised at either an annual, or unannounced UKAS visit.</li> <li>4. <b>Sea Defence Failure</b> - Failure of Sea Defences</li> <li>5. <b>Waste Disposal Failure</b> - Risk of waste disposal failure - loss of markets for materials or waste management contract failure</li> </ol>		
First Line of Defence (Do-ers)	Second Line of Defence (Helpers)	Third Line of Defence (Checkers)
<ul style="list-style-type: none"> <li>• Trained and qualified staff</li> <li>• Operational plans and guidance including surveys, monitoring of existing infrastructure, committee reporting and guidance</li> <li>• Contract Management Guidance and Procurement Regulations</li> <li>• Procedures to implement contract management policies</li> <li>• Operational procedures</li> <li>• Climate risk Assessments &amp; Guidance</li> <li>• Environmental risks (including climate risks) incorporated in business cases, committee reporting and guidance</li> <li>• Weather impact Assessments</li> <li>• Regular monitoring and Infrastructure Assessments</li> <li>• Budget planning for anticipated impacts/ budget requirements</li> <li>• Emergency plans, Operational response procedures</li> <li>• Investigation with other LA’s / SCOTS and our Legal teams whether we can refuse to sign up to the legal agreement</li> </ul>	<ul style="list-style-type: none"> <li>• CMT Boards</li> <li>• Senior Management Team (SMT) undertakes review of Cluster Operational Risk Register</li> <li>• Corporate Policy Documentation</li> <li>• Council Committees</li> <li>• Contract review by Demand Management Board</li> <li>• Strategic plans including North East Flood Risk Management Plan and Strategy; and development of Climate Adaptation Framework (Aberdeen Adapts)</li> <li>• Strategic Commissioning Committee</li> <li>• Inclusion in plans, programmes, strategies including those for planning, transport &amp; housing</li> <li>• Local Resilience Partnership undertaking resilience planning and preparedness across all partners</li> <li>• Public protection committee oversight of resilience arrangements</li> <li>• Local Outcome Improvement Plan (LOIP)</li> <li>• APSE benchmarking</li> <li>• Aberdeen Open Space Strategy</li> <li>• Aberdeen Food Growing Strategy</li> </ul>	<ul style="list-style-type: none"> <li>• Internal Audit – <a href="#">Vehicle Usage</a></li> <li>• Internal Audit - <a href="#">Vehicle Replacement Policy and Procurement</a></li> <li>• Internal Audit - <a href="#">H&amp;S in Operations and Protective Services</a></li> <li>• Annual Climate Change report (Public Bodies Climate Change Duties) submitted to Scottish Government</li> <li>• Regional and National reports from Scottish Government, UK Government and SEPA</li> <li>• North Regional Resilience Partnership</li> <li>• Grampian Local Resilience Partnership</li> <li>• Scottish Government performance review and reports</li> <li>• Testing of emergency plans at partner level</li> <li>• Adaptation Capability Framework Benchmarking Tool</li> <li>• North Regional Resilience Partnership</li> <li>• Community Planning Aberdeen Board (CPA Board)</li> </ul>

<ul style="list-style-type: none"> <li>• Service Business Continuity Plans</li> <li>• Roads Winter Maintenance Plans</li> <li>• Flood Risk Management Plans</li> <li>• Community involvement</li> <li>• Cross Service training events</li> <li>• Joint working with internal/external resources and Environmental Services</li> <li>• Park Management Plans</li> <li>• Internal / external communication and networking</li> <li>• Committee reporting</li> <li>• LOIP Improvement projects 11.3, 13.2</li> <li>• Maintaining an awareness of current accreditation requirements through receiving regular updates from UKAS • UKAS included as a main topic in team meetings and as an objective in PR&amp;Ds</li> <li>• Fleet Service Users</li> <li>• Drivers / Operators</li> <li>• Fleet Workshop Managers and Operatives</li> <li>• Waste Service Policies</li> </ul>	<ul style="list-style-type: none"> <li>• Partnership working through Northern Roads Collaboration Group / Committee</li> <li>• Comprehensive in-house quality system audit programme to cover all aspects of current quality systems.</li> <li>• Union partnership (safety representatives)</li> <li>• Planning works as per CDM regulations 2015</li> <li>• Risk assessment Method Statements and procedures established and reviewed</li> <li>• Coordination of works by team leaders</li> <li>• Team Leader supervision</li> <li>• Internal inspection regimes</li> <li>• Fleet Management / Compliance Team</li> <li>• Procurement Team</li> <li>• Operational management team, Contract managers, Team leaders, Risk control team</li> <li>• Customer feedback management system</li> <li>• KPI's management systems established</li> <li>• Service User's</li> </ul>	<ul style="list-style-type: none"> <li>• Local Outcome Improvement Plan (LOIP) Residual</li> <li>• Participation in external quality system audit programme to cover all aspects of current quality system</li> <li>• Participation in external quality system inspection programme to cover all aspects of current quality system</li> <li>• External Audit provider UK Logistics (FTA)</li> <li>• DVSA</li> <li>• Police Scotland</li> <li>• Catering Service Quality Management System, BSI 9001</li> <li>• CITB (Industrial Training Board) inspection/ audit</li> <li>• Skills development Scotland (Managing agency Tullos Training) Inspection/ audit</li> <li>• Gas Safe Register risk-based audit</li> <li>• Scottish Electrical Charitable Training Trust (Managing agency NICEIC) periodic audit</li> <li>• External fuel providers (contingency plan)</li> <li>• Scottish Road Works Commissioner – Annual Performance Review Report</li> <li>• Waste Data Flow Report to SEPA</li> </ul>
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**Assurance Map**  
**Strategic Place Planning**

**Corporate Risk Register Risks:**

1. **Climate Change (Place)** - Failure (where ACC has scope to influence), to contribute to a reduction in city-wide emissions and to address strategic climate risks for the city. These include heavy winter rainfall, flooding, a rise in sea level, reduction summer rainfall, higher temperatures.

**Cluster Risk Register Risk:**

1. **Strategic Plan Delivery – SPP** - Failure to deliver key strategic plans – staff and process restructuring risks

First Line of Defence (Do-ers)	Second Line of Defence (Helpers)	Third Line of Defence (Checkers)
<ul style="list-style-type: none"> <li>• Trained and qualified staff.</li> <li>• Team Managers oversight of finances for teams.</li> <li>• All staff involved in risk assessment process.</li> <li>• Team Business Continuity Plans in place.</li> <li>• Operational plans and guidance including surveys, monitoring, committee reporting.</li> <li>• Contract Management Guidance, policies and Procurement Regulations.</li> <li>• Environmental risks/ implications (including climate) incorporated in project plans, business cases, committee reporting and guidance.</li> <li>• Emergency plans.</li> <li>• Community involvement.</li> <li>• Agreed health and safety procedures – all staff supported to familiarise as part of induction.</li> <li>• Cross Service protocols and training.</li> <li>• Joint working with internal/external resources and services.</li> <li>• Internal / external communication and networking.</li> <li>• Committee reporting.</li> <li>• LOIP objectives.</li> <li>• Maintain an awareness of current statutory requirements.</li> <li>• Respond to internal and external consultation.</li> </ul>	<ul style="list-style-type: none"> <li>• CMT Boards.</li> <li>• Council Committees.</li> <li>• Council Climate Change Plan: Towards a Net Zero and Climate Resilient Council in place.</li> <li>• Council Climate Change Plan dashboard in place for monitoring.</li> <li>• Oversight Group for the Council Climate Change Plan meets monthly. Updates to the Performance Board.</li> <li>• Carbon budget approved.</li> <li>• Updated Aberdeen Adapts: Climate Adaptation Framework in place.</li> <li>• Net Zero Aberdeen Routemap: Towards becoming a net zero emissions city by 2045 in place.</li> <li>• 6 enabling strategies: Mobility, Buildings &amp; Heat, Circular Economy, Energy Supply, Natural Environment, Empowerment in place.</li> <li>• Net Zero Leadership Board (Place).</li> <li>• Net Zero Transition Delivery Unit (Place).</li> <li>• Senior Management Team undertakes review of Cluster Operational Risk Register and monthly budget and contract management.</li> <li>• Oversight on service KPIs.</li> <li>• Contract review by Demand Management Board.</li> <li>• Inclusion in plans, programmes, strategies including those for flooding, Aberdeen Local Development Plan, Local Transport Strategy, Local Housing Strategy, Aberdeen Open Space Strategy, Aberdeen Food Growing Strategy.</li> <li>• Customer Service Excellence accreditation.</li> <li>• Local Resilience Partnership undertaking resilience planning and preparedness across all partners.</li> <li>• Climate on the agenda for the City Resilience Group.</li> </ul>	<ul style="list-style-type: none"> <li>• Internal Audit - <a href="#">Climate Change</a></li> <li>• Annual Climate Change report (Public Bodies Climate Change Duties) submitted to Scottish Government.</li> <li>• Regional and National reports from Scottish Government, UK Government and SEPA.</li> <li>• Scottish Government performance review and reports .</li> <li>• Monitoring of current/ future climate risks affecting Aberdeen, in line with UK Climate Projections, UK Climate Risk Assessment.</li> <li>• Annual review against the Public Sector Adaptation Capability Framework.</li> <li>• Audit Scotland and National Audit reports .</li> <li>• Community Planning Aberdeen Board.</li> <li>• Local Outcome Improvement Plan (LOIP).</li> <li>• Participation in external quality system inspection programme Customer Service Excellence.</li> <li>• Annual reporting of Risk Registers to Committee.</li> <li>• Economic Policy Panel.</li> <li>• APSE benchmarking.</li> </ul>

	<ul style="list-style-type: none"><li>• Emergency plans eg flooding and storms</li><li>• Climate and Nature Pledge in place, microsite established.</li></ul>	
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Assurance Map		
People & Organisational Development		
<b>Corporate Risk Register Risk:</b>		
<ol style="list-style-type: none"> <li><b>Workforce Capacity and Organisational Resilience</b> - Risk that changes to the workforce, i.e., reduction or movement in response to external factors, significantly impact on our capacity and ability to deliver critical services and on the resilience of our workforce.</li> <li><b>Industrial Action – Pay Negotiations</b> - Industrial action in schools impacts on delivery of SQA exam diet and on wider workforce capacity.</li> </ol>		
<b>Cluster Risk Register Risk:</b>		
<ol style="list-style-type: none"> <li><b>P&amp;OD Service Delivery</b> - Risk to delivery of key services in the event of failures of systems, processes, or capabilities</li> </ol>		
First Line of Defence (Do-ers)	Second Line of Defence (Helpers)	Third Line of Defence (Checkers)
<ul style="list-style-type: none"> <li>Staff and managers implementing related procedures and guidance flowing from policies and ACC workforce Strategy</li> <li>P&amp;OD delivery against Workforce Strategy</li> <li>Assessment of people related risks by staff and managers</li> <li>People and Organisational Development (P&amp;OD) enabling effective people management, support and development through relevant advice to managers</li> <li>Managers undertaking relevant training and development</li> <li>Monitoring of employee related data by P&amp;OD and all Senior Management Teams via People Performance Dashboard</li> </ul>	<ul style="list-style-type: none"> <li>Staff related policies</li> <li>Relevant guidance for managers and staff available on People Anytime</li> <li>ACC Workforce Strategy and delivery plan</li> <li>Management and Leadership Training and Development Opportunities</li> <li>Job Families and Capability Framework i</li> <li>Re.cr.uit Scheme - Internal Recruitment and Internal Movement of Staff</li> <li>FAIR agreement with Trade Unions</li> <li>Regular engagement with Trade Unions including Directors Union Engagement meetings</li> <li>Oultined approaches to trade union and staff engagement and consultation (business case and adoption and change management approaches)</li> <li>Temporary Movement of Staff Protocol</li> </ul>	<ul style="list-style-type: none"> <li>COSLA – national negotiating body via SJC and SNCT.</li> <li>Scottish Government – checking compliance with national initiatives e.g. Early Years Expansion, Pupil Equity Fund</li> <li>Chartered Institute of Personnel Development (CIPD) / ACAS-- professional bodies available for benchmarking / best practice advice and guidance</li> <li>Society of Personnel and Development Scotland (SPDS) – professional body available for benchmarking / best practice advice and guidance and links into COSLA</li> <li>Her Majesty's Inspectorate of Education (HMiE) reports – use a sampling strategy for inspections</li> </ul>

<ul style="list-style-type: none"> <li>• Skills audits and professional development plans used to build training requirements and programmes of development</li> <li>• Managers engaging staff and trade unions during change in line with our people change procedures and approach</li> <li>• Managers' completing Continuous Review and Development and 1:1s</li> <li>• Leadership Forum</li> <li>• Staff and managers completing mandatory training requirements</li> <li>• Reporting of mandatory training completion and exception actions by managers</li> </ul>	<ul style="list-style-type: none"> <li>• E-learning system</li> <li>• Employee Assistance Programme and Occupational Health provider to support staff eg those reporting stress             <ul style="list-style-type: none"> <li>• Mental Health Action Plan and Substance Misuse Action Plan</li> <li>• Mental Health First Aid Network</li> <li>• Your Care online wellbeing staff portal</li> </ul> </li> <li>• CMT Boards</li> <li>• Council Committees</li> <li>• Corporate Management Team (CMT)</li> <li>• Data Protection processes and Information Governance including DPIAs</li> <li>• Employment Legal Team</li> <li>• Consultation and legislative tracker to horizon scan for changes in the law</li> <li>• Risk Appetite Statement</li> <li>• Business Continuity Sub-Group</li> <li>• Employee Data Forum</li> </ul>	<p>across school leadership and learning and teaching</p> <ul style="list-style-type: none"> <li>• GTCS/SSSC- set out registration requirements for specific parts of the workforce</li> <li>• Employer Accreditations including Quality of Working Lives, Investors in Young People, Disability Confident, Defence Employer Recognition Scheme, Equally Safe at Work</li> <li>• Benchmarking through Local Government Benchmarking forum (LGBF) measuring indicators such of cost of HR gender profile and workforce profile across all 32 Local Authorities (Statutory Performance Indicators)</li> <li>• Staffing Watch Report</li> <li>• Internal Audit – Staff Resourcing – August 2022</li> <li>• Internal Audit – Attendance Management – October 2022</li> </ul>
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	A	B	C	D	E	F
1	Function	Cluster	Inspection/Audit Activity Title	Focus Area	Year	Date
2	Operations	Children's & Family Services	Education Scotland Inspections of Schools	Compliance	2023	Continuous
3	Operations	Children's & Family Services	Care Inspectorate Inspections of ELC	ELC and National Standards	2023	Continuous
4	Operations	Children's & Family Services	Health and Safety team compliance visits to schools	H&S Compliance	2023	Continuous
5	Operations	Children's & Family Services	Performance reports to Committee	Attainment data	2023	Triannual
6	Operations	Children's & Family Services	Children's Social Care	Children's Care Home Inspections	2023	Continuous
7	Operations	Children's & Family Services	Secure Care Review	Compliance with National Standards	2023	September
8	Operations	Children's & Family Services	Mental Health Thematic Review	Compliance	2023	Yet to be notified
9	Operations	Digital & Technology	PCI Technical Assessment	Security	Continuous	Quarterly
10	Operations	Digital & Technology	External Network Penetration Assessment	Security	Continuous	Annual
11	Operations	Digital & Technology	Internal IT Health Check	Security	Continuous	Annual
12	Operations	Digital & Technology	Cyber Resilience Self Assessment	Security	Continuous	Continuous
13	Operations	Operations & Protective Services	UK Logistics (FTA)	Gate Inspections (depots) and Vehicle Inspections (Vehicle Depots)	2023	Monthly
14	Operations	Operations & Protective Services	UK Logistics (FTA)	Fleet - Vehicle Records - vehicles within the scope of ACC's Operator's Licence	2023	June
15	Operations	Operations & Protective Services	Quality Management System, BSI 9001:2015	FM Catering	2023	6 Monthly
16	Operations	Operations & Protective Services	SECT (Managing Agency NICEIC) Approved Contractor Scheme Periodic Audit	Building Services	2023	Periodic
17	Operations	Operations & Protective Services	Gas Safety Register (Gas Safe Register) Staff Registration	Building Services	2023	August
18	Operations	Operations & Protective Services	Skills Development Scotland (Managing Agency CITB)	Building Services	Continuous	Continuous
19	Operations	Operations & Protective Services	Scottish, Northern Ireland Employers Federation (Tullos Training)	Building Services	Continuous	Continuous
20	Operations	Operations & Protective Services	UKAS Accreditation	Compliance, systems and processes	2023	April
21	Operations	Operations & Protective Services	Inspection of Crematoria	Compliance - Regulations and record keeping (Inspectors Inspection)	2023	August
22	Operations	Operations & Protective Services	FSS (Food Standards Scotland) Food Law Enforcement	Compliance with Code of Practice	2023	Yet to be notified
23	Operations	Operations & Protective Services	Road Works Commissioners Office	Roadworks Register Annual performance figures	Annual	December
24	Operations	Operations & Protective Services	BSI - ISO 9001 - Roads Operations - Tullos	BSI - ISO 9001 - Roads Operations - Tullos	2023	6 Monthly
25	Customer	Customer Experience	DWP Housing Benefit Review	Compliance	2023	Nov
26	Customer	Customer Experience	Non-Domestic Rates NDRI – External Audit	Compliance	2023	January
27	Customer	Customer Experience	DWP Housing Benefit Subsidy Audit	Compliance	2023	November
28	Commissioning	Governance	Annual Credit Rating Assessment	Credit Rating	2023	November
29	Commissioning	Governance	External Audit Annual Report	Governance	2023	August
30	Commissioning	City Growth	AAGM Firearms license inspection undertaken by Police Scotland	Compliance	2026	March
31	Commissioning	City Growth	AAGM & Mairtime Museum Environmental Health - catering outlets	Compliance	2023	Annual
32	Commissioning	City Growth	Economic Policy Panel Annual Report	Credit Rating	Annual	December
33	Commissioning	City Growth	Audit Scotland - City Region Deal	Compliance with requirements	2023	April
34	Commissioning	Commercial & Procurement	PCIP (Procurement Commercial Improvement Programme)	Commercial Procurement	2023	Yet to be notified
35	Resources	People & Organisation	Equally Safe at Work Accreditation	Equality and Diversity	2023	March
36	Resources	Finance	Stock Exchange Reporting and Compliance	Finance	Continuous	Continuous
37	Resources	Finance	National Audit Reports - Finance/Going Concern	Finance	Annual	August
38	Resources	Finance	Charities Commission Accounts and Reports - Annual	Finance	Annual	December
39	Resources	Finance	SG Returns - LFR/POBE	Finance	Annual	Nov/April

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## ABERDEEN CITY COUNCIL

<b>COMMITTEE</b>	Audit, Risk and Scrutiny Committee
<b>DATE</b>	23 March 2023
<b>EXEMPT</b>	No
<b>CONFIDENTIAL</b>	No
<b>REPORT TITLE</b>	Annual Review - Risk Appetite Statement
<b>REPORT NUMBER</b>	COM/23/071
<b>DIRECTOR</b>	Gale Beattie
<b>CHIEF OFFICER</b>	Jenni Lawson
<b>REPORT AUTHOR</b>	Ronnie McKean
<b>TERMS OF REFERENCE</b>	Remit 1.1

### 1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to present the Council's updated Risk Appetite Statement (RAS) to Committee for approval.

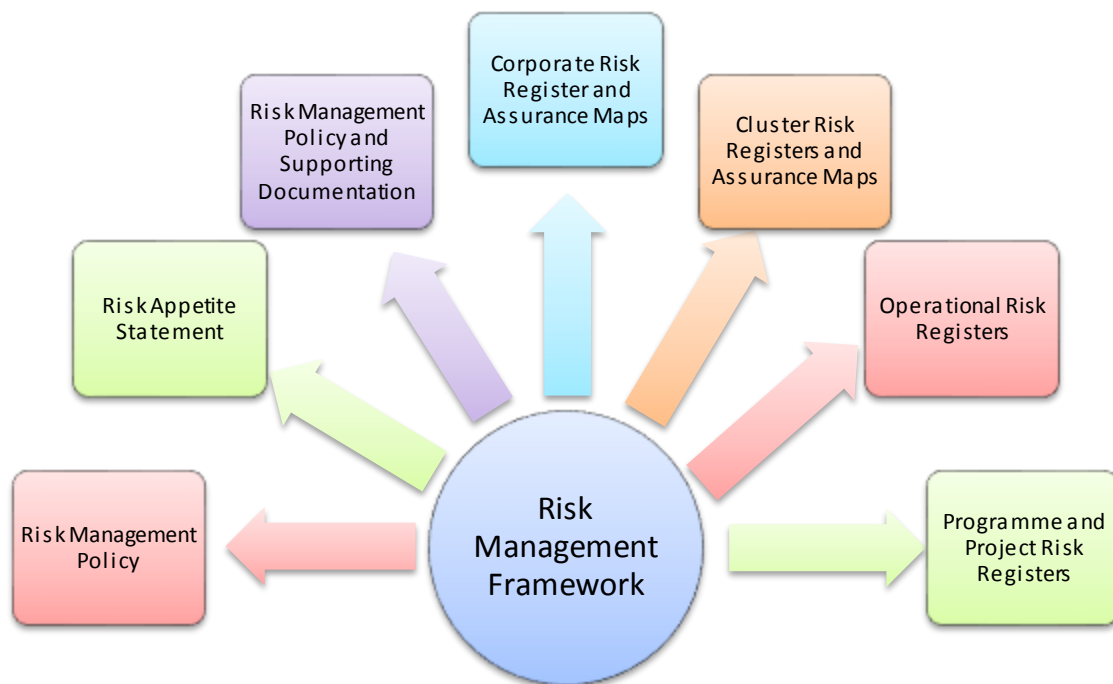
### 2. RECOMMENDATION(S)

It is recommended that the Committee:

- 2.1 Approve the updated Risk Appetite Statement, attached at Appendix A; and
- 2.2 Note the progress made towards embedding the RAS during 2022 and the training and engagement activities planned for 2023.

### 3. CURRENT SITUATION

- 3.1 The Council's RAS sets out the categories of risk recognised by the Council and the amount (extent) of risk that the Council is and is not prepared to tolerate in pursuit of its strategic outcomes. The RAS balances the relationship between acceptance of risk in one area to achieve the benefits or outcomes required in another area and recognises that there are both threats and opportunities in the management of risk.
- 3.2 The RAS was last reviewed by Committee in February 2022 and is a key element in the Council's risk management framework as illustrated below:



3.3 When the Council’s RAS was originally approved by Committee in December 2020. It was agreed by Committee that it would benefit from an annual review to ensure the levels of risk appetite are appropriate and accurate.

3.4 The process of embedding the RAS within the Council has continued to progress during 2022 and it has been used to guide strategic/operational proposals and decision making as demonstrated by the examples below:

- **CMT/ECMT** – Assessment of risks identified in projects to support budget delivery.
- **Executive Boards:**
  - Business Case Template – updated to reflect RAS in recommendations.
  - Corporate Risk “Deep Dive” Template reflects RAS
- **Scheme of Governance** – incorporated into the Council’s main governance documents, including Financial Regulations, Procurement Regulations and Powers Delegated to Officers
- **Health & Safety** - risk assessment procedure revised to assess risks identified against RAS.
- **Committee Report Template and Guidance** – updated to reflect alignment of risk and report recommendations with RAS
- **Council Policy Template and Guidance** – the Council’s policy documents are control documents designed primarily to eliminate or control risks. The risk section of the policy template and guidance ensures that policy authors identify and categorise the risks that the policy is seeking to mitigate. Authors are required to explain how each risk identified will be mitigated appropriately and in accordance with the Council’s RAS by considering the level of risk that the Council is willing to accept or avoid.
- **“Managing Risk” Intranet Pages** – pages that contain links accessible to Officers and Elected Members on the Council’s RAS, Risk Management Policy, Guidance and Training.

- **Risk Register Committee Reporting** – alignment of risks on risk register with RAS.
- **Internal Audit**
  - Council’s risk register and RAS were used in the formation of the 2023-26 Audit Plan.
  - Audit recommendations consider the level of risk appetite in the area audited to ensure they are proportionate to the level of risk appetite.

3.5 Further risk management training and engagement activities will be conducted during 2023. These activities will include:

- Further development of “Managing Risk” intranet pages.
- Elected Member training on risk and risk appetite.

3.6 The existing RAS was considered and reviewed by ECMT in December 2022 and CMT in January 2023. The revisions agreed and proposed are included in the updated RAS attached in Appendix A and are summarised below. If approved, the revisions will take effect from 1<sup>st</sup> April 2023.

- **Strategic Risk** – there was consensus that the appetite for this category should be changed from “hungry” to “open”. It was considered that this better reflects the required tolerance of risk to undertake the Council’s transformation activities within the current operating environment (e.g., economic volatility).
- **Financial Risk** - the appetite within this category has been changed from “open” to “cautious”. It is considered that this better reflects the current approach and decision making around longer term and capital financial investments within the current economic environment.

#### 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. ENVIRONMENTAL IMPLICATIONS

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

#### 7. RISK

7.1 There are no risks arising from the recommendations from the report. The RAS is a supporting document which forms part of the Council’s overall system of risk management. The risk management system ensures that all risks attaching to the Council’s business and strategic priorities are identified,

appropriately managed and that the Council's activities are compliant with its statutory duties.

The assessment of risk contained within the table below is considered to be consistent with the Council's Risk Appetite Statement.

<b>Category</b>	<b>Risks</b>	<b>Primary Controls/Control Actions to achieve Target Risk Level</b>	<b>*Target Risk Level (L, M or H)</b>  <small>*taking into account controls/control actions</small>	<b>*Does Target Risk Level Match Appetite Set?</b>
<b>Strategic Risk</b>	The council is required to have a management system in place to identify and mitigate its risks.	The council's risk management system requires that risks are identified, listed and managed via Risk Registers.	L	Yes
<b>Compliance</b>	As above.	As above.	L	Yes
<b>Operational</b>	As above.	As above.	L	Yes
<b>Financial</b>	As above.	As above.	L	Yes
<b>Reputational</b>	As above.	As above.	L	Yes
<b>Environment / Climate</b>	As above.	As above.	L	Yes

## 8. OUTCOMES

- 8.1 The recommendations within this report have no direct impact on the Council Delivery Plan however, the risks contained within the Council's risk registers could impact on the delivery of organisational outcomes.

## 9. IMPACT ASSESSMENTS

<b>Assessment</b>	<b>Outcome</b>
<b>Integrated Impact Assessment</b>	Not required
<b>Data Protection Impact Assessment</b>	Not required
<b>Other</b>	Not applicable

## 10. BACKGROUND PAPERS

- 10.1 None

## 11. APPENDICES



11.1 Appendix A – Annual Risk Appetite Statement – Proposed Changes

**12. REPORT AUTHOR CONTACT DETAILS**

<b>Name</b>	Ronnie McKean
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**Risk Appetite Statement**

**April 20232**

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## 1. Purpose

The Council's risk appetite statement sets out how the Council balances the risks and opportunities in pursuit of delivering the outcomes set out within the Local Outcome Improvement Plan and associated strategies.

The risk appetite statement is a key element that supports our Scheme of Governance and should provide guidance when decisions are made by Full Council, committees and sub-committees within their Terms of Reference, and officers under the Powers Delegated to Officers.

The statement will assist Council Officers and Elected members in considering their response to findings and recommendations arising from external audits and inspections.

There may be occasions where there are competing risks to which the Council has a competing risks and appetites. In such instances, the decision maker and/or the officer making a recommendation, will be expected to consider and manage those competing risks and appetites and exercise careful judgement.

From time to time, the Council may deviate from its agreed risk appetite. When this is case, it will be important to exercise judgement whilst assessing the potential impacts across the organisation.


The statement is reviewed annually by the Risk Board and the Corporate Management Team which will submit any proposals for revision to the Audit Risk and Scrutiny Committee.

## 2. Risk Categories

The Council recognises the following categories of risk:

- Strategic
- Compliance
- Operational
- Financial
- Reputational
- Environment/Climate

### 3. Risk Appetite Definitions

Appetite Level (determined by risk category)	Approximate Target Risk Score Equivalent	Description	<div style="text-align: center;"> <p><b>Threat</b></p>  <p><b>Opportunity</b></p> </div>
Averse	1-6 (Low)	<p>Avoidance of risk. Uncertainty in achievement of strategic objectives and delivery of outcomes is critical.</p> <p>Activities undertaken will only be those considered to carry virtually no risk</p>	
Cautious	8-9 (Medium)	<p>Willing to accept/tolerate a degree of risk when selecting which activities to undertake in order to achieve a significant reward and to achieve delivery of strategic outcomes and objectives. The activities may carry a high degree of risk that will be mitigated and controlled.</p>	
Open	10-12 (Medium)	<p>Undertakes activities by seeking to achieve a balance between a high likelihood of successful delivery and a high degree of reward and value for money. Activities themselves may potentially carry, or contribute to, a high degree of residual risk.</p>	
Hungry	15-24 (High)	<p>Eager to be innovative and choose activities that focus on maximising opportunities (additional benefits and goals) and offering potentially very high reward, even if these activities carry a very high residual risk.</p>	

## 4. Overarching Statement

Aberdeen City Council delivers a wide range of services to the citizens of Aberdeen. Risk management forms a fundamental part of its operations, and the Council recognises that whilst it may be desirable to avoid risks it must also accept risks in order for the Council to evolve and achieve its ambitions for the people and the place.

### Strategic

The Council is **cautious** to risks which may threaten the delivery of critical services, our outcomes and commissioning intentions.

However, the Council is **open hungry** to taking well managed risks when opportunities provide clear benefits allowing for improvement, innovation, and transformation.

The Council has an **open** appetite for risks that provide and contribute to the economic prosperity of the City.

### Compliance

The Council is **averse** to any risks that will result in non-compliance or breaches in statutory obligations, regulations, and law.

The Council is **cautious** when giving legal advice and considers the likelihood of any legal challenge and the likely success of any legal challenge.

### Operational

The Council is **cautious** to any risks that may have a negative effect on the health and safety, diversity and equality of its staff, elected members and members of the public.

The Council has an **open** appetite to the risks that allows it to manage service demand, continuously improve service delivery and performance.

### Financial

The Council is **averse** to risks associated with impairing financial stewardship, internal controls, and financial sustainability.

The Council has an **open** appetite for short-term risks that support financial performance and mitigate negative external factors. It has an **cautious open** appetite for longer term capital and financial investments provided that the risks are well managed and demonstrate realisable future benefits for delivering the Council's outcomes and commissioning intention

### **Reputational**

The Council relies on its reputation to ensure engagement with communities, partner organisations and stakeholders in order to deliver its strategic outcomes. The Council has a **cautious** appetite to reputational risk and will accept opposition when its activities and projects will provide longer-term benefits and improvements to service delivery, performance, outcomes and commissioning intentions.

### **Environment/Climate**

The Council has an **averse** appetite for any risks that may have a long-term detrimental impact upon the environment but is **hungry** for well managed risks in order to contribute to net zero corporate carbon emissions in the City by 2045.

The Council is **cautious** to any risks relating to the impact of climate change which may threaten the delivery of critical services, our outcomes and commissioning intentions.



## ABERDEEN CITY COUNCIL

<b>COMMITTEE</b>	Audit Risk and Scrutiny Committee
<b>DATE</b>	23 March 2023
<b>EXEMPT</b>	No
<b>CONFIDENTIAL</b>	No
<b>REPORT TITLE</b>	Business Continuity – Annual Report
<b>REPORT NUMBER</b>	COM/23/069
<b>DIRECTOR</b>	Gale Beattie
<b>CHIEF OFFICER</b>	Jenni Lawson
<b>REPORT AUTHOR</b>	Ronnie McKean
<b>TERMS OF REFERENCE</b>	1.2

### 1. PURPOSE OF REPORT

- 1.1 To provide the annual assurance report on the Council's Business Continuity arrangements that are required to comply with the requirements of a Category 1 responder under the Civil Contingencies Act 2004.

### 2. RECOMMENDATION(S)

That the Committee notes the activities undertaken in 2022 and planned in 2023 to review, exercise and improve the Council's Business Continuity arrangements.

### 3. CURRENT SITUATION

#### Legislative context

- 3.1 The Council is required to have Business Continuity arrangements in place as a Category 1 responder, as defined by the Civil Contingencies Act 2004, specifically:

- To maintain Business Continuity Plans (BCPs)
- To promote business continuity by providing advice and assistance to businesses and voluntary organisations

- 3.2 The Council's Business Continuity arrangements aim to increase the Council's resilience and minimise as far as is practicable the possible risk of disruption to Council services, particularly critical services. Given the number and range of critical services which the Council delivers, the continuing threat to these must be carefully mitigated.

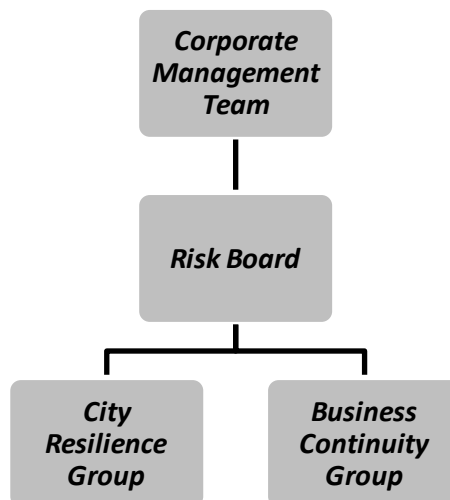
Disruptive events that may trigger activation of Business Continuity arrangements include:

- Loss of staff e.g., through illness, industrial action
- Loss of access to premises e.g., through power outage, flooding

- Loss of key I.T. systems/infrastructure e.g., through cyber-attacks or firewall failures
- Loss of key supplier/s e.g., through market disruption and wider economic forces.

**Internal Governance**

- 3.3 The Council's Risk Management and Business Continuity arrangements are complementary, working together to identify and manage the risk of disruption. Business Continuity Plans (BCP) are control documents that are designed to respond to, and mitigate risks identified by officers within risk registers that could affect the delivery of Council services. Our plans provide a framework that supports officers to anticipate, prepare for, prevent, respond to, and recover from disruptive events within agreed timescales.
- 3.4 Plans and the accompanying guidance are designed to support officers to assess the impact of disruptive events in order to develop robust activation and recovery plans that account for:
- Identification of critical services/processes
  - Minimum levels of service and maximum period of disruption
  - Minimum resources (staff, technology)
  - Key roles and responsibilities required to deliver the plan
  - Actions and activities required for plan activation and recovery
- 3.5 The Risk Board retains oversight of the Council's preparedness and response to incidents and emergencies which are undertaken by the City Resilience Group (reported to the Communities, Housing and Public Protection Committee) and the Business Continuity Group (BCG) reported to Audit, Risk and Scrutiny Committee.



- 3.6 The Council's BCG is chaired by the Corporate Risk Lead (CRL) and helps to provide assurance to the Risk Board that:
- Critical services and functions have plans in place;
  - Plans are maintained and reviewed;

- Plans are tested in accordance with the testing/exercise schedule; and
- Good practice and improvement activities can be shared and communicated with other plan holders across the organisation.

### **Summary of Activity in 2022/23**

3.7 The Group's activities in 2022 focused principally on 1) the commencement of table-top exercises in accordance with the 2022 Plan Test List and 2) very specific activities to ensure that all Clusters' and ALEOs' plans were prepared to respond to the impact of planned and unplanned power outages due to energy shortages in the winter months. There was also a particular focus from services whose activities were likely to be affected by industrial action to ensure continuity of service provision and risk of disruption is minimised. Service Management Teams in Education and Waste have refreshed and reviewed plans.

### 3.8 Waste and Recycling Service

The Waste and Recycling Service was affected by a period of industrial action in August 2022 which resulted in the service activating Business Continuity arrangements. The service recognised that existing plans could be improved to reflect the decisions and activities undertaken during the activation period, updates included:

- Re-evaluation of periods for minimum levels of service.
- Impact of non-collection affecting roads, footpaths and multi-storeys and other properties with bin chutes.
- Addition of a specific section for Industrial Action that includes the need for a comprehensive risk assessed recovery plan once services are resumed.

### 3.9 Education Service

The Education Service Management team worked with Head Teachers to generate risk assessments for each school setting prior to industrial action taking place. The risks assessments were consolidated and shared with each Head Teacher to ensure that the risks identified could be addressed. This approach supported Head Teachers and school Support Staff prepare for industrial action by having existing plans refreshed to reflect both the risks, actions to mitigate and best practice. The risk assessments and plans will continue to be reviewed and refreshed as required if further dates for industrial action affecting the City's school settings are announced.

### 3.10 Planned and Unplanned Power Outages

The Council's Winter Preparedness activities included a scenario-based exercise which focused specifically on the low risk of Rota Load Disconnection (RLD) and Demand Control OC-6. These are planned power outages for a 3-hour period in predefined geographical areas across the UK that are aligned with postcodes.

The exercise was conducted with Chief Officers and the Council's Arm's Length External Organisations (ALEOs) and allowed Officers and ALEO's to identify potential risks and mitigating actions resulting from the exercise so that Officers and ALEO's were able to review and update their existing BCP as required.

### 3.11 Critical Service List

The Council's Critical Service list details the Council's services that have been assessed by officers as being the most important to continue to be delivered as far as is practicable.

The list is reviewed annually by Chief Officers to ensure that it remains relevant and up to date. It is used to establish the criteria for and priority for plan exercising and to inform exercise scenarios and suitable combinations of plans for exercising.

Each service added to the list is allocated with one of the following categories:

Red	Critical to the Local Resilience Partnership Response	These are services that perform activities and functions that are essential to support the Council's response as a Category 1 responder.
Yellow	Critical to protect vulnerable people	These are services that perform activities and provide services that are essential for the safety and wellbeing of vulnerable people.
Green	Critical Digital Technology	These are services that digital systems and technology to support Red, Yellow and Grey Critical Services.
Grey	Organisationally Critical	These are services upon which the red, yellow and green categories depend, as well as services which ensure the Council meets statutory obligations which still need to be met during the emergency or business continuity event(s)"

### 3.12 Review of Plans Activated

The BCG reviewed the activation of Business Continuity arrangements by the Waste and Recycling Service in response to the fire in Altens and industrial action affecting waste services. It was agreed that a presentation will be provided to the BCG by the Waste and Recycling Centre Manager in the second quarter of 2023, covering the fire event, service response, effectiveness of the existing plan and lessons learned including updates to the existing plan. This will be a valuable learning opportunity for other services, particularly in relation to the risk of on-going industrial action in a number of Council services.

### 3.13 Exercising of Plans

The 2022 Testing/Exercise plan comprised of table-top exercises. The Council's Critical Service list was used to identify and select the plans to be tested.

Each exercise covered 2 scenarios; City Centre Power Outage and Loss of Building and focused primarily on critical services that;

- Provide services to our vulnerable customers.
- Provide face to face contact to our customers.
- Provide services that communicate externally with suppliers and citizens.
- Provide services that make payments to people and suppliers.

The exercises completed exercised plans for the following Critical Services:

- Homelessness and Allocation Service
- Universal Credit and Benefit Support, Viewings and Lettings
- MAPPA (Multi-Agency Public Protection Arrangements)
- Financial Inclusion Team
- Commercial and Procurement, Category and Contract Management
- Purchasing
- External Communications

The exercises revealed some gaps within individual plans and areas for update and improvement which will be overseen to completion by the BCG:

- Interdependencies with other services required to contribute to or provide resource to enable plan delivery,
- Methods of communicating with staff and partner organisations,
- Day to day use of MS Team and Sharepoint not reflected within plan actions and activities.

In summary, each exercise was successful allowing for officers to review, discuss and share good practice that could be reflected in other plans. The City Centre Power Outage scenario highlighted the limitations and severe restrictions on the activities and services could realistically be provided in this scenario.

### 3.14 School Business Continuity Arrangements

The Education Service continued to conduct an annual review of plans and arrangements in each school setting ahead of Term 1. These reviews provide Head Teachers and support staff with an opportunity to improve and update existing plans and for new staff to familiarise themselves with the locations of the plans and individual roles and responsibilities required for plan activation.

Updates and improvements to plans include shared best practice identified, updates to security arrangements, structural changes to account for new pupil intake accessibility requirements, updates to school contact information including staff and key suppliers. The updates provide Head Teachers and support staff with the assurance that plans are accurate, up to date and reflect completed risk assessments.

### 3.15 Internal Audit Recommendations

Oversight and monitoring of internal audit recommendations in 2022 that related specifically to Business Continuity arrangements included the recommendation that copies of the Council's BCP should be held in a secure offline location. This would enable access to plans in the event of a major failure of the Council's IT infrastructure resulting from a ransomware attack or similar disruptive event.

The BCG supported the activities required to complete and close the recommendation as required.

### **Planned Activity in 2023/24**

- 3.16 Development and improvement activities will continue in 2023/24 and will focus on the continued development of the Business Continuity Framework and plan improvement through activation debriefs/lessons learned and exercising and will include:

#### Quality Assurance Exercise

It is expected that the Council's external risk environment will continue to be volatile during 2023, including the ongoing risk and effects of industrial action, wider economic instability and weather disruptions. These risks place further emphasis on the requirement to have plans that remain robust and fit for purpose. To this end, a Quality Assurance exercise is currently underway to assess the content and state of readiness of each plan.

This exercise has identified areas for improvement to existing plans, including the addition of arrangements and activities resulting from industrial action, power outage, assurance, and verification of BCPs, and arrangements from key suppliers and the actions and activities required to escalate plan activation and recovery strategies.

The results of the review will be reviewed with Chief Officers and the BCG will be utilised to support the activities identified and required.

#### Exercising of Plans

Table-top exercises will commence upon the completion of the Quality Assurance Exercise which will be used to inform the 2023 Testing/Exercise plan which will be provided to the Risk Board for review and approval.

## **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.

5.2 The Council's existing Business Continuity framework and arrangements support compliance with legislation including the Civil Contingencies Act 2004.

## 6. ENVIRONMENTAL IMPLICATIONS

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

## 7. RISK

7.1 The Council's Business Continuity plans and supporting activities contribute to the Council's overall system of risk management.

7.2 The assessment of risk contained within the table below is considered to be consistent with the Council's Risk Appetite Statement.

Category	Risks	Primary Controls/Control Actions to achieve Target Risk Level	*Target Risk Level (L, M or H)  *taking into account controls/control actions	*Does Target Risk Level Match Appetite Set?
<b>Strategic Risk</b>	None			
<b>Compliance</b>	Non-compliance with legislation.	Effective Business Continuity plans and arrangements in place will support compliance with legislation as required.	L	Yes
<b>Operational</b>	Disruptive events may affect service delivery	Effective Business Continuity plans are designed to mitigate disruption to service delivery as far as is practicable.	L	Yes
<b>Financial</b>	None			
<b>Reputational</b>	Negative publicity in media/social media platforms to Council's response to a disruptive event.	Effective Business Continuity plans and arrangements are designed to support minimum levels of service as far as is practical including communication and information sharing with citizens.	L	Yes
<b>Environment / Climate</b>	Severe weather events may affect delivery	Effective Business Continuity plans are designed to respond to and minimise disruption	L	Yes

	of Council services.	resulting from weather related events as far as is practicable.		
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## 8. OUTCOMES

8.1 The proposals in this report have no impact on the Council Delivery Plan.

## 9. IMPACT ASSESSMENTS

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

## 10. BACKGROUND PAPERS

10.1 None.

## 11. APPENDICES

11.1 Not applicable.

## 12. REPORT AUTHOR CONTACT DETAILS

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## ABERDEEN CITY COUNCIL

<b>COMMITTEE</b>	Audit Risk and Scrutiny
<b>DATE</b>	23 March 2023
<b>EXEMPT</b>	No
<b>CONFIDENTIAL</b>	No
<b>REPORT TITLE</b>	Scottish Public Services Ombudsman Decisions and Inspector of Cremations Complaint Decisions
<b>REPORT NUMBER</b>	CUS/23/208
<b>DIRECTOR</b>	Andy MacDonald
<b>CHIEF OFFICER</b>	Jacqui McKenzie
<b>REPORT AUTHOR</b>	Lucy McKenzie
<b>TERMS OF REFERENCE</b>	6.4

### 1. PURPOSE OF REPORT

- 1.1 This report provides information on all Scottish Public Services Ombudsman (SPSO) and Inspector of Cremations decisions made in relation to Aberdeen City Council since the last reporting cycle, to provide assurance to Committee that complaints and Scottish Welfare Fund applications are being handled appropriately.

### 2. RECOMMENDATION(S)

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

### 3. CURRENT SITUATION

- 3.1 A report detailing all Scottish Public Services Ombudsman (SPSO) and/or Inspector of Cremations decisions relating to Aberdeen City Council is submitted to Audit Risk and Scrutiny Committee each reporting cycle. This is to provide assurance that complaints and Scottish Welfare Fund decisions are being handled appropriately.
- 3.2 The last report on this matter was submitted to the 27 September 2022 Committee.

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

- 3.3 The Scottish Complaints Handling Procedure (CHP) followed by Aberdeen City Council is outlined by the SPSO. Details of the CHP can be accessed at [www.aberdeencity.gov.uk/complaints](http://www.aberdeencity.gov.uk/complaints)
- 3.4 The SPSO publish all decision reports on their website at [www.spsso.org.uk/decision-report-search](http://www.spsso.org.uk/decision-report-search)
- 3.5 There are no SPSO decision relating to Aberdeen City Council complaints to notify Committee of.

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

- 3.6 The Scottish Welfare Fund is delivered by Local Councils across Scotland and offers two types of grants – Crisis Grants and Community Care Grants. Further information is available at [www.aberdeencity.gov.uk/services/benefits-and-advice/apply-scottish-welfare-fund](http://www.aberdeencity.gov.uk/services/benefits-and-advice/apply-scottish-welfare-fund)
- 3.7 From 12 October 2020, the Scottish Welfare Fund also administer the Scottish Government Self-Isolation Support Grants. Further information is available at [www.aberdeencity.gov.uk/services/coronavirus-covid-19/self-isolation-support-grants](http://www.aberdeencity.gov.uk/services/coronavirus-covid-19/self-isolation-support-grants)
- 3.8 There have been three SPSO Second Tier Reviews in relation to Aberdeen City Council Scottish Welfare Fund application decisions since the last reporting period. Two decisions were upheld, and one was not upheld. A reconsideration of the not upheld decision was requested by Aberdeen City Council. The SPSO made a partial reconsideration around the award duration and agreed with the council's original assessment of the award period. The SPSO provided feedback which has been shared with all decision makers within the Scottish Welfare Fund team, as learning for future applications. Further information is detailed in Appendix A.

### **Inspector of Cremations Decisions**

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

## **4. FINANCIAL IMPLICATIONS**

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

## **5. LEGAL IMPLICATIONS**

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

## 6. ENVIRONMENTAL IMPLICATIONS

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

## 7. RISK

7.1 The assessment of risk contained within the table below is considered to be consistent with the Council's Risk Appetite Statement.

Category	Risks	Primary Controls/Control Actions to achieve Target Risk Level	Low (L) Medium (M) High (H)  *taking into account controls/control actions	*Does Target Risk Level Match Appetite Set?
<b>Strategic Risk</b>	If we do not handle complaints or Scottish Welfare Fund (SWF) applications correctly then there is risk that we do not meet our strategic objectives.	Support in complaint handling is available to responding officers through a variety of methods and there is a centralised team in place to monitor compliance. The SWF team go through extensive training and ongoing guidance and support is available. Reviews are carried out by senior staff.	L	Yes
<b>Compliance</b>	The (SPSO) is the regulatory body for public services in Scotland. If we are non-compliant in our handling of a complaint or	Support in complaint handling is available to responding officers through a variety of methods. In addition, all Stage	L	Yes

	Scottish Welfare Fund application then there is risk that this is highlighted by the SPSO.	2 responses are also quality assured to ensure that responses are appropriate. Officers responsible for Scottish Welfare Fund applications receive full training to ensure they have the necessary knowledge to undertake assessments.		
<b>Operational</b>	Staff morale may be lowered as a result of a negative outcome of a SPSO decision.	Whilst it is not pleasant to receive a complaint, officers are encouraged to view complaints in a positive light, as a learning point going forwards.	L	Yes
<b>Financial</b>	Each time a complaint escalates it is more costly to the council than the previous stage due to the effort involved, therefore financially it is in the council's best interest to resolve complaints early in the process. There is also a risk that the council may be required to undertake additional actions as a result of an SPSO decision,	The complaint handling procedure encourages frontline resolution whenever possible and there is guidance and training in place to support staff in effective complaint handling. The financial benefit of early resolution is highlighted to responding officers in training.	L	Yes

	including financial compensation.			
<b>Reputational</b>	Non-compliance carries reputational risk. Customer perception of the council could also be negatively impacted if complaints and Scottish Welfare Fund applications are not handled correctly.	There is a centralised Customer Feedback Team responsible for ensuring that complaints are being handled consistently and appropriately across the council. Staff within the Scottish Welfare Fund Team receive comprehensive training to ensure applications are handled correctly and there is a robust procedure in place to review decision making when necessary.	L	Yes
<b>Environment / Climate</b>	There are no environment / climate risks associated with this report.	N/A	N/A	Yes

## 7. OUTCOMES

<u><a href="#">COUNCIL DELIVERY PLAN</a></u>	
<b>Impact of Report</b>	
<b>Aberdeen City Council Policy Statement</b>	Complaints are a vital part of organisational learning and improvement therefore enabling the Council to realise its aims across its policy statement. The report focuses on complaints outcomes which provide rich customer insight for the organisation to act upon to help transform service delivery.
<b>Aberdeen City Local Outcome Improvement Plan</b>	
Prosperous Place Stretch Outcomes	The Scottish Welfare Fund supports the delivery of the LOIP stretch outcome 13 as it can provide short term financial assistance to help with food costs which can relieve the pressure on use of food banks. It also

	works with partner agencies to identify citizens and signpost them for budget management, debt advice and benefit maximisation.
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## 8. IMPACT ASSESSMENTS

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

## 9. BACKGROUND PAPERS

N/A

## 10. APPENDICES (if applicable)

Appendix A – SPSO Scottish Welfare Fund Decisions

## 11. REPORT AUTHOR CONTACT DETAILS

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Customer Services Manager  
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## Appendix A – SPSO Scottish Welfare Fund Decisions

Application Received Date	Application Type	Aberdeen City Council 1 <sup>st</sup> Tier Review Decision Date	SPSO 2 <sup>nd</sup> Tier Review Decision Date	SPSO Decision	SPSO Feedback
18 October 2022	Crisis Grant	19 October 2022	20 October 2022	Aberdeen City Council decision upheld  (Council's decision unchanged)	<ol style="list-style-type: none"> <li>1) Normally only 3 awards are available in a rolling 12 month period unless the circumstances of the crisis are considered exceptional. The decision maker should explain with reference to previous applications why the current application is not exceptional.</li> <li>2) Applicants should not be asked for evidence if it is already evident that the application will not succeed even with that evidence in place</li> </ol>
29 October 2022	Crisis Grant	1 November 2022	8 November 2022	Aberdeen City Council decision not upheld  (Council's decision changed)  Following a reconsideration request by the Council, the SPSO made a partial reconsideration around the award and agreed with the council's original assessment of the award period.	<ol style="list-style-type: none"> <li>1) It is appropriate to ensure that the award meets the need of specific dietary requirements and cost of living increases.</li> <li>2) The decision letter should reflect that applicants are not limited to the number of times they can apply for the fund.</li> </ol>

30 January 2023	Crisis Grant	2 February 2023	7 February 2023	Aberdeen City Council decision upheld  (Council's decision unchanged)	1) The decision maker did not reference in their notes that the application was within 28 days of the previous application, nor an assessment regarding whether there had been a relevant change of circumstances. The applicant should have been made aware of the 28 day rule as they are applying frequently.
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## ABERDEEN CITY COUNCIL

<b>COMMITTEE</b>	Audit, Risk and Scrutiny Committee
<b>DATE</b>	23 March 2023
<b>EXEMPT</b>	No
<b>CONFIDENTIAL</b>	No
<b>REPORT TITLE</b>	Internal Audit Update Report
<b>REPORT NUMBER</b>	IA/23/002
<b>DIRECTOR</b>	N/A
<b>CHIEF OFFICER</b>	Jamie Dale, Chief Internal Auditor
<b>REPORT OFFICER</b>	Jamie Dale, Chief Internal Auditor
<b>TERMS OF REFERENCE</b>	2.3

### 1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to provide the Committee with an update on Internal Audit's work since the last update. Details are provided of the progress against the approved Internal Audit plans, audit recommendations follow up, and other relevant matters for the Committee to be aware of.

### 2. RECOMMENDATIONS

It is recommended that the Committee:

- 2.1 Note the progress of the Internal Audit Plan;
- 2.2 Note the progress that management has made with implementing recommendations agreed in Internal Audit reports;

### 3. CURRENT SITUATION

- 3.1 Internal Audit's primary role is to provide independent and objective assurance on the Council's risk management, control and governance processes. This requires a continuous rolling review and appraisal of the internal controls of the Council involving the examination and evaluation of the adequacy of systems of risk management, control and governance, making recommendations for improvement where appropriate. Reports are produced relating to

each audit assignment and summaries of these are provided to the Audit Committee.

**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. ENVIRONMENTAL IMPLICATIONS**

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

**7. RISK**

7.1 The assessment of risk contained within the table below is to be consistent with the Council’s Risk Appetite Statement.

Category	Risks	Primary Controls/Control Actions to achieve Target Risk Level	*Target Risk Level (L, M or H)  *taking into account controls/control actions	*Does Target Risk Level Match Appetite Set?
<b>Strategic Risk</b>	Ability of the Council to meet its strategic objectives	The Internal Audit process considers strategic 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, consistent with the Council's Risk Appetite Statement, are made to address the identified risks and Internal Audit follows up progress with implementing those	M	Yes

		that are agreed with management. Those not implemented by their agreed due date are detailed in the attached appendices.		
<b>Compliance</b>	Council does not comply with relevant internal policies and procedures and external guidance.	The Internal Audit process considers compliance 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, consistent with the Council's Risk Appetite Statement, 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.	L	<b>Yes</b>
<b>Operational</b>	Failure of the Council to deliver agreed services.	The Internal Audit process considers operational 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, consistent with the Council's Risk Appetite Statement, are made to address the identified risks and Internal Audit follows	L	<b>Yes</b>

		up progress with implementing those that are agreed with management. Those not implemented by their agreed due date are detailed in the attached appendices.		
<b>Financial</b>	Financial failure of the Council, with risks also to credit rating.	The Internal Audit process considers financial 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, consistent with the Council's Risk Appetite Statement, 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.	L	<b>Yes</b>
<b>Reputational</b>	Impact of performance or financial risk on reputation of ACC.	The Internal Audit process considers reputational 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, consistent with the Council's Risk Appetite Statement, are made to address the	L	<b>Yes</b>

		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.		
<b>Environment / Climate</b>	Service delivery impacting negatively on City net zero targets.	The Internal Audit process considers environmental/climate 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, consistent with the Council's Risk Appetite Statement, 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.	L	<b>Yes</b>

**8. OUTCOMES**

- 8.1 The proposals in this report have no impact on the Council Delivery Plan.
- 8.2 However, Internal Audit plays a key role in providing assurance over, and helping to improve, the Council's framework of governance, risk management and control. These arrangements, put in place by the Council, help ensure that the Council achieves its strategic objectives in a well-managed and controlled environment.

**9. IMPACT ASSESSMENTS**

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

**10. BACKGROUND PAPERS**

10.1 There are no relevant background papers related directly to this report.

**11. APPENDICES**

11.1 Appendix A – Internal Audit Update Report

**12. REPORT AUTHOR CONTACT DETAILS**

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## **Internal Audit**

# **Audit, Risk and Scrutiny Committee Internal Audit Update Report March 2023**

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# 1 Executive Summary

## 1.1 Introduction and background

Internal Audit's primary role is to provide independent and objective assurance on the Council's risk management, control, and governance processes. This requires a continuous rolling review and appraisal of the internal controls of the Council involving the examination and evaluation of the adequacy of systems of risk management, control, and governance, making recommendations for improvement where appropriate. Reports are produced relating to each audit assignment and these are provided to the Audit, Risk and Scrutiny (ARS) Committee. Along with other evidence, these reports are used in forming an annual opinion on the adequacy of risk management, control, and governance processes.

This report advises the ARS Committee of Internal Audit's work since the last update. Details are provided of the progress against the approved 2022-23 Internal Audit plan, audit recommendations follow up, and other relevant matters for the Committee to be aware of.

## 1.2 Highlights

Full details are provided in the body of this report however Internal Audit would like to bring to the Committee's attention that since the last update:

- Five reports have been finalised.
- Six audits are currently in progress.
- 17 audit recommendations have been closed, with three carried forward.

## 1.3 Action requested of the ARS Committee

The Committee is requested to note the contents of this report and the work of Internal Audit since the last update.

## 2 Internal Audit Progress

### 2.1 2022-23 Audits

Service	Audit Area	Position
Commissioning	Contract management	Review in progress
Commissioning	ALEOs - Performance and Payments	Review in progress
Customer	Benefits	Final audit report issued
Customer	Recruitment	Review deferred <sup>1</sup>
HSCP	Adults with Incapacity (Management of funds)	Review in progress
Integration Joint Board	IJB Data Sharing	Final audit report issued
Resources	Following the Public Pound	Final audit report issued
Children's and Family Services	Scottish Milk and Healthy Snack Scheme	Review in progress
Pensions	Pension Fund Governance Arrangements Including Risk Management	Final audit report issued <sup>2</sup>
Resources	Corporate Asset Management	Review in progress
Resources	Lease Financing	Final audit report issued
Resources	PVG & Disclosure Checks	Review in progress

### 2.2 Audit reports presented to this Committee

Report Title	Assurance Year	Conclusion
AC2302 – IJB Data Sharing	2022-23	<p>The level of net risk is assessed as <b>MODERATE</b>, with the control framework deemed to provide <b>REASONABLE</b> assurance over the IJB's approach to data sharing.</p> <p>Data Protection and other information legislation requires the Partners within the Aberdeen City Health &amp; Social Care Partnership (Aberdeen City Council and NHS Grampian) and the IJB to be aware of the consequences of inadequate information risk management. Accordingly appropriate resources, robust policies and procedures, and a clear governance framework must be in place to ensure data is appropriately managed in an information risk environment which the Aberdeen City Health &amp; Social Care Partnership and the IJB itself understands.</p> <p>Information risk is increased where data is shared between organisations, hence the Information Commissioner's Office (ICO) Data Sharing Code of Practice recommends that organisations have a data sharing agreement. A data sharing agreement between NHSG and the Aberdeen City, Aberdeenshire, and Moray councils was drafted and issued in 2022 but has not yet been signed by all parties.</p>

<sup>1</sup> Through discussions with Management, it has been identified that the implementation of the new Council approach to managing Recruitment has not yet been completed, with work still ongoing to instil the updated framework of control. Through discussions with Management, and at their request, this review has been deferred to 2023/24 and as such included in the Internal Audit Plan for that year. It has been determined that to carry out the review just now would only add limited value and provide limited assurance.

<sup>2</sup> This report will be presented to the Pensions Committee in March and then subsequently presented to the Audit Risk and Scrutiny Committee.

Report Title	Assurance Year	Conclusion
		<p>However the Policy, Procedure and Governance framework in place within each Partner organisation should ensure their staff are adequately trained in data protection to operate in a risk environment where their responsibility is clear.</p> <p>Records Management plans are in place in accordance with legislation, but how these and other procedural documents and the key staff involved fit into the overall information governance framework for the IJB is not clearly documented. The types of information, how this is shared, the systems used, and the individuals responsible for ensuring its quality, security, safe passage, and the authority required, should be clearly mapped out. Where appropriate, there may be scope for the harmonisation of procedures, potentially with the other IJB's that NHS Grampian serves.</p> <p>Assurance over information compliance can be drawn from the Partners' Risk Boards and records of training, data protection impact assessments, and information breaches, all of which are reported internally. The Chief Officer of the IJB is also a member of NHS Grampian's Chief Executive Team and similar with Aberdeen City Council. The Business and Resilience Manager is responsible for providing the IJB with this assurance: more comprehensive regular assurance reporting to the Risk, Audit and Performance Committee, based on such sources, would be beneficial for the IJB.</p> <p>The original intention of this review was for the assurance providers of the three organisations to work together and where individual reports would be produced, also include a covering report providing details of the assurance gained from all areas of work. As there is currently limited assurance being provided directly to the IJB on this aspect of its business, Internal Audit sought assurance from the Partners over their data protection governance arrangements, and how these are applied in respect of services delegated to the IJB.</p> <p>Comprehensive data was available on the arrangements put in place by Aberdeen City Council. However, due to other commitments (a regulatory audit from the ICO) NHS Grampian has not been able to facilitate such a review and their auditors instead plan to carry out the work later in the year. The IJB will still require assurance over this aspect of its governance arrangements, and recommendations have been made in this report as to the type and extent of assurance required. The intention is still to carry out analysis of all three pieces of work and create an overarching summary, however this will not be available until later in the financial year. Where we have been unable to confirm arrangements or gain assurance over elements of the control framework managed by NHS Grampian, this has been highlighted in the report and Management should seek to gain assurance over these areas where they feel it is needed. However, assurance can be taken from the</p>

Report Title	Assurance Year	Conclusion
		results of the ICO audit, and from the engagement of NHS Grampian in the finalisation of this report.
AC2308 – Lease Financing	2022-23	<p>The level of net risk is assessed as <b>MODERATE</b>, with the control framework deemed to provide <b>REASONABLE</b> assurance over the Council’s approach to lease financing.</p> <p>The audit focused mainly on the Council’s only finance lease for the Marischal Square Development, since finance leases are the most material leases requiring appraisal prior to agreement to avoid unnecessary additional financing costs and where possible requiring ongoing monitoring for refinancing opportunities. The Council had outstanding minimum lease payments of £152.1m as at 31 March 2022 for the Marischal Square development and there is no opportunity for the Council to refinance this lease without the mutual agreement of the landlord, since it is a sale and leaseback arrangement, with the lease due to end in 2053, when the property will be returned to the Council for £1.</p> <p>This conclusion of this review is not a critique of the Marischal Square Development lease, which was considered in detail by External Audit as part of their Annual Report to Members and the Controller of Audit for the Council’s 2014/15 annual accounts. A conclusion was reached that appropriate processes were followed in managing the project, with a good awareness of the risks and that assurance could be taken from the outcome of a judicial review and that a sale and leaseback arrangement and procurement processes were appropriate. Instead, our review focused on the Council’s approach generally to leases and any opportunities for enhancing controls where appropriate, using the Marischal Square development as an example.</p> <p>Financial Regulations adequately describe the approval requirements relating to leases, and more specifically, the record keeping requirements related to industrial and commercial property leases and these requirements had been complied with in relation to the Council’s most material lease, the finance lease for Marischal Square, with relevant records maintained by the Chief Officer – Corporate Landlord, and the associated contract approved by full Council in May 2013. Quarterly payments for this finance lease were made accurately in a timely manner. In addition, Marischal Square finance lease budget monitoring arrangements are adequate. Furthermore, Finance has begun preparation for the implementation of IFRS 16 on leases having nominated a responsible officer, who demonstrated an awareness of the associated challenges that need to be overcome, and leases are now a standing agenda item for budget holder meetings to help identify any existing or new lease arrangements for reporting purposes, to complement existing year end instructions on leases.</p> <p>However, gaps in some controls were identified, specifically written policies and procedures and IFRS 16</p>

Report Title	Assurance Year	Conclusion
		lease data collection. Recommendations have been made to address the noted points and to help strengthen the control framework
AC2303 – Following the Public Pound	2022-23	<p>The level of net risk is assessed as <b>MODERATE</b>, with the control framework deemed to provide <b>REASONABLE</b> assurance over the Council's approach to Following the Public Pound (FtPP).</p> <p>The Council has a Following the Public Pound procedure (the Council's FtPP Code) for managing grant payments to external organisations, covering relevant financial and operational risk considerations, as well as funding agreement, and payment requirements. Whilst generally comprehensive, some issues were noted, including no exemption for grants administered by the Council on behalf of other organisations where rules are already prescribed on ensuring Best Value; lack of clarity on required checks of financial statements for tier 3 and 4 grants; lack of clarity on when monthly payments rather than quarterly payments are required to reduce the risk of financial loss; and an absence of debt checks required by the Council's FtPP Code in the Code checklist for budget holders. These issues make it confusing for budget holders applying the Council's FtPP Code.</p> <p>Operational assessments of non-financial risks were not undertaken for eight (80%) grants reviewed and partial for one (10%), increasing the risk grants will be awarded to unsuitable organisations and that intended objectives of grant funding will not be achieved. Also, payments were not made with sufficient frequency for one grant (£158k) since it was made as a single grant payment despite exceeding the threshold requiring quarterly payments. These practices increase the risk of financial loss to the Council due to an organisation ceasing to operate.</p> <p>Recommendations have been made to improve FtPP compliance, including reviewing the Council's FtPP Code; devolving the use of the central register from Finance to budget holders to act as an FtPP checklist; introducing regular reconciliations of the central register for monitoring FtPP compliance; requiring functions to evidence their FtPP checks prior to payment; and establishing a system of control to prevent grant payments exceeding a maximum payment value.</p> <p>Where it is recognised that many stakeholders are involved in the FtPP process, recommendations have been focused on Management centrally to help ensure improvement across all functions who provide grants. A recommendation has also been made that the Council's FtPP Code should be reviewed and updated as appropriate. It is recommended that management take this opportunity to review the process overall to ensure it is fit for purpose and can be applied by all relevant functions.</p>
AC2311 – Benefits Quality	2022-23	The level of net risk is assessed as <b>MINOR</b> , with the control framework deemed to provide <b>SUBSTANTIAL</b>

Report Title	Assurance Year	Conclusion
Assurance Process		<p>assurance over the Council's management of Housing Benefits (HB) and Council Tax Reduction (CTR) processing.</p> <p>A sound quality assurance (QA) process is in place for checking processing of Housing HB and CTR claims. This covers the accuracy of input as well as decisions taken based on related claims and supporting documentation e.g. calculation of weekly wage, income to be disregarded, start date of claim etc. Five processed benefit claim transactions per transactional team member per month are reviewed, with additional testing undertaken where necessary to identify recurring errors. Where errors or omissions are identified the relevant team leaders of processing staff are notified to allow corrections to be undertaken and where necessary for training to be delivered. Staff are also supported through a training programme on joining the transactional team and have access to relevant procedures for processing.</p> <p>The audit walked through a sample of 12 claims from the benefits system to the supporting documentation within the electronic document management system, to ensure all required documentation was present and input correctly. The testing found the required QA checklist had been completed and the appropriate supporting documentation was present and input correctly into the benefits system.</p> <p>The errors identified in the QA process are categorised by the Benefits Team as material and non-material. In the period 1 April – 30 November 2022 the QA process identified 36 material and 61 non-material errors. Internal Audit reviewed nine material and seven non-material of these errors to ensure all relevant Team Leaders had been informed and confirmed notifying emails had been issued to each. It was also confirmed with each Team Leader those corrections had been completed and appropriate consultation had taken place, and been recorded, with the members of staff involved.</p> <p>One minor recommendation has been made to enhance controls including formalising the quality assurance procedures and recording quality assurance corrective actions for errors identified.</p>

### 2.3 Follow up of audit recommendations

Public Sector Internal Audit Standards require that Internal Audit report the results of its activities to the Committee and establishes a follow-up process to monitor and ensure that management actions have been effectively implemented.

As at 31 January 2023 (the baseline for our exercise), 20 audit recommendations were due and outstanding:

- Two rated as Major
- 10 rated as Moderate

- 
- Eight rated as Minor

As part of the audit recommendations follow up exercise, 17 audit recommendations were closed:

- One rated as Major
- 10 rated as Moderate
- Six rated as Minor

The outstanding position going forward is that of three audit recommendations<sup>3</sup>:

- One rated as Major
- Two rated as Minor

For the three outstanding recommendations, an update was provided and a new implementation date agreed.

Appendix 1 – Grading of Recommendations provides the definitions of each of the ratings used.

Appendix 2 – Audit Recommendations Follow Up – Outstanding Actions provides a detailed breakdown of the four outstanding audit recommendations that will be taken forward and followed up as part of the next cycle.

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<sup>3</sup> This is the position with regards to recommendations that were due as at 31 January 2023. Recommendations falling due past this date and those made as part of subsequent Internal Audit Reports will be followed up as part of the standard follow up cycle and reported to Committee session on session.

### 3 Appendix 1 – Grading of Recommendations

Risk level	Definition
Corporate	This issue / risk level impacts the Council as a whole. Mitigating actions should be taken at the Senior Leadership level.
Function	This issue / risk level has implications at the functional level and the potential to impact across a range of services. They could be mitigated through the redeployment of resources or a change of policy within a given function.
Cluster	This issue / risk level impacts a particular Service or Cluster. Mitigating actions should be implemented by the responsible Chief Officer.
Programme and Project	This issue / risk level impacts the programme or project that has been reviewed. Mitigating actions should be taken at the level of the programme or project concerned.

Net risk rating	Description	Assurance assessment
Minor	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.	Substantial
Moderate	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified, which may put at risk the achievement of objectives in the area audited.	Reasonable
Major	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.	Limited
Severe	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.	Minimal

Individual issue / risk	Definitions
Minor	Although the element of internal control is satisfactory there is scope for improvement. Addressing this issue is considered desirable and should result in enhanced control or better value for money. Action should be taken within a 12 month period.
Moderate	An element of control is missing or only partial in nature. The existence of the weakness identified has an impact on the audited area's adequacy and effectiveness. Action should be taken within a six month period.
Major	The absence of, or failure to comply with, an appropriate internal control, such as those described in the Council's Scheme of Governance. This could result in, for example, a material financial loss, a breach of legislative requirements or reputational damage to the Council. Action should be taken within three months.
Severe	This is an issue / risk that is likely to significantly affect the achievement of one or many of the Council's objectives or could impact the effectiveness or efficiency of the Council's activities or processes. Examples include a material recurring breach of legislative requirements or actions that will likely result in a material financial loss or significant reputational damage to the Council. Action is considered imperative to ensure that the Council is not exposed to severe risks and should be taken immediately.



## 4 Appendix 2 – Audit Recommendations Follow Up – Outstanding Actions

Overall Report Area	Report	Grading	Recommendation	Original Due Date	Current Due Date	Committee Update	Status
Operations and Protective Services	AC2111 - Consilium System	<b>Moderate</b>	2.6.7 The System Team should carry out an annual audit of users to ensure they still require the access they hold. Due to resource issues within the system team such a review would not be feasible. We would prefer to cover under the leavers process, through the notification to D&T. We will contact colleagues in D&T and ascertain if this is possible.	31/01/2023	31/05/2023	Unfortunately we could not be advised of council staff leaving through the leavers process due to GDPR. However we have agreed a process with HR in that we will send them a list of the system users, they will check for staff who have left the authority by identifying them with their works email address and return to ourselves for updating on the system. We were due to start this in January but as VSER has become available to staff we have held off for now but will run the process in April to catch leavers of the VSER process.	<b>In progress</b>
Digital and Technology	AC2201 - IT Infrastructure Resilience	<b>Minor</b>	2.1.6 Digital and Technology should introduce mandatory online cyber security training. Agreed - P&OD will work with D&T on the mandatory and essential elements of training and seek to ensure training is appropriate to job families. Consideration will be given to including the course as part of existing	31/12/2022	30/04/2023	Online Cybersecurity Training is available to all employees: an NCSC-provisioned 30min course "Staying Safe Online: Top Tips for Staff" is on ACC Learn, and this is supported by regular messaging, articles and videos shared and made available on the ACC Intranet for self-service learning. Alignment with job families is ongoing.	<b>In progress</b>

Overall Report Area	Report	Grading	Recommendation	Original Due Date	Current Due Date	Committee Update	Status
			mandatory training (e.g. Information Governance course).				
Digital and Technology	AC2201 - IT Infrastructure Resilience	Major	2.4.7a The Service should establish Cyber Essentials PLUS accreditation for the Council.	31/12/2022	31/03/2023	CE plus submission completed Dec 22. Awaiting verification from certification body.	In progress

## ABERDEEN CITY COUNCIL

<b>COMMITTEE</b>	Audit, Risk and Scrutiny Committee
<b>DATE</b>	23 March 2023
<b>EXEMPT</b>	No
<b>CONFIDENTIAL</b>	No
<b>REPORT TITLE</b>	Internal Audit Report AC2302 – IJB Data Sharing
<b>REPORT NUMBER</b>	IA/AC2302
<b>DIRECTOR</b>	N/A
<b>REPORT AUTHOR</b>	Jamie Dale
<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 IJB Data Sharing

### **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. CURRENT SITUATION**

- 3.1 Internal Audit has completed the attached report which relates to an audit of IJB Data Sharing

### **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. ENVIRONMENTAL IMPLICATIONS**

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

### **7. RISK**

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

**8. OUTCOMES**

8.1 The proposals in this report have no impact on the Council Delivery Plan.

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

**9. IMPACT ASSESSMENTS**

<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

**10. BACKGROUND PAPERS**

10.1 There are no relevant background papers related directly to this report.

**11. APPENDICES**

11.1 Internal Audit Report AC2302 – IJB Data Sharing

**12. REPORT AUTHOR CONTACT DETAILS**

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## Internal Audit

### Assurance Review of IJB Data Sharing

**Status:** Final

**Date:** 5 December 2022

**Risk Level:** Function

**Report No:** AC2302

**Assurance Year:** 2022-23

Net Risk Rating	Description	Assurance Assessment
Moderate	The framework of governance, risk management and control provides reasonable assurance over the achievement of objectives. Net risks to objectives are moderate in relation to the IJB's activities and processes.	Reasonable

Report Tracking	Planned Date	Actual Date
Scope issued	08/07/2022	08/07/2022
Scope agreed	15/07/2022	18/07/2022
Fieldwork commenced	01/08/2022	06/07/2022
Fieldwork completed	29/08/2022	26/08/2022
Draft report issued	19/09/2022	21/10/2022
Process owner response	09/10/2022	08/11/2022
Director response	17/10/2022	05/12/2022
Final report issued	24/10/2022	05/12/2022
Audit Committee	28/02/23	

Distribution		
Document type	Assurance Report	
Director	Sandra MacLeod, Chief Officer (ACHSCP)	
Process Owner	Martin Allan, Business and Resilience Manager (ACHSCP)	
Stakeholder	Fraser Bell, Chief Operating Officer (ACHSCP)	
	Paul Mitchell, Chief Finance Officer (ACHSCP)	
	Helen Cannings, Data Protection Officer (ACC)	
	*Final only	Alan Bell, Data Protection Officer (NHS Grampian)
	Nick Fluck, Medical Director (NHS Grampian)*	
	Vikki Cuthbert, Interim Chief Officer – Governance (ACC)*	
	Ronnie McKean, Corporate Risk Lead (ACC)*	
	External Audit*	
Lead auditor	Jamie Dale, Chief Internal Auditor	

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4	Appendix 1 – Assurance Terms and Rating Scales	Error! Bookmark not defined.
5	Appendix 2 – Assurance Scope and Terms of Reference	Error! Bookmark not defined.

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# 1 Introduction

## 1.1 Area subject to review

The General Data Protection Regulation (GDPR) and most of the provisions of the Data Protection Act 2018 (the 2018 Act) came into force on 25 May 2018. Upon the UK's exit from the European Union the EU GDPR was replaced domestically by the UK GDPR; the key principles, rights and obligations remain the same.

The GDPR regulates the processing of personal data which amongst other things includes its use, transmission, and dissemination. Within this, 'data sharing' is critical to the delivery of effective health and social care services, without which an integrated approach to service delivery could not be achieved. This could lead to a reduction in the quality of care and increase the risk of harm to individuals because the different Partners and agencies involved in providing services may be unaware of the needs of the individual and the actions of others.

As 'Data Controllers' the IJB, Aberdeen City Council and NHS Grampian (NHSG) have a responsibility to comply with data protection law. Different systems and reporting tools assist the IJB in making strategic decisions to steer the integration and provision of health and social care services. Data within these systems is ultimately used at an operational level where the IJB directs its Partners (Aberdeen City Council and NHSG operating as the Aberdeen City Health and Social Care Partnership – ACHSCP) to deliver services intended to achieve positive health and wellbeing outcomes, increase individuals' resilience, and provide personalised care where and when it is required. This operational element will not be a specific focus of this review, instead the audit is being carried out at the more strategic 'Data Controllers' level.

The objective of this audit is to ensure that the IJB has appropriate assurance over the arrangements / procedures for data sharing between the Partners themselves, (Aberdeen City Council and NHS Grampian) and other agencies responsible for delivering health and social care arrangements in respect of delegated functions and in line with the IJB's strategic directions. In general, one of the delegated partners will fill the role of Data Controller for the function, noting that the IJB itself acts as Data Controller for a limited subset of data it manages directly.

## 1.2 Rationale for the review

The audit will be a joint review in conjunction with NHS Grampian and Moray Council (following conclusion of a similar review for Aberdeenshire in 2021) and provides an opportunity to determine where practice can be standardised across the organisations and broader assurance gained.

Data sharing and GDPR compliance within the Aberdeen City IJB and for the delivery of Aberdeen City Health & Social Care Partnership services and functions has not been audited previously.

Whilst the data controlled by the IJB itself is restricted to Committee Papers, the data that the Partners (Aberdeen City Council and NHS Grampian) control is largely highly sensitive personal information. This data is also shared with care providers which are appointed to meet individuals' care needs. Any failure to comply with data protection law and to adequately mitigate information risk could result in ICO investigation, financial penalties and civil claims and would have an impact on customers and on the reputation of the IJB and the Partners. As the IJB directs the Partners to deliver the services delegated under the Integration Scheme, and the integration and transformation of their activities and data, it has an interest and therefore requires assurance over delivery, including data protection.

Information Risk is identified in the risk registers of both Aberdeen City Council and NHS Grampian. Work is currently ongoing to ensure the implications of the risk of information sharing associated with the revised IJB Strategic Plan is being incorporated in the ACHSCP Risk Register and Board Escalation and Assurance Framework.

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### **1.3 How to use this report**

This report has several sections and is designed for different stakeholders. The executive summary (section 2) is designed for senior staff and is cross referenced to the more detailed narrative in later sections (3 onwards) of the report should the reader require it. Section 3 contains the detailed narrative for risks and issues we identified in our work.



## 2 Executive Summary

### 2.1 Overall opinion

The full chart of net risk and assurance assessment definitions can be found in Appendix 1 – Assurance Scope and Terms. We have assessed the net risk (risk arising after controls and risk mitigation actions have been applied) as:

Net Risk Rating	Description	Assurance Assessment
<b>Moderate</b>	The framework of governance, risk management and control provides reasonable assurance over the achievement of objectives. Net risks to objectives are moderate in relation to the IJB's activities and processes.	<b>Reasonable</b>

The organisational risk level at which this risk assessment applies is:

Risk Level	Definition
<b>Function</b>	This issue / risk level has implications at the functional level and the potential to impact across a range of services. They could be mitigated through the redeployment of resources or a change of policy within a given function.

### 2.2 Assurance assessment

The level of net risk is assessed as **MODERATE**, with the control framework deemed to provide **REASONABLE** assurance over the IJB's approach to data sharing.

Information, when used lawfully, held securely and is reliable in terms of its availability and accuracy, facilitates the Aberdeen City Health and Social Care Partnership in providing high quality, safe and effective services which meet service user needs. Data ultimately facilitates the IJB and Partnership management's decision making in order for integration and transformation intentions to be realised, performance targets to be met, and strategic objectives delivered.

Data Protection and other information legislation requires the Partners within the Aberdeen City Health & Social Care Partnership (Aberdeen City Council and NHS Grampian) and the IJB to be aware of the consequences of inadequate information risk management. Accordingly appropriate resources, robust policies and procedures, and a clear governance framework must be in place to ensure data is appropriately managed in an information risk environment which the Aberdeen City Health & Social Care Partnership and the IJB itself understands.

Information risk is increased where data is shared between organisations, hence the Information Commissioner's Office (ICO) Data Sharing Code of Practice recommends that organisations have a data sharing agreement. A data sharing agreement between NHSG and the Aberdeen City, Aberdeenshire, and Moray Councils was drafted and issued in 2022 but has not yet been signed by all parties. However the Policy, Procedure and Governance framework in place within each Partner organisation should ensure their staff are adequately trained in data protection to operate in a risk environment where their responsibility is clear.

Records Management plans are in place in accordance with legislation, but how these and other procedural documents and the key staff involved fit into the overall information governance framework for the IJB is not clearly documented. The types of information, how this is shared, the systems used, and the individuals responsible for ensuring its quality, security, safe passage, and the authority required, should be clearly mapped out. Where appropriate, there may be scope for the harmonisation of procedures, potentially with the other IJB's that NHS Grampian serves.

Assurance over information compliance can be drawn from the Partners' Risk Boards and records of training, data protection impact assessments, and information breaches, all of which are reported

internally. The Chief Officer of the IJB is also a member of NHS Grampian's Chief Executive Team and similar with Aberdeen City Council. The Business and Resilience Manager is responsible for providing the IJB with this assurance: more comprehensive regular assurance reporting to the Risk, Audit and Performance Committee, based on such sources, would be beneficial for the IJB.

The original intention of this review was for the assurance providers of the three organisations to work together and where individual reports would be produced, also include a covering report providing details of the assurance gained from all areas of work. As there is currently limited assurance being provided directly to the IJB on this aspect of its business, Internal Audit sought assurance from the Partners over their data protection governance arrangements, and how these are applied in respect of services delegated to the IJB.

Comprehensive data was available on the arrangements put in place by Aberdeen City Council. However, due to other commitments (a regulatory audit from the ICO) NHS Grampian has not been able to facilitate such a review and their auditors instead plan to carry out the work later in the year. The IJB will still require assurance over this aspect of its governance arrangements, and recommendations have been made in this report as to the type and extent of assurance required. The intention is still to carry out analysis of all three pieces of work and create an overarching summary, however this will not be available until later in the financial year. Where we have been unable to confirm arrangements or gain assurance over elements of the control framework managed by NHS Grampian, this has been highlighted in the report and Management should seek to gain assurance over these areas where they feel it is needed. However, assurance can be taken from the results of the ICO audit, and from the engagement of NHS Grampian in the finalisation of this report.

### Severe or major issues / risks

Issues and risks identified are categorised according to their impact on the Board. The following are summaries of higher rated issues / risks that have been identified as part of this review:

Ref	Severe or Major Issues / Risks	Risk Agreed	Risk Rating	Page No.
1.1	<p><b>Governance</b> – A review of the current governance arrangements put in place by the Board highlighted:</p> <ul style="list-style-type: none"> <li>No Data Sharing Agreement is currently in place for the Aberdeen City IJB. A data sharing agreement between NHSG and the Aberdeen City, Aberdeenshire, and Moray Councils was drafted and issued in 2022 but has not yet been signed by Aberdeen City Council.</li> <li>The IJB Strategic Risk Register did not recognise information sharing and management as a risk.</li> <li>Governance arrangements appear to be appropriate but could be mapped out in order that the Business and Resilience Manager and IJB members can see the sources that provide assurance in respect of ACHSCP Partners' compliance with information sharing and data protection legislation.</li> </ul> <p>There is a risk that the current governance arrangements may not facilitate effective data</p>	Yes	<b>Major</b>	10

Ref	Severe or Major Issues / Risks	Risk Agreed	Risk Rating	Page No.
	sharing and provide effective overarching control.			

### 2.3 Management response

*Management welcome the audit and its recommendations. The audit will help to provide assurance to the Partnership's Senior Leadership Team as well as the IJB. The Business and Resilience Manager post can provide assurance to the Senior Leadership Team around data sharing and the IJB's Data Protection officer can provide assurance to the Board. The mapping of this assurance from the IJB's partners (NHS Grampian and Aberdeen City Council) helps to provide clarity as well as assurance and the mapping process can assist in outlining the roles and responsibilities of the Business and Resilience Manager and Data Protection officer posts in relation to data sharing matters for the IJB.*

*The remit and agency of the IJB over data protection governance is relatively limited – as it is data controller for only a limited amount of information. It will need to rely on Partners to the Integration Scheme (NHSG and Aberdeen City Council) which are data controllers in their own right, and have their own governance and reporting arrangements, in respect of appropriate processing of personal data in the joint activities Directed by the IJB; and in addressing the implications of any data breaches. Training has been provided by the DPO in this regard in previous years. However, it is acknowledged that a review of the assurance required by and provided to the IJB could be beneficial.*

*A pan-Grampian data sharing agreement was drafted in 2022 and shared with relevant partners. There has been positive feedback and it is awaiting conclusion of the relevant partners' internal governance arrangements before it can be fully implemented.*

## 3 Issues / Risks, Recommendations, and Management Response

### 3.1 Issues / Risks, recommendations, and management response

Ref	Description	Risk Rating	Major
1.1	<p><b>Governance</b> – Appropriate governance, incorporating agreements, risk management and resources, is imperative to ensure an effective framework of control for information management and data sharing. A review of the current arrangements put in place by the Board highlighted:</p> <ul style="list-style-type: none"> <li>• No overarching Data Sharing Agreement (which is deemed good practice by the ICO) is currently in place for the Aberdeen City IJB. A data sharing agreement between NHSG and the Aberdeen City, Aberdeenshire, and Moray Councils has been drafted and issued, but has yet to be signed Aberdeen City Council. There are however information sharing agreements covering specific projects / activities.</li> <li>• The IJB Strategic Risk Register did not clearly recognise information sharing and management as a risk. The IJB’s strategic risk register does now reference IG as a risk to transformation. This was discussed at an IJB workshop in August and has been reported through the IJB in October 2022</li> <li>• Governance arrangements appear to be appropriate but could be mapped out in order that the Business and Resilience Manager and IJB members can see the sources (e.g. Risk Boards) that provide assurance in respect of ACHSCP Partners’ compliance with information sharing and data protection legislation.</li> <li>• DPIAs are being completed and logged in individual Partners’ registers for activities to demonstrate that information sharing risks have been given due consideration.</li> <li>• Data Protection officers are in place within each Partner, and the DPO for NHSG has also been appointed as the DPO for the IJB.</li> </ul> <p>There is a risk that the current governance arrangements may not facilitate effective data sharing and provide effective overarching control.</p>		
<b>IA Recommended Mitigating Actions</b>			
<p>With regards to the above issues, it is recommended that Management should:</p> <ul style="list-style-type: none"> <li>• Establish a Data Sharing Agreement between the Partners which gives due consideration to any data sharing beyond the Partners themselves.</li> <li>• Map the sources of assurance ACHSCP draws on from within the Partners and elsewhere to provide assurance to the IJB that information management and sharing is adequately governed.</li> <li>• Ensure assurance is obtained that Data Protection Impact Assessments are completed where appropriate and that a register of these is held by each Data Controller.</li> <li>• Consider whether data protection resources available to the IJB are sufficient to ensure the IJB is compliant and well informed concerning data legislation compliance and practice.</li> </ul>			

Ref	Description	Risk Rating	Major
<b>Management Actions to Address Issues/Risks</b>			
<p><i>Data Sharing arrangements will be reviewed in conjunction with the IJB Data Protection Officer to establish whether and to what extent an agreement between the Partners is required, and a timeline for its development. Consideration will also be given to pan-Grampian harmonisation of the arrangements as recommended at 1.3 below.</i></p> <p><i>The IJB DPO has previously outlined the relevant governance and information flows for IJB data protection training. This can be refreshed, and ACHSCP will map the sources of assurance as above.</i></p> <p><i>DPIA's are being done for projects reported to IJB. All functions delivered on behalf of the IJB will be subject to a Direction, which is included on a tracker which is regularly monitored and reported to the IJB. It will be explored whether this can be expanded to identify and record assurance in instances where data is required to be shared.</i></p> <p><i>Following conclusion of the assurance mapping process, management will consider whether data protection resources and reporting available to IJB are sufficient.</i></p>			
<b>Risk Agreed</b>		<b>Person(s)</b>	<b>Due Date</b>
Yes		Business and Resilience Manager	April 2023 (Data Sharing Agreement plans)  April 2023 (DPIA assurance)  September 2023 (Assurance mapping)  September 2023 (Resource review)

Ref	Description	Risk Rating	Moderate
1.2	<p><b>Staff Training and Responsibilities</b> – All staff have responsibility for protecting the data their organisation holds but some have particular responsibility to monitor and maintain the information control environment and to report and address control issues or incidents via various channels which ultimately provide the IJB with assurance over information management and sharing.</p> <p>Accordingly, all staff should receive up to date Data Protection training and be familiar with the latest Information Management and Record Management Plans, Policies and Procedures which are in place. Where adequate, this can help ensure that data held is accurate, used lawfully, adequately protected and only shared by appropriate means when approved.</p> <p>The IJB Data Protection Officer and HSCP Business and Resilience Manager should receive updates from the Partners regarding information management, and provide the Risk, Audit and Performance Committee and ultimately the IJB with assurance regarding information management and data sharing control. Risk Boards would be one source of information / assurance.</p> <p>The review identified the following:</p> <ul style="list-style-type: none"> <li>• Roles and responsibilities of key staff who confirm and provide assurance over information sharing, records management, and data protection, such as the data</li> </ul>		

Ref	Description	Risk Rating	Moderate
	<p>protection officers, the Business and Resilience Manager (ACHSCP), the Medical Director (NHSG), the Chief Operating Officer (ACHSCP), Risk Board members and identified information systems owners within the Partner organisations, are relatively clear but not in terms of how they align with the governance and reporting structure.</p> <ul style="list-style-type: none"> <li>• The process for, the sources of and reporting of information management and data sharing assurance to the IJB, from ACC and NHSG Boards is unclear.</li> <li>• Training resources in ACC are sufficient to ensure Board Members and staff are aware of data protection responsibilities. Whilst there are registers providing assurance that staff have received up to date data protection training in respect of specific systems (e.g. D365), further assurance over Partners' training may be required.</li> </ul> <p>Shortcomings in training or practice could compromise the information management environment, impact on service user and staff safety, and affect delivery of operational and strategic plans. Financial penalties and reputational damage could result from breaches of data legislation and poor information sharing practice.</p>		
<b>IA Recommended Mitigating Actions</b>			
<p>With regards to the above issues, it is recommended that Management should:</p> <ul style="list-style-type: none"> <li>• Identify Key staff roles in the Governance mapping recommended at 1.1 above.</li> <li>• Establish reporting mechanisms which ensure the Business and Resilience Manager receives assurance regarding information sharing and provides this assurance to the IJB.</li> <li>• Establish mechanisms which provide assurance that data protection training is up to date.</li> </ul>			
<b>Management Actions to Address Issues/Risks</b>			
<p><i>Staff roles and reporting lines will form part of the assurance mapping to be implemented in response to 1.1 above. Training records are also a source of assurance.</i></p> <p><i>The Business and Resilience Manager will liaise with ACC and NHSG on the training of those staff who report to the IJB and IJB Board members.</i></p>			
<b>Risk Agreed</b>		<b>Person(s)</b>	<b>Due Date</b>
Yes		Business and Resilience Manager	September 2023

Ref	Description	Risk Rating	Moderate
1.3	<p><b>Data Management</b> – Managing Data requires robust policies, procedures and an acute awareness of the information systems used, the processes and controls involved, and the nature of the data held across these systems. Data controllers are subject to higher risk where they share data with other organisations. Data protection policy, procedure, training, and data sharing agreements must be robust, but organisational culture and compliance may vary between the organisations involved.</p> <p>Data sharing may entail one-off disclosures or regular sharing which is necessary for routine service delivery. Regardless of any variances between the organisations, it is essential that the IJB has assurance that data sharing is done in a manner which is agreed by all of the organisations and ensures legislative compliance in terms of collection, handling, use, accuracy, and security of the data the partners control.</p>		

Ref	Description	Risk Rating	Moderate
	<p>An understanding of the cause, extent, and frequency of any data breaches can provide insight into service delivery, systems, procedures, and practice. This can inform operational and strategic decision making and give direction in terms of the delivery of integration, transformation, and strategic objectives.</p> <p>In respect of data management and sharing, the following matters were observed:</p> <ul style="list-style-type: none"> <li>• The policy and procedure of ACC provides a robust framework for information control within which data sharing can be undertaken. The arrangements in NHSG will be subject to their own audit and are currently being reviewed by the ICO, over which assurance will be taken. Given it serves the Aberdeen City, Aberdeenshire, and Moray IJB's, harmonised standards and policies across the local authorities could facilitate data sharing for NHSG and increase assurance that data is managed appropriately.</li> <li>• A full understanding of the information being shared between the Partners and others, the systems being used, and the individuals responsible for ensuring the controls within these are adequate to ensure accuracy and availability of data whilst preventing loss or data breaches is not evident.</li> <li>• The Business and Resilience Manager does not receive a regular report of data breaches from each Partner which could be pertinent to strategic and operational decision making.</li> </ul> <p>There is an increased risk of data being compromised where the data and systems involved are not clear and policy and procedure governing these varies between partners. A breach of data legislation could result in reputational damage and financial penalties. Strategic Plan and service delivery could be impacted where the HSCP Business and Resilience Manager is not advised of relevant data-related incidents.</p>		
<b>IA Recommended Mitigating Actions</b>			
	<p>With regards to the above issues, it is recommended that Management should:</p> <ul style="list-style-type: none"> <li>• Ensure the IJB receives periodic assurance that policy and procedure for data sharing is robust within each Partner.</li> <li>• Consider and investigate whether there is scope for harmonisation of data protection procedures and policies with the Aberdeenshire and Moray Health and Social Care Partnerships.</li> <li>• Map out the information sharing environment so that the data sources, types of data, information systems involved, their owners and controls across the Partners are clear and can be given due consideration where new projects or other operational changes are intended.</li> <li>• Ensure the Business and Resilience Manager is made aware of data breaches relevant to the IJB, including the activities delivered by Partners on its behalf, which could be pertinent to strategic and operational decision making.</li> </ul>		
<b>Management Actions to Address Issues/Risks</b>			
	<p><i>Agreed reporting timescales will be built in to the assurance mapping and reporting exercise agreed at 1.1.</i></p> <p><i>As agreed at 1.1 Data Sharing arrangements will be reviewed in conjunction with the IJB Data Protection Officer to establish whether and to what extent an agreement between the Partners is required, and a timeline for its development. Consideration will be given to pan-Grampian harmonisation of the arrangements, and a timeline for development of such an approach.</i></p> <p><i>As part of the assurance mapping exercise, the supporting detail and assurance over data sources and processing will also be considered.</i></p>		

Ref	Description	Risk Rating	Moderate
	<p><i>Data controllers need to resolve any breaches in the first instance, and these are typically addressed, and shared where necessary, at the Senior Information Risk Owner (SIRO) level. The Business and Resilience Manager has previously been informed where potential data risks have been identified by Partners. The process will be reviewed to ensure this takes place as required.</i></p>		
	Risk Agreed	Person(s)	Due Date
	Yes	Business and Resilience Manager	September 2023 (Assurance mapping and supporting detail)  April 2023 (Data Sharing harmonisation options)  April 2023 (Data breach process)



## 4 Appendix 1 – Assurance Terms and Rating Scales

### 4.1 Overall report level and net risk rating definitions

The following levels and ratings will be used to assess the risk in this report:

Risk level	Definition
Corporate	This issue / risk level impacts the IJB as a whole. Mitigating actions should be taken at the Senior Leadership level.
Function	This issue / risk level has implications at the functional level and the potential to impact across a range of services. They could be mitigated through the redeployment of resources or a change of policy within a given function.
Cluster	This issue / risk level impacts a particular Service or Cluster. Mitigating actions should be implemented by the responsible Chief Officer.
Programme and Project	This issue / risk level impacts the programme or project that has been reviewed. Mitigating actions should be taken at the level of the programme or project concerned.

Net Risk Rating	Description	Assurance Assessment
Minor	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.	Substantial
Moderate	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified, which may put at risk the achievement of objectives in the area audited.	Reasonable
Major	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.	Limited
Severe	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.	Minimal

Individual Issue / Risk Rating	Definitions
Minor	Although the element of internal control is satisfactory there is scope for improvement. Addressing this issue is considered desirable and should result in enhanced control or better value for money. Action should be taken within a 12 month period.
Moderate	An element of control is missing or only partial in nature. The existence of the weakness identified has an impact on the audited area's adequacy and effectiveness. Action should be taken within a six month period.
Major	The absence of, or failure to comply with, an appropriate internal control, which could result in, for example, a material financial loss. Action should be taken within three months.
Severe	This is an issue / risk that could significantly affect the achievement of one or many of the IJB's objectives or could impact the effectiveness or efficiency of the IJB's activities or processes. Action is considered imperative to ensure that the IJB is not exposed to severe risks and should be taken immediately.

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## 5 Appendix 2 – Assurance Scope and Terms of Reference

### 5.1 Area subject to review

The General Data Protection Regulation (GDPR) and most of the provisions of the Data Protection Act 2018 (the 2018 Act) came into force on 25 May 2018. Upon the UK's exit from the European Union the EU GDPR was replaced domestically by the UK GDPR; the key principles, rights and obligations remain the same).

The GDPR regulates the processing of personal data which amongst other things includes its use, transmission, and dissemination. This 'data sharing' is critical to the delivery of effective health and social care services, without which an integrated approach to service delivery could not be achieved. This would lead to a reduction in the quality of care and increase the risk of harm to individuals because different the different Partners and agencies involved in providing services may be unaware of the needs of the individual and the actions of others.

As 'Data Controllers' the IJB, Aberdeen City Council and NHS Grampian have a responsibility to adhere to sound data sharing practice. Different systems and reporting tools assist the IJB in making strategic decisions to steer the integration and provision of health and social care services. Data within these systems is ultimately used at an operational level where the IJB seeks through its partners to achieve positive health and wellbeing outcomes, increase individuals' resilience, and provide personalised care where and when it is required. This operational element will not be a specific focus of this review, instead out audit being carried out at the more strategic 'Data Controllers' level.

The objective of this audit is to provide assurance that the IJB has implemented appropriate arrangements / procedures for data sharing between the Partners themselves, (Aberdeen City Council and NHS Grampian) and other agencies responsible for delivering health and social care arrangements and complies with these.

### 5.2 Rationale for review

The audit will be a joint review in conjunction with NHS Grampian and Moray Council and provides an opportunity to determine where practice can be standardised across the organisations and broader assurance gained. Data sharing and GDPR compliance within the Aberdeen City IJB and the Aberdeen City Health & Social Care Partnership has not been audited previously. Whilst the data controlled by the IJB itself is restricted to Committee Papers, the data that the Partners (Aberdeen City Council and NHS Grampian) control is largely highly sensitive personal information. This data is also shared with care providers which are appointed meet individuals' care needs. Any failure to adequately mitigate information risk could result in ICO investigation and financial penalties and would have an impact on customers and on the reputation of the IJB and the Partners. Information Risk is identified in the risk registers of both Aberdeen City Council and NHS Grampian. The Aberdeen City Health and Social Care Partnership also has its own risk register which recognises data sharing.

### 5.3 Scope and risk level of review

This review will offer the following judgements:

- An overall **net risk** rating at the Function level.
- Individual **net risk** ratings for findings.

Please see Appendix 1 – Assurance Terms and Rating Scales for details of our risk level and net risk rating definitions.

#### 5.3.1 Detailed scope areas

**As a risk-based review this scope is not limited by the specific areas of activity listed below. Where related and other issues / risks are identified in the undertaking of this review these will be reported, as considered appropriate by IA, within the resulting report.**

The specific areas to be covered by this review are:

- Data Protection Governance and Accountability
- Staff Data Protection Training and Awareness
- Security of Personal Data
- Information Sharing and the Co-ordinated Partnership Approach
- Records Management.

## 5.4 Methodology

This review will be undertaken through interviews with key staff involved in the process(es) under review and analysis and review of supporting data, documentation, and paperwork. To support our work, we will review relevant legislation, codes of practice, policies, procedures, guidance.

The audit will be a joint review in conjunction with NHS Grampian and Moray Council and as such an element of reliance may be placed on the work of other assurance providers

Due to the ongoing impacts of COVID-19, this review will be undertaken remotely. We remain flexible in the face of the rapidly changing risk environment. Where our resourcing or access to the client is impacted further by COVID-19, we will adapt our audit methodology to balance the risks and assurance output and will work in co-operation with key contacts to understand the impact of the situation as it evolves.

## 5.5 IA outputs

The IA outputs from this review will be:

- A risk-based report with the results of the review, to be shared with the following:
  - IJB Key Contacts (see 5.7 below)
  - Audit, Risk and Scrutiny Committee (final only)
  - Risk, Audit and Performance Committee (final only)
  - External Audit (final only)

## 5.6 IA staff

The IA staff assigned to this review are:

- Phil Smith, Auditor (**audit lead**)
- Colin Harvey, Audit Team Manager
- Jamie Dale, Chief Internal Auditor (**oversight only**)

## 5.7 IJB key contacts

The key contacts for this review across the IJB / HSCP are:

- Sandra MacLeod, Chief Officer (ACHSCP)
- Fraser Bell, Chief Operating Officer (ACC)
- Paul Mitchell, Chief Finance Officer (ACHSCP)
- Martin Allan, Business Manager (ACHSCP) (**Process Owner**)
- Helen Cannings, Data Protection Officer (ACC)
- Nick Fluck, Medical Director (NHS Grampian)
- Alan Bell, Data Protection Officer (NHS Grampian)

## 5.8 Delivery plan and milestones

The key delivery plan and milestones are:

Milestone	Planned date
Scope issued	08/07/2022
Scope agreed	15/07/2022

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Milestone	Planned date
Fieldwork commences	01/08/2022
Fieldwork completed	29/08/2022
Draft report issued	19/09/2022
Process owner response	09/10/2022
Director response	17/10/2022
Final report issued	24/10/2022

## ABERDEEN CITY COUNCIL

<b>COMMITTEE</b>	Audit, Risk and Scrutiny Committee
<b>DATE</b>	23 March 2023
<b>EXEMPT</b>	No
<b>CONFIDENTIAL</b>	No
<b>REPORT TITLE</b>	Internal Audit Report AC2308 – Lease Financing
<b>REPORT NUMBER</b>	IA/AC2308
<b>DIRECTOR</b>	N/A
<b>REPORT AUTHOR</b>	Jamie Dale
<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 Lease Financing

### **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. CURRENT SITUATION**

- 3.1 Internal Audit has completed the attached report which relates to an audit of Lease Financing

### **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. ENVIRONMENTAL IMPLICATIONS**

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

### **7. RISK**

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

## 8. OUTCOMES

8.1 The proposals in this report have no impact on the Council Delivery Plan.

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

## 9. IMPACT ASSESSMENTS

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

## 10. BACKGROUND PAPERS

10.1 There are no relevant background papers related directly to this report.

## 11. APPENDICES

11.1 Internal Audit Report AC2308 – Lease Financing

## 12. REPORT AUTHOR CONTACT DETAILS

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## Internal Audit

### Assurance Review of Lease Financing

**Status:** Final

**Date:** 3 February 2023

**Risk Level:** Function

**Report No:** AC2308

**Assurance Year:** 2022-23

Net Risk Rating	Description	Assurance Assessment
<b>Moderate</b>	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified, which may put at risk the achievement of objectives in the area audited.	<b>Reasonable</b>

Report Tracking	Planned Date	Actual Date
Scope issued	29/09/2022	29/09/2022
Scope agreed	06/10/2022	30/09/2022
Fieldwork commenced	31/10/2022	31/10/2022
Fieldwork completed	18/11/2022	02/12/2022
Draft report issued	09/12/2022	08/12/2022
Process owner response	06/01/2023	17/01/2023
Director response	13/01/2023	02/02/2023
Final report issued	20/01/2023	03/02/2023
Committee	23/03/2023	

Distribution	
<b>Document type</b>	Assurance Report
<b>Director</b>	Steven Whyte, Director – Resources
<b>Process Owner</b>	Lesley Fullerton, Finance Operations Manager
<b>Stakeholder/s</b>	Jonathan Belford, Chief Officer - Finance
	Stephen Booth, Chief Officer – Corporate Landlord
	Mark Reilly, Chief Officer – Operations & Protective Services
	Derek Jamieson, Fleet Integration Manager
	Jenni Lawson, Interim Chief Officer - Governance*
<b>*Final Only</b>	External Audit*
<b>Lead auditor</b>	Farai Magodo, Auditor

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# 1 Introduction

## 1.1 Area subject to review

Leases are classified as 'finance' in nature where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant, or equipment from the lessor to the lessee. The audit focusses on finance leases as they pose material risk.

It is highlighted in the audited annual accounts for 2021-22 that, the Council has acquired a development at Marischal Square under a finance Lease; the asset, consisting of a hotel, leisure and office units are carried as an Investment Property on the Balance Sheet and the minimum lease payments outstanding as at 31 March 2022 were £152.1m. The Council considered various options for developing the former St Nicholas House site and as a result of decisions taken acquired the Marischal Square development. This is the significant finance lease; we will consider other finance leases and associated controls as appropriate as part of this review.

## 1.2 Rationale for the review

The objective of this audit is to ensure that lease financing decisions are based on sound business and financial criteria and that appropriate control is exercised over lease agreements, payments, and record-keeping.

This area has not been subject to review by Internal Audit previously and is included in the 2022/23 Internal Audit Plan to ensure lease agreements, which are of material value, are achieving Best Value for the Council.

## 1.3 How to use this report

This report has several sections and is designed for different stakeholders. The executive summary (section 2) is designed for senior staff and is cross referenced to the more detailed narrative in later sections (3 onwards) of the report should the reader require it. Section 3 contains the detailed narrative for risks and issues we identified in our work.

## 2 Executive Summary

### 2.1 Overall opinion

The full chart of net risk and assurance assessment definitions can be found in Appendix 1 – Assurance Scope and Terms. We have assessed the net risk (risk arising after controls and risk mitigation actions have been applied) as:

Net Risk Rating	Description	Assurance Assessment
<b>Moderate</b>	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified, which may put at risk the achievement of objectives in the area audited.	<b>Reasonable</b>

The organisational risk level at which this risk assessment applies is:

Risk Level	Definition
<b>Function</b>	This issue / risk level has implications at the functional level and the potential to impact across a range of services. They could be mitigated through the redeployment of resources or a change of policy within a given function.

### 2.2 Assurance assessment

The level of net risk is assessed as **MODERATE**, with the control framework deemed to provide **REASONABLE** assurance over the Council's approach to lease financing.

The audit focused mainly<sup>1</sup> on the Council's only finance lease for the Marischal Square Development, since finance leases are the most material leases requiring appraisal prior to agreement to avoid unnecessary additional financing costs and where possible requiring ongoing monitoring for refinancing opportunities. The Council had outstanding minimum lease payments of £152.1m as at 31 March 2022 for the Marischal Square development and there is no opportunity for the Council to refinance this lease without the mutual agreement of the landlord, since it is a sale and leaseback arrangement, with the lease due to end in 2053, when the property will be returned to the Council for £1.

This conclusion of this review is not a critique of the Marischal Square Development lease, which was considered in detail by External Audit as part of their Annual Report to Members and the Controller of Audit for the Council's 2014/15 annual accounts. A conclusion was reached that appropriate processes were followed in managing the project, with a good awareness of the risks and that assurance could be taken from the outcome of a judicial review and that a sale and leaseback arrangement and procurement processes were appropriate. Instead, our review focused on the Council's approach generally to leases and any opportunities for enhancing controls where appropriate, using the Marischal Square development as an example.

Financial Regulations adequately describe the approval requirements relating to leases, and more specifically, the record keeping requirements related to industrial and commercial property leases and these requirements had been complied with in relation to the Council's most material lease, the finance lease for Marischal Square, with relevant records maintained by the Chief Officer – Corporate Landlord, and the associated contract approved by full Council in May 2013. Quarterly payments for this finance lease were made accurately in a timely manner. In addition, Marischal Square finance lease budget monitoring arrangements are adequate. Furthermore, Finance has begun preparation for the implementation of IFRS 16 on leases having nominated a responsible officer, who demonstrated an awareness of the associated challenges that need to be overcome, and leases are now a standing agenda item for budget holder meetings to help identify any existing or new lease arrangements for reporting purposes, to complement existing year end instructions on leases.

However, gaps in some controls were identified, specifically:

<sup>1</sup> In carrying out this review, discussions identified potential areas for improvement with regards to the control framework for fleet hire. Management was already aware of this point and work is ongoing. It was determined with Management that the best course of action would be for Internal Audit to support their planned work and carry out a full review in future years.

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- **Written Policies and Procedures** – There are currently no formalised written procedures on how whole life costs associated with new lease financing arrangements or ongoing leases are evaluated to determine if a particular financing arrangement offers Best Value or if alternative arrangements such as outright purchasing of assets through borrowing is more appropriate. In addition, Financial Regulations do not clearly describe the expectations in relation to asset lease renewal or duration. This increases the risk the optimum funding approach will not be adopted by the Council when procuring assets.
  - **IFRS 16 Lease Data Collection** – The detail required at an asset level for the preparation of the leases note to the Annual Accounts under IFRS 16, once this takes effect, is considerable and Finance has advised this is often lacking from contractual documentation for leases and hires. Whilst a system of reporting for new leases is already in place, due to the increased data requirements under IFRS 16, it would be beneficial for the purposes of preparing the Annual Accounts if the existing process was enhanced. This could be achieved through a system of reporting, which requires to be updated as and when a procuring officer establishes a relevant lease / hire, and not just as a one off exercise at year end, when obtaining the necessary detail may prove challenging.

Recommendations have been made to address the noted points and to help strengthen the control framework.

### 2.3 Severe or major issues / risks

No severe or major issues / risks were identified as part of this review.

### 2.4 Management response

*The review is welcome reassurance that the administration of the finance lease is working well and that books and records of the Council are being kept appropriately.*

*The report highlights where the Council could improve the consistency and rigour through which the financing of assets is evaluated and identifies that Financial Regulations could be enhanced to provide more direction for staff who are preparing Business Cases in support of new capital projects. The Business Case approach provides a framework that requires the author to consider options and in doing so it is agreed that further guidance on how the funding and financing of a project could improve the information and advice that is ultimately provided to Councillors prior to making their decisions.*

*The report also identifies the delayed adoption of IFRS16: Leases, noting that it is a major change in the way that leases are accounted for and the necessity for additional information to be captured, particularly at the time a lease signed. This is required to support the preparation of the Council's Annual Accounts and the notes to the Accounts.*

*The Chief Officer – Finance accepts the two recommendations.*

## 3 Issues / Risks, Recommendations, and Management Response

### 3.1 Issues / Risks, recommendations, and management response

Ref	Description	Risk Rating	Moderate
1.1	<p><b>Written Policies and Procedures</b> - It is essential that Council policy and procedures ensure Best Value is achieved in the procurement of assets through leases, or extension of leases / hires, to avoid financial loss to the Council.</p> <p>Under the CIPFA Code of Practice on Local Authority Accounting in the UK, a lease is defined as an agreement whereby the lessor conveys to the lessee, in return for a payment or series of payments, the right to use an asset for an agreed period of time. A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset, where title may or may not be transferred, whilst an operating lease is a lease other than a finance lease.</p> <p>The Council's Financial Regulations states:</p> <p><i>'No leasing of equipment or capital assets shall be undertaken on behalf of the Council without the prior approval of the Chief Officer – Finance and Head of Commercial and Procurement.'</i></p> <p>However, there are currently no formalised written procedures on how the financing of assets should be evaluated, considering different funding sources – e.g. lease finance, borrowing, grant funding. In taking account of whole life costs associated with property, plant or equipment and documenting the evaluation would enhance the approach taken to demonstrating and determining Best Value. In addition, Financial Regulations do not describe the expectations in relation to asset lease renewal or duration.</p> <p>In relation to new assets being acquired and in the absence of relevant guidance, it is not possible to determine how options should be considered, which leaves space for an inconsistent approach. . The current Outline Business Case process, which the Service advised was introduced after the Marischal Square development was agreed, includes options appraisal, with whole life costs of different options however it is not explicit about what financial considerations procuring officers should make for options appraisal purposes, such as borrowing from the PWLB, raising bond finance, or entering into a lease agreement . In the absence of funding option guidance there is a greater risk the optimum financial solution will not be achieved.</p> <p>It is also noted that under, the yet to be adopted, International Financial Reporting Standard (IFRS) 16 "Leases", which must be implemented by local authorities by 1 April 2024, the distinction between finance and operating leases will be removed, with a focus on the substance of the transaction, with former operating leases and hire of certain assets falling within scope as finance leases. CIPFA indicates this is more than just an accounting technicality, with the opportunity to improve procurement processes, as more information becomes available on the real costs of leases.</p>		
<b>IA Recommended Mitigating Actions</b>			
<p>Finance should document when their involvement is required in order to meet the requirement of the financial regulations, and work with colleagues in Commercial and Procurement Services to set out how the options for financing assets (including leasing and borrowing) can be evaluated as part of the Business Case approach taken by the Council.</p>			
<b>Management Actions to Address Issues/Risks</b>			

<i>The Finance team, in conjunction with colleagues, will review and update the Financial Regulations in relation to leases and prepare guidance that can be incorporated into the Business Case process.</i>		
<b>Risk Agreed</b>	<b>Person(s)</b>	<b>Due Date</b>
Yes	Finance Operations Manager	September 2023

Ref	Description	Risk Rating	Minor
1.2	<p><b>IFRS 16 Lease Data Collection</b> – In the interests of ensuring the leases note to the Annual Accounts is accurate, it is necessary for Finance to be made aware of any leases or hires of assets.</p> <p>A system of control has been established by making leases a standing agenda item at budget monitoring meetings. Furthermore, comprehensive year end Annual Accounts instructions to budget holders, covering CIPFA Code of Practice on Local Authority Accounting in the UK lease definitions, require leases to be reported to Finance.</p> <p>However, The detail required at an asset level for the preparation of the leases note to the Annual Accounts under IFRS 16, once this takes effect, is considerable and Finance has advised this is often lacking from contractual documentation for leases and hires. Whilst a system of reporting for new leases is already in place, due to the increased data requirements under IFRS 16, it would be beneficial for the purposes of preparing the Annual Accounts if the existing process was enhanced. This could be achieved through the establishment of a central register of leases / hires, which requires to be updated as and when a procuring officer establishes a relevant lease / hire, and not just as a one off exercise at year end, when obtaining the necessary detail may prove challenging.</p> <p><b>IA Recommended Mitigating Actions</b></p> <p>Finance should enhance the system of reporting and establish a system for capturing the necessary information for the preparation of the leases note to the Annual Accounts under IFRS 16 as and when Procuring Officers establish or extend asset leases / hires.</p> <p><b>Management Actions to Address Issues/Risks</b></p> <p><i>The preparatory work for the adoption of IFRS16 commenced over a year ago and much has been done to provide a baseline for the first reporting and accounting transactions to be recorded. The planning work included establishing relevant processes and procedures and meetings with Commercial and Procurement Services are scheduled to ensure this recommendation is successfully implemented.</i></p>		
	<b>Risk Agreed</b>	<b>Person(s)</b>	<b>Due Date</b>
	Yes	Finance Operations Manager	September 2023

## 4 Appendix 1 – Assurance Terms and Rating Scales

### 4.1 Overall report level and net risk rating definitions

The following levels and ratings will be used to assess the risk in this report:

Risk level	Definition
Corporate	This issue / risk level impacts the Council as a whole. Mitigating actions should be taken at the Senior Leadership level.
Function	This issue / risk level has implications at the functional level and the potential to impact across a range of services. They could be mitigated through the redeployment of resources or a change of policy within a given function.
Cluster	This issue / risk level impacts a particular Service or Cluster. Mitigating actions should be implemented by the responsible Chief Officer.
Programme and Project	This issue / risk level impacts the programme or project that has been reviewed. Mitigating actions should be taken at the level of the programme or project concerned.

Net Risk Rating	Description	Assurance Assessment
Minor	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.	Substantial
Moderate	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified, which may put at risk the achievement of objectives in the area audited.	Reasonable
Major	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.	Limited
Severe	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.	Minimal

Individual Issue / Risk Rating	Definitions
Minor	Although the element of internal control is satisfactory there is scope for improvement. Addressing this issue is considered desirable and should result in enhanced control or better value for money. Action should be taken within a 12 month period.
Moderate	An element of control is missing or only partial in nature. The existence of the weakness identified has an impact on the audited area's adequacy and effectiveness. Action should be taken within a six month period.
Major	The absence of, or failure to comply with, an appropriate internal control, which could result in, for example, a material financial loss. Action should be taken within three months.
Severe	This is an issue / risk that could significantly affect the achievement of one or many of the Council's objectives or could impact the effectiveness or efficiency of the Council's activities or processes. Action is considered imperative to ensure that the Council is not exposed to severe risks and should be taken immediately.

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## 5 Appendix 2 – Assurance Scope and Terms of Reference

### 5.1 Area subject to review

Leases are classified as ‘finance’ in nature where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. The audit focusses on finance leases as they pose material risk.

It is highlighted in the audited annual accounts for 2021-22 that, the Council has acquired a development at Marischal Square under a finance Lease; the asset, consisting of a hotel, retail and office units are carried as an Investment Property on the Balance Sheet and the minimum lease payments outstanding as at 31 March 2022 were £152.1m. This is the significant finance lease; we will consider other finance leases and associated controls as appropriate as part of this review.

### 5.2 Rationale for review

The objective of this audit is to ensure that lease financing decisions are based on sound business and financial criteria and that appropriate control is exercised over lease agreements, payments, and record-keeping.

This area has not been subject to review by Internal Audit previously and is included in the 2022/23 Internal Audit Plan to ensure lease agreements, which are of material value, are achieving Best Value for the Council.

### 5.3 Scope and risk level of review

This review will offer the following judgements:

- An overall **net risk** rating at the Function level.
- Individual **net risk** ratings for findings.

#### 5.3.1 Detailed scope areas

**As a risk-based review this scope is not limited by the specific areas of activity listed below. Where related and other issues / risks are identified in the undertaking of this review these will be reported, as considered appropriate by IA, within the resulting report.**

The specific areas to be covered by this review are:

- Leasing Decisions and Approvals
- Lease Agreements
- Payments
- Record Keeping
- Monitoring Arrangements

### 5.4 Methodology

This review will be undertaken through interviews with key staff involved in the process(es) under review and analysis and review of supporting data, documentation, and paperwork. To support our work, we will review relevant legislation, codes of practice, policies, procedures, guidance

Due to the ongoing impacts of COVID-19, this review will be undertaken remotely. We remain flexible in the face of the rapidly changing risk environment. Where our resourcing or access to the client is impacted further by COVID-19, we will adapt our audit methodology to balance the risks and assurance output and will work in co-operation with key contacts to understand the impact of the situation as it evolves.

### 5.5 IA outputs

The IA outputs from this review will be:

- A risk-based report with the results of the review, to be shared with the following:
  - Council Key Contacts (see 5.7 below)
  - Audit Committee (final only)
  - External Audit (final only)

## 5.6 IA staff

The IA staff assigned to this review are:

- Farai Magodo, Auditor (**audit lead**)
- Andy Johnston, Audit Team Manager
- Jamie Dale, Chief Internal Auditor (**oversight only**)

## 5.7 Council key contacts

The key contacts for this review across the Council are:

- Steven Whyte, Director - Resources
- Jonathan Belford, Chief Officer - Finance
- Lesley Fullerton, Finance Operations Manager (**process owner**)

## 5.8 Delivery plan and milestones

The key delivery plan and milestones are:

Milestone	Planned date
Scope issued	29/09/2022
Scope agreed	06/10/2022
Fieldwork commences	31/10/2022
Fieldwork completed	18/11/2022
Draft report issued	09/12/2022
Process owner response	06/01/2023 <i>(extended due to holiday period)</i>
Director response	13/01/2023
Final report issued	20/01/2023



## ABERDEEN CITY COUNCIL

<b>COMMITTEE</b>	Audit, Risk and Scrutiny Committee
<b>DATE</b>	23 March 2023
<b>EXEMPT</b>	No
<b>CONFIDENTIAL</b>	No
<b>REPORT TITLE</b>	Internal Audit Report AC2303 – Following the Public Pound
<b>REPORT NUMBER</b>	IA/AC2303
<b>DIRECTOR</b>	N/A
<b>REPORT AUTHOR</b>	Jamie Dale
<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 Following the Public Pound

### 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. CURRENT SITUATION

- 3.1 Internal Audit has completed the attached report which relates to an audit of Following the Public Pound

### 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. ENVIRONMENTAL IMPLICATIONS

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

### 7. RISK

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

**8. OUTCOMES**

8.1 The proposals in this report have no impact on the Council Delivery Plan.

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

**9. IMPACT ASSESSMENTS**

<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

**10. BACKGROUND PAPERS**

10.1 There are no relevant background papers related directly to this report.

**11. APPENDICES**

11.1 Internal Audit Report AC2308 – Following the Public Pound

**12. REPORT AUTHOR CONTACT DETAILS**

<b>Name</b>	Jamie Dale
<b>Title</b>	Chief Internal Auditor
<b>Email Address</b>	<a href="mailto:Jamie.Dale@aberdeenshire.gov.uk">Jamie.Dale@aberdeenshire.gov.uk</a>
<b>Tel</b>	(01467) 530 988



## Internal Audit

### Assurance Review of Following the Public Pound

**Status:** Final

**Date:** 13 February 2023

**Risk Level:** Corporate

**Report No:** AC2303

**Assurance Year:** 2022-23

Net Risk Rating	Description	Assurance Assessment
<b>Moderate</b>	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified, which may put at risk the achievement of objectives in the area audited.	<b>Reasonable</b>

Report Tracking	Planned Date	Actual Date
Scope issued	20/07/2022	20/07/2022
Scope agreed	27/07/2022	27/07/2022
Fieldwork commenced	01/08/2022	20/09/2022
Fieldwork completed	16/09/2022	06/10/2022
Draft report issued	07/10/2022	07/10/2022
Process owner response	28/10/2022	24/11/2022
Director response	04/11/2022	10/02/2023
Final report issued	11/11/2022	13/02/2023
Committee	23/03/2023	

Distribution	
<b>Document type</b>	Assurance Report
<b>Director</b>	Steven Whyte, Director – Resources Andy MacDonald, Director – Customer Services Gale Beattie, Director – Commissioning Sandra Macleod, Chief Officer – Health and Social Care Partnership
<b>Process Owner</b>	Jonathan Belford, Chief Officer – Finance
<b>Stakeholder/s</b>	Lesley Fullerton, Finance Operations Manager Jenni Lawson, Interim Chief Officer - Governance*
<b>*Final Only</b>	External Audit*
<b>Lead auditor</b>	Agne McDonald, Auditor

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4	Appendix 1 – Assurance Terms and Rating Scales	Error! Bookmark not defined.
5	Appendix 2 – Assurance Scope and Terms of Reference	Error! Bookmark not defined.

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# 1 Introduction

## 1.1 Area subject to review

Councils fund arms-length and external organisations (ALEOs) to provide important services to the public, or to provide social benefits such as employment opportunities. These funding arrangements are often more complex than purchase contracts for goods or services. To ensure that public money is used properly and achieves Best Value, it must be possible to trace funds from the Council to where they are ultimately spent – to ‘Follow the Public Pound’ (FtPP) across organisational boundaries.

FtPP means ensuring that there is proper accountability of public funds used in delivering services, irrespective of the means of service delivery.

In 1996 the Accounts Commission and Convention of Scottish Local Authorities (COSLA) published a “Code of Guidance on Funding External Public Bodies and Following the Public Pound”. In June 2005, the Scottish Government issued a “Direction on the Code of Guidance on Funding External Bodies and Following the Public Pound”, providing statutory backing and requiring all Scottish Local Authorities to comply with the 1996 Code. Given this statutory requirement, it is imperative that all operations within the Council comply with the Code when dealing with external organisations that receive grants using public funds.

The Council's Financial Regulations require Chief Officers to comply with the Council's Local Code of Practice for Funding External Bodies and ‘Following the Public Pound’ (the Council's FtPP Code), which was approved by the City Growth & Recourses Committee on 26 September 2019. The level of checks undertaken on external organisations as part of the FtPP grant application assessment process increases in line with the level of grant funding applied for and / or the level of control the Council has over the external organisation. Checks increase from Tier 4 to Tier 1 with Tiers defined as follows:

Funding:

- Tier 1 - Cumulative Annual Funding is greater than £7 million
- Tier 2 - Cumulative Annual Funding is greater than £300,000 but less than £7 million
- Tier 3 - Cumulative Annual Funding is between £75,000 and £300,000
- Tier 4 - Cumulative Annual Funding is between £15,000 and £75,000

Risk/Control:

- Tier 1 - An organisation that is significant in size and over which the Council exercises substantial control i.e. those whose annual results are included in the Council's Group Accounts
- Tier 2 - An organisation over which the Council exercises substantial control but is smaller in operational scale to the above i.e. those defined as part of the Council's Group but whose annual results are not included in the Group Accounts due to materiality
- Tier 3 – n/a
- Tier 4 - An organisation that the Council has an interest in but does not control

Tier 1 grants were not covered as part of this review as FtPP checks for Tier 1 organisations will be covered as part of a planned 2022/23 Internal Audit review of ALEOs – Performance and Payments.

## 1.2 Rationale for the review

The objective of this audit is to ensure that there is proper accountability for public funds used in delivering services, irrespective of the means of service delivery. Due to the risk of reputational damage to the Council where statutory obligations are not met and that public funds are misused, wasted, or lost; this review has been included in 2022/23 audit plan.

## 1.3 How to use this report

This report has several sections and is designed for different stakeholders. The executive summary (section 2) is designed for senior staff and is cross referenced to the more detailed narrative in later sections (3 onwards) of the report should the reader require it. Section 3 contains the detailed narrative for risks and issues we identified in our work.

## 2 Executive Summary

### 2.1 Overall opinion

The full chart of net risk and assurance assessment definitions can be found in Appendix 1 – Assurance Terms and Rating Scales. We have assessed the net risk (risk arising after controls and risk mitigation actions have been applied) as:

Net Risk Rating	Description	Assurance Assessment
<b>Moderate</b>	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified, which may put at risk the achievement of objectives in the area audited.	<b>Reasonable</b>

The organisational risk level at which this risk assessment applies is:

Risk Level	Definition
<b>Corporate</b>	This issue / risk level impacts the Council as a whole. Mitigating actions should be taken at the Senior Leadership level.

### 2.2 Assurance assessment

The level of net risk is assessed as **MODERATE**, with the control framework deemed to provide **REASONABLE** assurance over the Council's approach to Following the Public Pound (FtPP).

The Council has a Following the Public Pound procedure (the Council's FtPP Code) for managing grant payments to external organisations, covering relevant financial and operational risk considerations, as well as funding agreement, and payment requirements. Whilst generally comprehensive, some issues were noted, including no exemption for grants administered by the Council on behalf of other organisations where rules are already prescribed on ensuring Best Value; lack of clarity on required checks of financial statements for tier 3 and 4 grants; lack of clarity on when monthly payments rather than quarterly payments are required to reduce the risk of financial loss; and an absence of debt checks required by the Council's FtPP Code in the Code checklist for budget holders. These issues make it confusing for budget holders applying the Council's FtPP Code.

Operational assessments of non-financial risks were not undertaken for eight (80%) grants reviewed and partial for one (10%), increasing the risk grants will be awarded to unsuitable organisations and that intended objectives of grant funding will not be achieved. Also, payments were not made with sufficient frequency for one grant (£158k) since it was made as a single grant payment despite exceeding the threshold requiring quarterly payments. These practices increase the risk of financial loss to the Council due to an organisation ceasing to operate.

Recommendations have been made to improve FtPP compliance, including reviewing the Council's FtPP Code; devolving the use of the central register from Finance to budget holders to act as an FtPP checklist; introducing regular reconciliations of the central register for monitoring FtPP compliance; requiring functions to evidence their FtPP checks prior to payment; and establishing a system of control to prevent grant payments exceeding a maximum payment value.

Where it is recognised that many stakeholders are involved in the FtPP process, recommendations have been focused on Management centrally to help ensure improvement across all functions who provide grants. A recommendation has also been made that the Council's FtPP Code should be reviewed and updated as appropriate. It is recommended that management take this opportunity to review the process overall to ensure it is fit for purpose and can be applied by all relevant functions.

### 2.3 Severe or major issues / risks

Issues and risks identified are categorised according to their impact on the Council. The following are summaries of higher rated issues / risks that have been identified as part of this review:

Ref	Severe or Major Issues / Risks	Risk Agreed	Risk Rating	Page No.
1.5	<p><b>Operational Assessments</b> – The Council’s FtPP Code requires operational assessments of organisations for awards in excess of £15k to assess relevant non-financial risks. This includes matters such as adequacy of governance arrangements; compliance with company or charity requirements; and risk of reputational damage through association with the organisation.</p> <p>Operational assessments of non-financial risks were also not undertaken for eight (80%) grants reviewed and partial for one (10%).</p> <p>In the absence of operational risk assessments, there is a greater chance of reputational damage to the Council through association with a poorly governed organisation, that does not have objectives and values that are aligned to those of the Council.</p>	Yes	Major	12
1.8	<p><b>Payments</b> – The following was reviewed to ensure payments were being made in line with the FtPP Code:</p> <ul style="list-style-type: none"> <li>• A checklist was completed by the Budget Holder documenting all FtPP checks had taken place as required prior to payment.</li> <li>• The Council verified if the grant recipient had any sundry debts, council tax or NDR owed to the Council prior to payment.</li> <li>• A payment schedule was agreed with the grant recipient.</li> <li>• Payments of £15k per annum were made in a minimum of four instalments</li> </ul> <p>It was found that:</p> <ul style="list-style-type: none"> <li>• FtPP checklists were absent for seven grants (70%) and partial for one (10%).</li> <li>• The payment schedule is part of the funding agreement and funding agreements were absent for two (20%) organisations.</li> <li>• There was no evidence of debt checks prior to payment for any of the grants reviewed (100%), increasing the risk debts will not be settled following award of grants, where</li> </ul>	Yes	Major	15

Ref	Severe or Major Issues / Risks	Risk Agreed	Risk Rating	Page No.
	<p>debts are not deducted from grant payments or of payment to organisations who are not financial sustainable.</p> <ul style="list-style-type: none"> <li>One large payment (£158k) was made as a single payment increasing the risk of greater financial loss to the Council at the time the payments were made should the funded organisations cease to operate.</li> </ul>			

## 2.4 Management response

*The Council has many situations where it is relying on other organisations to deliver services, to provide services, activities, or projects for the benefit of the community and citizens of Aberdeen. In 2022/23 a total of 158 grant funding situations are recorded on the Council register that fall within Tier 2 to Tier 4 of the Following the Public Pound guidance. This amounts to funding of £6.042m, an average of c.£38,000 per grant. The sums involved mean the Council must be robust in its approach to awarding, administering, and monitoring the funding that it provides.*

*Significant resources are deployed through the Council's Assurance Hub to support the largest and most substantial financial commitments and Group Entities (Tier 1 ALEOs) and reasonably relies on the application of guidance, and the process and procedure of officers across the Council to manage and monitor the other grant funding relationships that are of a lower value.*

*These activities are undertaken by skilled individuals who very often have a wide and detailed knowledge of the area of interest to which grants apply and they are supported by other staff, including members of the Finance team. From discussion and feedback through follow up work with Council officers, Finance contacts and contact with budget holders, management believe, in general, that reasonable assurance can be placed on grant funding arrangements.*

*It is, however, clear from the recommendations that the Council can provide a clearer and more robust framework for Council officers to work with, to ensure that it is up to date and relevant to the constantly changing environment in which it works. The sample tested has shown gaps in how the Council has assessed applications, kept records, and managed payments in particular.*

*The FtPP guidance and process is on the workplan for the Chief Officer – Finance with the intention of reviewing, particularly considering the many grant funding arrangements that were required of the Council during the Covid Pandemic. This work will be advanced because of the audit.*

*Action on all the recommendations has been agreed and specifically in respect of the major recommendations highlighted above will have action taken in the next 6 weeks.*



## 3 Issues / Risks, Recommendations, and Management Response

### 3.1 Issues / Risks, recommendations, and management response

Ref	Description	Risk Rating	Moderate
1.1	<p><b>Written Policies and Procedures</b> – The Council’s FtPP Code was approved by the Finance, City Growth and Resources Committee in September 2019, and sets out the governance arrangements for grants or financial support provided to external bodies by the Council. This does not apply to payments made under a straightforward contract for goods or services, which are covered by the Council’s Procurement Regulations.</p> <p>Whilst the Council’s FtPP Code is detailed and available to all Council employees via the Council’s intranet, the document has not been reviewed since before the COVID-19 pandemic. Finance advised that COVID-19 related grants administered by the Council were not subject to FtPP checks however the Council’s FtPP Code does not exempt grant payments administered by the Council on behalf of the Scottish Government. A review would help ensure the FtPP Code describes accurately grants that are in scope of the Code, and those that are not, including if appropriate grants administered on behalf of the Scottish Government.</p> <p>It was also noted that despite the Council’s FtPP Code requiring financial statements for tier 3 and 4 grants, there is no requirement to undertake any financial assessments for these organisations or guidance on how the financial statements should be assessed. In the absence of guidance there is an increased risk that funding of up to £300,000 will be awarded to an organisation with going concern issues should financial statements not be assessed as expected or that grant awards will be unnecessarily delayed awaiting documentation, should the Council deem it appropriate to exempt these organisations from assessments of financial statements – the Council’s FtPP Code therefore needs to clarify this requirement for tier 3 and 4 grants.</p> <p>In relation to payments, the Council’s FtPP Code states:</p> <p><i>“Payments in excess of £15,000 per annum should be in no fewer than four instalments per financial year and preferably made monthly to minimise the Councils exposure in the event of the organisation encountering financial difficulties”.</i></p> <p>It is not clear when payments should be monthly increasing the risk of high value single payments and of associated higher value financial loss should a funded organisation cease operating.</p> <p>The Council’s FtPP Code includes a useful checklist for budget holders to ensure they are covering FtPP requirements. Under the Council’s FtPP Code, prior to any payments being made the Council must ensure that no sundry debts, council tax or non-domestic rates are owed by the organisation to the Council, in order that these are deducted from any grant payment – it was noted this is not included in the checklist increasing the risk these checks will be omitted. This was the case as described in 1.8 – Payments below, for all ten (100%) grants reviewed as part of this audit.</p> <p>Finance advised that the FtPP Code is currently under review. A recommendation is included to track progress and to consider the above points.</p>		
<b>IA Recommended Mitigating Actions</b>			

Ref	Description	Risk Rating	Moderate
	The Council's FtPP Code should be reviewed and updated as appropriate, with consideration given to clarifying requirements in relation to financial statements; grant payment frequency; grants administered by the Council on behalf of other organisations such as the Scottish Government; and updating the checklist where necessary, including in relation to debt checks.		
<b>Management Actions to Address Issues/Risks</b>			
Agreed.			
<b>Risk Agreed</b>	<b>Person(s)</b>	<b>Due Date</b>	
Yes	Finance Operations Manager	September 2023	

Ref	Description	Risk Rating	Moderate
1.2	<p><b>Register of Interests</b> – Paragraph 1.18 of the Council's FtPP Code states:</p> <p><i>"The Council will maintain an up-to-date register of interests (representation on external bodies) and periodically review the indemnity arrangements in place for directors and officers, and trustees within external bodies. The master list of appointments will be held by the Chief Officer – Governance".</i></p> <p>Whilst individual declarations of interest were available on the Council's website at a Councillor specific level, a master list of appointments is not being maintained by Governance as required, with no register of interests maintained for Directors and officers.</p> <p>Management advised that as part of the Annual Accounts/Annual Governance Statement processes they gather information from officers of any conflict they might have but there is the opportunity for enhancement and increased rigour to the process.</p> <p>Current operations increases the risk of reputational damage to the Council due to an officer or Director's association with an external organisation awarded a grant by the Council.</p>		
<b>IA Recommended Mitigating Actions</b>			
Governance should establish an up-to-date register of interests for Council officers involved in assessing and awarding grants and review this periodically to ensure representation on external bodies does not present unacceptable risks to Council.			
<b>Management Actions to Address Issues/Risks</b>			
Agreed.			
<b>Risk Agreed</b>	<b>Person(s)</b>	<b>Due Date</b>	
Yes	Chief Officer – Governance	September 2023	

Ref	Description	Risk Rating	Moderate
1.3	<p><b>Supporting Documentation</b> – The Council's FtPP Code requires the following documentation to be provided to determine if an organisation has adequate financial and governance arrangements:</p>		

	<ul style="list-style-type: none"> <li>• Tier 2 (£300k - £7m): Audited/approved annual accounts for preceding year; Statement of Organisational Strategic Objectives; Corporate Risk Register; and Constitution/Governance documents.</li> <li>• Tier 3 (£75k - £300k): Approved Annual Income and Expenditure Accounts, Statement of cash balance and Constitution/Governance Documents.</li> <li>• Tier 4 (£15k - £75k): Annual Income and Expenditure Accounts, Statement of cash balance and Constitution/Governance Documents.</li> </ul> <p>A sample of 10 grants was selected to ensure the relevant documentation was obtained prior to award (two Tier 2; five Tier 3; and three Tier 4 grants). All necessary documentation was available for six (60%) grants; however documentation was missing as follows for four (40%):</p> <ul style="list-style-type: none"> <li>• The Corporate Risk Register required for a tier 2 grant of £1m was not made available.</li> <li>• Another tier 2 grant to a charity for £337k was assessed based on unaudited rather than audited accounts.</li> <li>• In addition, two tier 3 grants (£158k and £80k respectively) lacked the necessary governance and financial documentation.</li> </ul> <p>One of the tier 3 exceptions was thought to be out of scope by the respective Cluster since it involved the administration of funding received from another organisation and payments were in arrears following evidence of completion of associated works, meaning they were low risk. A recommendation has already been made at 1.1 to review and update the Code to address this where necessary.</p> <p>Otherwise, where grants are made in the absence of documentation in support of the adequacy of governance arrangements and financial stability of funded organisations, there is a greater risk of financial loss due to funded organisations ceasing operating, Best Value not being achieved due to poor governance arrangements, and reputational damage to the Council.</p>
<b>IA Recommended Mitigating Actions</b>	
<p>a) Functions should ensure documentation is obtained as required by the Council's FtPP Code for review prior to awarding any related grant.</p> <p>b) Finance should establish arrangements for functions to save supporting documentation centrally to facilitate audits of FtPP compliance undertaken by Finance.</p>	
<b>Management Actions to Address Issues/Risks</b>	
<p><i>Agreed, the Chief Officer – Finance will remind all Functions of their requirements under the FPP Code of Practice to ensure the necessary information and documentation is obtained and reviewed prior to grant funding being paid. The finance team have considered where documents can be held centrally and believe this can be done through SharePoint.</i></p>	
<b>Risk Agreed</b>	<b>Person(s)</b>
<b>Due Date</b>	
Yes	Chief Officer - Finance
	March 2023

Ref	Description	Risk Rating	Moderate
1.4	<p><b>Financial Assessments</b> – The Council's FtPP Code requires specific financial assessments of tier 1 (outwith scope of audit) and tier 2 grants that are detailed in the Council's FtPP Code. In relation to tier 2 grants this requires the budget holder, in conjunction with Finance, to check and document that sufficient cash exists to enable the organisation to meet its financial obligations for the foreseeable future (at least three months); that material sources of external funding are secure; and to assess the ability of the organisation to continue as a going concern.</p>		

<p>Financial assessments were absent for one (50%) tier 2 grant of £1m reviewed by Internal Audit and partial for another (50%) for £337k (partial check since no documented check of sufficient cash to meet financial obligations for next 3 months).</p> <p>Finance advised that one of these tier 2 grants should be out of scope of the Council's FtPP Code since the associated project was funded by a specific Scottish Government grant and the Scottish Government had approved the award of the grant to the organisation concerned. In addition, Finance advised the other grant should be out of scope since the organisation is well known to the Council.</p> <p>However, the Council's FtPP Code does not currently exempt such grant recipients from going concern checks prior to grant awards and in the case of the Scottish Government grant, the Council is administering payments on behalf of the Scottish Government, meaning the Council is responsible for payment control and ensuring security of public funds on behalf of the Scottish Government. Any change in FtPP policy would need to be formalised and approved by Council before the associated risk of not undertaking financial assessments as described in the FtPP Code is acceptable. A recommendation has already been made at 1.1 to review the FtPP Code. A recommendation is also made below to address the non-compliance with the current FtPP Code.</p>		
<b>IA Recommended Mitigating Actions</b>		
<p>Functions should ensure financial assessments are completed and recorded in line with the Council's FtPP Code prior to awarding any related grant.</p>		
<b>Management Actions to Address Issues/Risks</b>		
<p><i>Agreed, the Chief Officer – Finance will remind all Functions of their requirements under the FPP Code of Practice to ensure that the necessary checks are in place and records kept.</i></p>		
<b>Risk Agreed</b>	<b>Person(s)</b>	<b>Due Date</b>
Yes	Chief Officer - Finance	March 2023

Ref	Description	Risk Rating	Major
1.5	<p><b>Operational Assessments</b> – The Council's FtPP Code requires operational assessments of organisations for awards in excess of £15k to assess relevant non-financial risks. This includes matters such as adequacy of governance arrangements; achievement of organisational objectives; compliance with company or charity requirements; and risk of reputational damage through association with the organisation. As with financial assessments, the Budget Holder undertaking the operational capability assessment should document their findings, together with their recommendation as to whether the organisation is fit and proper to be considered for funding. Where conditions need to be attached to any Funding Agreement, these should be documented also. The Council's FtPP Code advises Finance can be contacted for advice on undertaking these assessments.</p> <p>An operational assessment was available for one (10%) out of ten grant awards tested, and partial for another (10% - partial since missed checks of reputational damage, and compliance with requirements of Companies Act) with assessments absent for eight (80%) awards.</p> <p>In the absence of operational risk assessments, there is a greater chance of reputational damage to the Council through association with a poorly governed organisation, which does not have objectives and values that are aligned to those of the Council.</p>		
<b>IA Recommended Mitigating Actions</b>			

Functions should conduct operational assessments and record the findings prior to awarding grants to external organisations.		
<b>Management Actions to Address Issues/Risks</b>		
<i>Agreed, the Chief Officer – Finance will remind all Functions of their requirements under the FPP Code of Practice to ensure that the necessary checks are in place and records kept.</i>		
<b>Risk Agreed</b>	<i>Person(s)</i>	<i>Due Date</i>
Yes	Chief Officer - Finance	March 2023

Ref	Description	Risk Rating	Moderate
1.6	<p><b>Grant Monitoring Arrangements / The Central Register</b> –The Council’s FtPP Code states:  <i>“The Council will maintain a Central Register of all funding approved that meets the criteria set. The Register will be managed and maintained by the Finance Team, located at Marischal College, and updates will be provided directly from the Budget Holder as funding is awarded. The Register is a key data source and as such the information and timing of such being supplied is crucial to the robustness of the information that is contained therein....To record an entry in the Register the Funding Agreement should be sent to the Finance Team immediately after the award has been made”.</i></p> <p>A view has been reached from stakeholders that updating the central register is cumbersome since Finance must update the register on behalf of services based on a copy of the Funding Agreement. Whilst it is beneficial that Finance are made aware of established Funding Agreements, as evidence of compliance with FtPP requirements in relation to these agreements, this process has the potential to reduce reporting where Funding Agreements have not been established. Furthermore, the central register does not capture key checks required by the Council’s FtPP Code. Covering key FtPP checks in the central register and requiring awarding services to update the register (in addition to submitting Funding Agreements to Finance once prepared) would help ensure FtPP checks are documented by the respective service and reduce the administrative burden on Finance.</p> <p>To test the completeness of the central register and establish a sample for testing compliance with the Council’s FtPP requirements, Internal Audit ran an extract from the general ledger for 2022/23 for all transactions that included ‘grant<sup>1</sup>’ in the description. Three such grants were not recorded in the central register, one of which was a single payment for £1m</p> <p>Whilst Finance is undertaking quarterly audits of the central register, where a sample of seven to eight grants is selected by Finance from the register and the documentation to support the required FtPP process is requested from the respective service, Finance advised that a reconciliation is not undertaken of the central register to the general ledger and furthermore such a reconciliation is hindered by the large number of undefined financial codes used to make grant payments. This increases the risk the register will be incomplete and that grant payments will be made without the Council’s FtPP Code being adhered to.</p> <p>When seeking financial ledger reports of grant payments made it was noted there were limited officers deemed to have the knowledge necessary to adequately interrogate the financial ledger using the BOXI system. Presently there is no online course available on the use of BOXI. It would be beneficial for officers who wish to interrogate the financial ledger if such a course were developed.</p>		
<b>IA Recommended Mitigating Actions</b>			

<sup>1</sup> Where this is not a fully comprehensive test given other naming possibilities it allowed for an analysis of completeness from a relative assurance perspective to be carried out.

<p>The ownership of the central register updates and the content should be reviewed, with consideration given to requiring budget holders to update the register, and for the register to capture FtPP requirements, to act as a checklist for officers awarding grants.</p> <p>Financial codes used to make grant payments should be standardised to facilitate review of grant payments.</p> <p>Finance should reconcile the central register to the general ledger regularly to ensure the central register is complete and Functions awarding grants should be required to do the same.</p> <p>A training course on BOXI functionality should be made available to all officers involved in financial reporting and monitoring.</p>		
<b>Management Actions to Address Issues/Risks</b>		
<p><i>Agree we will action the recommendations in relation to the Register ownership, the financial codes and reconciliation, however due to resources available this will take some time to complete. In relation to the BOXI training recommendation we will be considering alternatives to extract and interrogate the financial systems, I would not propose to develop a training course unless there is a long term commitment to using BOXI.</i></p>		
<b>Risk Agreed</b>	<b>Person(s)</b>	<b>Due Date</b>
Yes	Finance Operations Manager	December 2023

Ref	Description	Risk Rating	Moderate
1.7	<p><b>Funding Agreements</b> – The Council's FtPP Code states:</p> <p><i>'All organisations covered by this procedure must have a Funding Agreement. In accordance with the procedures a Service Level Agreement is required for funding that is in excess of £300,000 and a letter of agreement setting out the conditions of the funding is required for funding below £300,000'.</i></p> <p>Funding Agreements were absent for two (20%) grants reviewed increasing the risk organisations will not be held accountable for use of Council funds; funding will not be spent in line with Council priorities, Best Value will not be achieved, and the Council will suffer reputational damage as a result.</p> <p>One of the grants was a recurring Common Good grant for £337k. Finance advised funding agreements are not established for such recurring grants – this was the same tier 2 grant thought to be out of scope by Finance due to the longstanding relationship between the Council and the organisation; a recommendation has already been made at 1.1 to review the Code. The relevant Function was unable to provide an agreement for one other grant reviewed (and £80k grant).</p>		
<b>IA Recommended Mitigating Actions</b>			
<p>a) Functions should ensure Funding Agreements are established prior to grant payments are made.</p> <p>b) Finance should ensure that no grant payments are made until Funding agreements are in place and signed by external organisation and the Budget Holder as evidenced by the central register update process.</p>			
<b>Management Actions to Address Issues/Risks</b>			
<p><i>Agreed, (a) the Chief Officer – Finance will remind all Functions of their requirements under the FPP Code of Practice to ensure that funding agreements in line with FPP Code of Practice are in place and records kept prior to payment being made. (b) The finance team</i></p>			



<i>will investigate what options could be put in place to prevent payment of grants prior to funding agreements being signed, and report this to the Chief Officer – Finance to determine next steps.</i>		
<b>Risk Agreed</b>	<b>Person(s)</b>	<b>Due Date</b>
Yes	a) Chief Officer – Finance b) Finance Operations Manager	(a) March 2023 (b) March 2023

Ref	Description	Risk Rating	Major
1.8	<p><b>Payments</b> – The following was reviewed to ensure payments were being made in line with the FtPP Code:</p> <ul style="list-style-type: none"> <li>• A checklist was completed by the Budget Holder documenting all FtPP checks had taken place as required prior to payment.</li> <li>• The Council verified if the grant recipient had any sundry debts, council tax or NDR owed to the Council prior to payment.</li> <li>• A payment schedule was agreed with the grant recipient.</li> <li>• Payments of £15k per annum were made in a minimum of four instalments</li> </ul> <p>As part of testing, it was identified that:</p> <ul style="list-style-type: none"> <li>• FtPP checklists were absent for seven grants (70%)</li> <li>• The payment schedule is part of the funding agreement and funding agreements were absent for two (20%) organisations as described in section 1.7 above. A recommendation has already been made at 1.7 to ensure funding agreements are established.</li> <li>• There was no evidence of debt checks prior to payment for any of the grants reviewed (100%), increasing the risk debts will not be settled following award of grants, where debts are not deducted from grant payments or of payment to organisations who are not financial sustainable.</li> <li>• Two large payments (£1m and £158k) were made as single payments increasing the risk of greater financial loss to the Council at the time the payments were made should the funded organisations cease to operate. Whilst the £1m payment was compliant with the Council's FtPP Code payment scheduling requirements since it was one of six payments making up of a larger grant award of £6.1m, the risk could have been reduced via monthly payments which are only recommended by the Council's FtPP Code – a recommendation has already been made to formalise grant payment frequency requirements at 1.1 above.</li> </ul>		
<b>IA Recommended Mitigating Actions</b>			
<p>Finance should require functions to complete FtPP Checklists prior to making grant payments and to upload these centrally to facilitate monitoring of FtPP compliance.</p> <p>Functions should retain evidence of debt checks conducted.</p> <p>Functions should schedule grant payments in excess of £15k per annum in line with the Council's FtPP Code.</p> <p>Finance should explore the legitimacy of establishing an automated system of control to prevent single grant payments from exceeding the maximum recommended value for a single grant payment according to the Council's FtPP Code.</p>			
<b>Management Actions to Address Issues/Risks</b>			
<p><i>Agreed, (a, b &amp; c) the Chief Officer – Finance will remind all Functions of their requirements under the FPP Code of Practice to ensure that FPP Checklists, Debt Checks and Grant Payment schedules are carried out in line with FPP Code of Practice and records kept prior</i></p>			

	<i>to payment being made. (d) The finance team will investigate what options could be put in place to prevent payment of grants prior to funding agreements being signed, and report this to the Chief Officer – Finance to determine next steps.</i>		
	<b>Risk Agreed</b>	<b>Person(s)</b>	<b>Due Date</b>
	Yes	(a, b, c) Chief Officer – Finance (d ) Finance Operations Manager	March 2023



## 4 Appendix 1 – Assurance Terms and Rating Scales

### 4.1 Overall report level and net risk rating definitions

The following levels and ratings will be used to assess the risk in this report:

Risk level	Definition
Corporate	This issue / risk level impacts the Council as a whole. Mitigating actions should be taken at the Senior Leadership level.
Function	This issue / risk level has implications at the functional level and the potential to impact across a range of services. They could be mitigated through the redeployment of resources or a change of policy within a given function.
Cluster	This issue / risk level impacts a particular Service or Cluster. Mitigating actions should be implemented by the responsible Chief Officer.
Programme and Project	This issue / risk level impacts the programme or project that has been reviewed. Mitigating actions should be taken at the level of the programme or project concerned.

Net Risk Rating	Description	Assurance Assessment
Minor	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.	Substantial
Moderate	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified, which may put at risk the achievement of objectives in the area audited.	Reasonable
Major	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.	Limited
Severe	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.	Minimal

Individual Issue / Risk Rating	Definitions
Minor	Although the element of internal control is satisfactory there is scope for improvement. Addressing this issue is considered desirable and should result in enhanced control or better value for money. Action should be taken within a 12 month period.
Moderate	An element of control is missing or only partial in nature. The existence of the weakness identified has an impact on the audited area's adequacy and effectiveness. Action should be taken within a six month period.
Major	The absence of, or failure to comply with, an appropriate internal control, which could result in, for example, a material financial loss. Action should be taken within three months.
Severe	This is an issue / risk that could significantly affect the achievement of one or many of the Council's objectives or could impact the effectiveness or efficiency of the Council's activities or processes. Action is considered imperative to ensure that the Council is not exposed to severe risks and should be taken immediately.

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## 5 Appendix 2 – Assurance Scope and Terms of Reference

### 5.1 Area subject to review

Councils fund arms-length and external organisations (ALEOs) to provide important services to the public, or to provide social benefits such as employment opportunities. These funding arrangements are often more complex than purchase contracts for goods or services. To ensure that public money is used properly and achieves Best Value, it must be possible to trace funds from the Council to where they are ultimately spent – to ‘Follow the Public Pound’ (FtPP) across organisational boundaries.

FtPP means ensuring that there is proper accountability of public funds used in delivering services, irrespective of the means of service delivery.

In 1996 the Accounts Commission and Convention of Scottish Local Authorities (COSLA) published a “Code of Guidance on Funding External Public Bodies and Following the Public Pound”. In June 2005, the Scottish Government issued a “Direction on the Code of Guidance on Funding External Bodies and Following the Public Pound”, providing statutory backing and requiring all Scottish Local Authorities to comply with the 1996 Code. Given this statutory requirement, it is imperative that all operations within the Council comply with the Code when dealing with external organisations that receive grants from public funds.

The Council compiled a Local Code of Practice for Funding External Bodies and ‘Following the Public Pound’, which was approved by the City Growth & Recourses Committee on 26 September 2019.

### 5.2 Rationale for review

The objective of this audit is to ensure that there is proper accountability for public funds used in delivering services, irrespective of the means of service delivery. Due to risk of reputational damage to the Council where statutory obligations are not met and that public funds are misused, wasted, or lost; this review has been included in 2022/23 audit plan.

### 5.3 Scope and risk level of review

This review will offer the following judgements:

- An overall **net risk** rating at the Corporate level.
- Individual **net risk** ratings for findings.

Please see Appendix 1 – Assurance Terms and Rating Scales for details of our risk level and net risk rating definitions.

#### 5.3.1 Detailed scope areas

**As a risk-based review this scope is not limited by the specific areas of activity listed below. Where related and other issues / risks are identified in the undertaking of this review these will be reported, as considered appropriate by the IAD, within the resulting report.**

The specific areas to be covered by this review are:

- Written Procedures and Policies
- New Applications
- Risk Assessments
- Financial Checks
- Funding Agreements
- Approval, Monitoring and Reporting Process
- Payments
- Termination

## 5.4 Methodology

This review will be undertaken through interviews with key staff involved in the process(es) under review and analysis and review of supporting data, documentation, and paperwork. To support our work, we will review relevant legislation, codes of practice, policies, procedures, guidance.

Due to the ongoing impacts of COVID-19, this review will be undertaken remotely. We remain flexible in the face of the rapidly changing risk environment. Where our resourcing or access to the client is impacted further by COVID-19, we will adapt our audit methodology to balance the risks and assurance output and will work in co-operation with key contacts to understand the impact of the situation as it evolves.

## 5.5 IA outputs

The IA outputs from this review will be:

- A risk-based report with the results of the review, to be shared with the following:
  - Council Key Contacts (see 1.7 below)
  - Audit Committee (final only)
  - External Audit (final only)

## 5.6 IA staff

The IAD staff assigned to this review are:

- Agne McDonald (**audit lead**)
- Andrew Johnston, Audit Team Manager
- Jamie Dale, Chief Internal Auditor (**oversight only**)

## 5.7 Council key contacts

The key contacts for this review across the Council are:

- Steven Whyte, Director of Resources
- Rob Polkinghorne, Chief Operating Officer (**process owner**)
- Jonathan Belford, Chief Officer – Finance
- Vikki Cuthbert, Chief Officer – Governance
- Lesley Fullerton, Finance Operations Manager

## 5.8 Delivery plan and milestones

The key delivery plan and milestones are:

Milestone	Planned date
Scope issued	20/07/2022
Scope agreed	27/07/2022
Fieldwork commences	01/08/2022
Fieldwork completed	16/09/2022 <sup>2</sup>
Draft report issued	7/10/2022

<sup>2</sup> The Auditor is on leave from 8 August until 27 August. The intention is to have the initial work of the review completed the first work of August and conclude the fieldwork at the start of September. We do not envisage the need or plan for fieldwork to last six weeks. Actual schedules for work will be agreed with the process owner at the start of the review.

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Milestone	Planned date
Process owner response	28/10/2022
Director response	04/11/2022
Final report issued	11/11/2022

## ABERDEEN CITY COUNCIL

<b>COMMITTEE</b>	Audit, Risk and Scrutiny Committee
<b>DATE</b>	23 March 2023
<b>EXEMPT</b>	No
<b>CONFIDENTIAL</b>	No
<b>REPORT TITLE</b>	Internal Audit Report AC2311 – Benefits Quality Assurance Process
<b>REPORT NUMBER</b>	IA/AC2311
<b>DIRECTOR</b>	N/A
<b>REPORT AUTHOR</b>	Jamie Dale
<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 the Benefits Quality Assurance Process.

### 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. CURRENT SITUATION

- 3.1 Internal Audit has completed the attached report which relates to an audit of the Benefits Quality Assurance Process.

### 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. ENVIRONMENTAL IMPLICATIONS

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

### 7. RISK

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

## 8. OUTCOMES

8.1 The proposals in this report have no impact on the Council Delivery Plan.

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

## 9. IMPACT ASSESSMENTS

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

## 10. BACKGROUND PAPERS

10.1 There are no relevant background papers related directly to this report.

## 11. APPENDICES

11.1 Internal Audit Report AC2311 – Benefits Quality Assurance Process

## 12. REPORT AUTHOR CONTACT DETAILS

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## Internal Audit

### Assurance Review of Benefits Quality Assurance Process

**Status:** Final

**Date:** 27 February 2023

**Risk Level:** Cluster

**Report No:** AC2311

**Assurance Year:** 2022-23

Net Risk Rating	Description	Assurance Assessment
Minor	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.	Substantial

Report Tracking	Planned Date	Actual Date
Scope issued	26/10/2022	28/10/2022
Scope agreed	04/11/2022	24/11/2022
Fieldwork commenced	14/11/2022	18/11/2022
Fieldwork completed	16/12/2022	26/01/2023
Draft report issued	13/01/2023	07/02/2023
Process owner response	03/02/2023	24/02/2023
Director response	10/02/2023	27/02/2023
Final report issued	17/02/2023	27/02/2023
Committee	23/03/2023	

Distribution	
Document type	Assurance Report
Director	Andy MacDonald, Director - Customer
Process Owner	Wayne Connell, Revenues and Benefits Manager
Stakeholder	Jacqui McKenzie, Chief Officer – Customer Experience
	Mark Crighton, Benefits Officer
	Jenni Lawson, Interim Chief Officer – Governance*
	Jonathan Belford, Chief Officer - Finance*
*Final only	External Audit*
Lead auditor	Graeme Flood, Auditor

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# 1 Introduction

## 1.1 Area subject to review

Aberdeen City Council is responsible for administering a number of benefits to residents. The main benefits to assist with housing costs are Housing Benefit (HB) and Council Tax Reduction (CTR).

Housing Benefit is a means tested social security benefit intended to help meet housing costs for rented accommodation. The primary legislation that sets out the general entitlement to HB is the Social Security Contributions and Benefits Act 1992. The Housing Benefit Regulations 2006; Housing Benefit (Persons who have attained the qualifying age for state pension credit) Regulations 2006, and subsequent amendments describe entitlements further. In 2021/22, the Council made payments of £42.67 million for Housing Benefit (£28.73m Rent rebate + £13.94m rent allowance) and a subsidy claim for £40.46 million was submitted to the DWP representing 94.83% of the expenditure.

Council Tax Reduction is means tested and intended to help meet the cost of Council Tax. CTR replaced Council Tax Benefit from April 2013 and the legislative responsibility passed from the Department for Work and Pensions to the Scottish Government. CTR is governed by the Council Tax Reduction (Scotland) Regulations 2012, the Council Tax Reduction (Pension Credit) (Scotland) Regulations 2012, and subsequent amendment regulations which are issued on an annual basis. CTR does not apply to charges for water or waste water even though these are billed along with Council Tax. £11.40 million of expenditure was incurred in 2021/22 compared to £10.604 million of funding received as part of the Revenue Support Grant for 2021/22 (93.02% of expenditure).

As at 30 September 2022, the Council has a caseload of approximately 6,137 Rent Rebate, 2,306 Rent Allowance cases and 13,563 households whose Council Tax was reduced as a result of the Council Tax Reduction Scheme.

HB and CTR claims / applications and supporting documentation are scanned and held within the Civica Electronic Document Management system that allows for the workloads to be allocated across the Team. The claims / applications are processed through the Academy system, calculating any entitlement based on the claimant's / applicant's income and personal circumstances.

The Revenues and Benefit team undertake their own quality assurance process that is carried out by the Benefits Officer, who is separate from the Claims Transaction team. This work involves sample checking Housing Benefit and CTR claims to ensure they are supported, accurately calculated and in the case of Housing Benefit accurately recorded for claim purposes.

## Rationale for the review

The objective of this audit is to ensure the Council's quality assurance processes over rent allowances, rent rebates and council tax reduction benefits ensure benefit claims are supported, accurately calculated, verified, and properly recorded for subsidy purposes.

Housing Benefit and Council Tax Reduction was last reviewed in July 2017; positive assurance was obtained within the area and no recommendations were made.

External Audit as part of their review of the subsidy claim check forty rent rebate and forty rent allowance claims paid in the financial year back to the initial claim application and incorporating all claim changes applied subsequently. Any errors identified will result in more transactions being tested within the specific area the error occurred and can result in External Audit qualifying the claim, extrapolating any error on the basis of this subsequent testing, and amending the claim accordingly. External Audit at the end of the process will provide a written report to the Council detailing their findings. At the scoping, External Audit had still to submit their 2021/22 report.

## 1.2 How to use this report

This report has several sections and is designed for different stakeholders. The executive summary (section 2) is designed for senior staff and is cross referenced to the more detailed narrative in later sections (3 onwards) of the report should the reader require it. Section 3 contains the detailed narrative for risks and issues we identified in our work.

## 2 Executive Summary

### 2.1 Overall opinion

The full chart of net risk and assurance assessment definitions can be found in Appendix 1 – Assurance Scope and Terms. We have assessed the net risk (risk arising after controls and risk mitigation actions have been applied) as:

Net Risk Rating	Description	Assurance Assessment
Minor	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.	Substantial

The organisational risk level at which this risk assessment applies is:

Risk Level	Definition
Cluster	This issue / risk level impacts a particular Service or Cluster. Mitigating actions should be implemented by the responsible Chief Officer.

### 2.2 Assurance assessment

The level of net risk is assessed as **MINOR**, with the control framework deemed to provide **SUBSTANTIAL** assurance over the Council's management of Housing Benefits (HB) and Council Tax Reduction (CTR) processing.

A sound quality assurance (QA) process is in place for checking processing of Housing HB and CTR claims. This covers the accuracy of input as well as decisions taken based on related claims and supporting documentation e.g. calculation of weekly wage, income to be disregarded, start date of claim etc. Five processed benefit claim transactions per transactional team member per month are reviewed, with additional testing undertaken where necessary to identify recurring errors. Where errors or omissions are identified the relevant team leaders of processing staff are notified to allow corrections to be undertaken and where necessary for training to be delivered. Staff are also supported through a training programme on joining the transactional team and have access to relevant procedures for processing.

In addition, staff are expected to maintain a 95% processing accuracy level. This target forms part of a staff member's monthly 1 to 1's with Team Leaders.

The transactions tested and the combined accuracy rates for all staff for the current period (April to October 2022) and the previous two full financial years, are as follows:

Period		Housing Benefit				CTR			
From	To	Total Actions	Total Checked	Total Correct	%	Total Actions	Total Checked	Total Correct	%
Apr-20	Mar-21	9,474	555	541	97.5	20,843	777	761	97.9
Apr-21	Mar-22	8,124	769	750	97.5	19,512	1,226	1,171	95.5
Apr-21	Oct-22	5,600	356	344	96.9	9,122	462	440	95.2

The audit walked through a sample of 12 claims from the benefits system to the supporting documentation within the electronic document management system, to ensure all required documentation was present and input correctly. The testing found the required QA checklist had been completed and the appropriate supporting documentation was present and input correctly into the benefits system.

The errors identified in the QA process are categorised by the Benefits Team as material (has an impact on the payment made to the claimant e.g. claim back dated without proof of good cause, change in dependant status) and non-material (all other errors e.g. incorrect income not affecting outcome). In

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the period 1 April – 30 November 2022 the QA process identified 36 material and 61 non-material errors. Internal Audit reviewed nine material and seven non-material of these errors to ensure all relevant Team Leaders had been informed and confirmed notifying emails had been issued to each. It was also confirmed with each Team Leader those corrections had been completed and appropriate consultation had taken place, and been recorded, with the members of staff involved.

Whilst the QA process does not recheck the calculation made by the benefits system for the payment due to the claimant (just accuracy of data input and decision making), assurance over system calculations is provided by the systems team who undertake system tests every time a new update to the system is published and the annual Department of Work and Pensions (DWP) issue of new rates or rules affecting a claim calculation. This was last reviewed as part of Internal Audit report AC2101 Council Tax and Benefits System.

Relevant statistical data is also made available to the Revenues and Benefits Manager on an ongoing basis, as the monthly checks are completed, facilitating management and scrutiny of the process.

Furthermore, the benefits team undertake reviews of specific claims based on requests from the DWP. A spreadsheet of claim references is sent to the team as part of this process and claims are reviewed based on the DWP requirements before being reporting back on results to the DWP.

One minor recommendation has been made to enhance controls including formalising the quality assurance procedures and recording quality assurance corrective actions for errors identified.<sup>1</sup>

### **2.3 Severe or major issues / risks**

No severe or major issues/risks were identified as part of this review.

### **2.4 Management response**

*The service is reassured that the audit was able to provide substantial assurance over the Council's management of Housing Benefits (HB) and Council Tax Reduction (CTR) processing and that the Benefit Officer has continued to refine and improve the quality assurance process.*

*The one minor recommendation made to enhance controls by updating and expanding procedures covering all elements of the quality assurance currently undertaken to reflect the improved process that the officer has implemented has commenced and will be completed by end of March 2023.*

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<sup>1</sup>**Subsidy claim** – For the subsidy period April 2021 to March 2022, the certified Housing Benefit claim form should be submitted to the DWP by External Audit by 31 January 2023. Internal Audit requested details of the testing undertaken by External Audit to gain further assurance beyond the internal QA process, but as at the time of concluding this review no details had been provided and the certified claim had yet to be submitted to the DWP. Where certified claims to the DWP are delayed, this affects the accuracy of subsidy funding received and risks reputational damage to the Council.

### 3 Issues / Risks, Recommendations, and Management Response

#### 3.1 Issues / Risks, recommendations, and management response

Ref	Description	Risk Rating	Minor
1.1	<p><b>Written procedures</b> – Comprehensive written procedures and their effective communication are an essential element in any system of control. They are beneficial for the training of current and new employees and provide management with assurance correct and consistent instructions are available, especially in the event of an experienced employee being absent or leaving.</p> <p>The quality assurance (QA) procedures at the time of review were limited. As the Benefit officer responsible for QA has been doing the process for over nine years they have adapted and improved the process based on their knowledge and experience of the DWP requirements and the transactional team procedures and processes. The procedures at the time of review do not adequately reflect this process.</p> <p>The Benefits Officer has begun redrafting the procedure notes and the guidance for completing the test checklist; a recommendation is included to track progress for training and succession planning purposes.</p>		
<b>IA Recommended Mitigating Actions</b>			
Procedures covering all elements of the quality assurance process should be updated and expanded.			
<b>Management Actions to Address Issues/Risks</b>			
<p><i>Agreed. The process to update the written procedures to reflect the improved process that the Benefit Officer has implemented have now commenced and will be available to all staff within the Benefits team.</i></p> <p><i>The Benefits Officers who provide cover for the current incumbent are all fully trained and experienced benefits professionals. Should the position ever require to be filled these requirements would form part of the essential criteria of the post.</i></p>			
<b>Risk Agreed</b>		<b>Person(s)</b>	<b>Due Date</b>
Yes		Revenues and Benefits Manager	31 March 2023

## 4 Appendix 1 – Assurance Terms and Rating Scales

### 4.1 Overall report level and net risk rating definitions

The following levels and ratings will be used to assess the risk in this report:

Risk level	Definition
Corporate	This issue / risk level impacts the Council as a whole. Mitigating actions should be taken at the Senior Leadership level.
Function	This issue / risk level has implications at the functional level and the potential to impact across a range of services. They could be mitigated through the redeployment of resources or a change of policy within a given function.
Cluster	This issue / risk level impacts a particular Service or Cluster. Mitigating actions should be implemented by the responsible Chief Officer.
Programme and Project	This issue / risk level impacts the programme or project that has been reviewed. Mitigating actions should be taken at the level of the programme or project concerned.

Net Risk Rating	Description	Assurance Assessment
Minor	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.	Substantial
Moderate	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified, which may put at risk the achievement of objectives in the area audited.	Reasonable
Major	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.	Limited
Severe	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.	Minimal

Individual Issue / Risk Rating	Definitions
Minor	Although the element of internal control is satisfactory there is scope for improvement. Addressing this issue is considered desirable and should result in enhanced control or better value for money. Action should be taken within a 12 month period.
Moderate	An element of control is missing or only partial in nature. The existence of the weakness identified has an impact on the audited area's adequacy and effectiveness. Action should be taken within a six month period.
Major	The absence of, or failure to comply with, an appropriate internal control, which could result in, for example, a material financial loss. Action should be taken within three months.
Severe	This is an issue / risk that could significantly affect the achievement of one or many of the Council's objectives or could impact the effectiveness or efficiency of the Council's activities or processes. Action is considered imperative to ensure that the Council is not exposed to severe risks and should be taken immediately.

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## 5 Appendix 2 – Assurance Scope and Terms of Reference

### 5.1 Area subject to review

Aberdeen City Council is responsible for administering a number of benefits to residents. The main benefits to assist with housing costs are Housing Benefit (HB) and Council Tax Reduction (CTR).

Housing Benefit is a means tested social security benefit intended to help meet housing costs for rented accommodation. The primary legislation that sets out the general entitlement to HB is the Social Security Contributions and Benefits Act 1992. The Housing Benefit Regulations 2006; Housing Benefit (Persons who have attained the qualifying age for state pension credit) Regulations 2006, and subsequent amendments describe entitlements further. In 2021/22, the Council made payments of £42.67 million for Housing Benefit (£28.73m Rent rebate + £13.94m rent allowance) and a subsidy claim for £40.46 million was submitted to the DWP representing 94.83% of the expenditure.

Council Tax Reduction is means tested and intended to help meet the cost of Council Tax. CTR replaced Council Tax Benefit from April 2013 and the legislative responsibility passed from the Department for Work and Pensions to the Scottish Government. CTR is governed by the Council Tax Reduction (Scotland) Regulations 2012, the Council Tax Reduction (Pension Credit) (Scotland) Regulations 2012, and subsequent amendment regulations which are issued on an annual basis. CTR does not apply to charges for water or waste water even though these are billed along with Council Tax. £11.40 million of expenditure was incurred in 2021/22 compared to £10.604 million of funding received as part of the Revenue Support Grant for 2021/22 (93.02% of expenditure).

As at 30 September 2022, the Council has a caseload of approximately 6,137 Rent Rebate, 2,306 Rent Allowance cases and 13,563 households whose Council Tax was reduced as a result of the Council Tax Reduction Scheme.

HB and CTR claims / applications and supporting documentation are scanned and held within the Civica Electronic Document Management system that allows for the workloads to be allocated across the Team. The claims / applications are processed through the Academy system, calculating any entitlement based on the claimant's / applicant's income and personal circumstances.

The Revenues and Benefit team undertake their own quality assurance process that is carried out by the Benefits Officer, who is separate from the Claims Transaction team. This work involves sample checking Housing Benefit and CTR claims to ensure they are supported, accurately calculated and in the case of Housing Benefit accurately recorded for claim purposes.

### 5.2 Rationale for review

The objective of this audit is to ensure the Council's quality assurance processes over rent allowances, rent rebates and council tax reduction benefits ensure benefit claims are supported, accurately calculated, verified, and properly recorded for subsidy purposes.

Housing Benefit and Council Tax Reduction was last reviewed in July 2017; positive assurance was obtained within the area and no recommendations were made.

External Audit as part of their review of the subsidy claim check forty rent rebate and forty rent allowance claims paid in the financial year back to the initial claim application and incorporating all claim changes applied subsequently. Any errors identified will result in more transactions being tested within the specific area the error occurred and can result in External Audit qualifying the claim, extrapolating any error on the basis of this subsequent testing, and amending the claim accordingly. External Audit at the end of the process will provide a written report to the Council detailing their findings. At the scoping, External Audit had still to submit their 2021/22 report.

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### 5.3 Scope and risk level of review

This review will offer the following judgements:

- An overall **net risk** rating at the Cluster level.
- Individual **net risk** ratings for findings.

Please see Appendix 1 – assurance Terms and Rating Scales for details of our risk level and net risk rating definitions.

#### 5.3.1 Detailed scope areas

**As a risk-based review this scope is not limited by the specific areas of activity listed below. Where related and other issues / risks are identified in the undertaking of this review these will be reported, as considered appropriate by IA, within the resulting report.**

This review will focus on the central controls around benefits administrations, specifically quality assurance process including:

- Written procedures and training
- Adequacy of Quality Assurance checks
- Quality Assurance scheduling
- Completion of Quality Assurance checks
- Improvement Planning

### 5.4 Methodology

This review will be undertaken through interviews with key staff involved in the process(es) under review and analysis and review of supporting data, documentation, and paperwork. To support our work, we will review relevant legislation, codes of practice, policies, procedures, and guidance.

Due to flexible working, this review will be carried out primarily remotely.

### 5.5 IA outputs

The IA outputs from this review will be:

- A risk-based report with the results of the review, to be shared with the following:
  - Council Key Contacts (see 1.7 below)
  - Audit Committee (final only)
  - External Audit (final only)

### 5.6 IA staff

The IA staff assigned to this review are:

- Graeme Flood (**audit lead**)
- Andrew Johnston, Audit Team Manager
- Jamie Dale, Chief Internal Auditor (**oversight only**)

### 5.7 Council key contacts

The key contacts for this review across the Council are:

- Andy MacDonald, Director - Customer Services
- Jacqui McKenzie, Chief Officer – Customer Experience
- Wayne Connell, Revenues and Benefits Manager (**process owner**)
- Mark Crighton, Benefits Officer

### 5.8 Delivery plan and milestones

The key delivery plan and milestones are:

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Milestone	Planned date <sup>2</sup>
Scope issued	28 Oct 2022
Scope agreed	4 Nov 2022
Fieldwork commences	14 Nov 2022
Fieldwork completed	16 Dec 2022
Draft report issued	13 Jan 2023
Process owner response	3 Feb 2023
Director response	10 Feb 2023
Final report issued	17 Feb 2023

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<sup>2</sup> Timelines have been extended to take account of annual leave.



## ABERDEEN CITY COUNCIL

<b>COMMITTEE</b>	Audit, Risk and Scrutiny Committee
<b>DATE</b>	23 March 2023
<b>EXEMPT</b>	No
<b>CONFIDENTIAL</b>	No
<b>REPORT TITLE</b>	Internal Audit Charter
<b>REPORT NUMBER</b>	IA/23/003
<b>DIRECTOR</b>	N/A
<b>REPORT AUTHOR</b>	Jamie Dale, Chief Internal Auditor
<b>TERMS OF REFERENCE</b>	2.1

### 1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to seek agreement for continuing use of the current Internal Audit Charter.

### 2. RECOMMENDATION

- 2.1 It is recommended that the Committee approve the attached Internal Audit Charter. No changes have been suggested to the previous Internal Audit Charter.

### 3. CURRENT SITUATION

- 3.1 The Public Sector Internal Audit Standards (PSIAS) require that Internal Audit sections have an Internal Audit Charter which includes specific requirements contained within the Standards. The Standards require that the organisation's Board (for the Council, the Audit, Risk and Scrutiny Committee) approves the Internal Audit Charter.

- 3.2 The Standards define the Charter as follows:

*“The internal audit charter is a formal document that defines the internal audit activity's purpose, authority and responsibility. The internal audit charter establishes the internal audit activity's position within the organisation, including the nature of the chief audit executive's functional reporting relationship with the board; authorises access to records, personnel, and physical properties relevant to the performance of engagements; and defines the scope of internal audit activities. Final approval of the internal audit charter resides with the board”.*

- 3.3 In relation to the public sector, it must:
- Define the terms ‘board’ and ‘senior management’ for the purposes of internal audit activity.
  - Cover the arrangements for appropriate resourcing.
  - Define the role of internal audit in any fraud-related work.
  - Include arrangements for avoiding conflicts of interest if internal audit undertakes non-audit activities.
- 3.4 The current Internal Audit Charter was approved by the Audit, Risk and Scrutiny Committee on 22 February 2022. There is a requirement that the Internal Audit Charter be reviewed annually. Such a review was completed by the Chief internal Auditor, and the Charter was considered to still be relevant and as such is presented to the Committee with no proposed amendments.
- 3.5 The Internal Audit Charter, which is attached as an appendix to this report, is based on the requirements of the PSIAS, the main requirements of which are:
- Relationships between the chief audit executive (Chief Internal Auditor), chief financial officer, chief executive, the audit committee, and other key officers are defined.
  - The purpose, authority and responsibility of Internal Audit must be formally defined in the Charter which must be consistent with the Definition of Internal Audit, the Code of Ethics, and the Standards.
  - The nature of assurance services provided to the organisation must be defined.
  - The mandatory nature of the *Definition of Internal Auditing*, the *Code of Ethics* and the *Standards* must be recognised in the internal audit charter.
- 3.6 Other important considerations include establishing Internal Audit’s independence and ensuring that it is free from interference in determining the scope of internal auditing, performing work, and communicating results. This includes the reporting of any impairment to that independence (either in fact or appearance), scope limitations, and restrictions on access to records, etc to appropriate parties.

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

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

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

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

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

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

**7. OUTCOMES**

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

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

**8. IMPACT ASSESSMENTS**

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

**9. BACKGROUND PAPERS**

9.1 There are no relevant background papers related directly to this report.

**10. APPENDICES**

10.1 Appendix A – Aberdeen City Council Internal Audit Charter.

**11. REPORT AUTHOR DETAILS**

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 (01467) 530988

## Appendix A

# ABERDEEN CITY COUNCIL INTERNAL AUDIT CHARTER

## INTRODUCTION

The Public Sector Internal Audit Standards (PSIAS) require that an Internal Audit Charter be in place to detail the purpose, authority, and responsibility of Internal Audit. The Charter should also establish Internal Audit's position within the organisation, including the Chief Internal Auditor's functional reporting relationship with the "Board", authorise Internal Audit's access to records, personnel, and physical properties relevant to the performance of its activity, and define the scope of such activity.

It is a requirement of PSIAS that the Charter be approved by the "Board". Within Aberdeen City Council, the Board is the Audit, Risk and Scrutiny Committee.

## DEFINITION OF INTERNAL AUDITING

PSIAS defines Internal Auditing as follows:

*"Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes".*

## ROLE

Internal Audit's primary role is to provide independent and objective assurance on the Council's risk management, control, and governance processes. This involves a continuous rolling review and appraisal of the internal controls of the Council involving the examination and evaluation of the adequacy of the systems of risk management, control, and governance, making recommendations for improvement where appropriate. Reports are produced relating to each audit assignment and these are provided to the Audit, Risk and Scrutiny Committee, except where they relate to the Pension Fund, in which case the report is provided to the Pensions Committee. Along with other evidence, these reports are used in forming an annual opinion on the adequacy of risk management, control, and governance processes.

Internal Audit is also responsible for carrying out ad-hoc investigations into potential irregularities involving cash, stores, equipment, or other property of the Council, and for providing advice as and when required in relation to control and compliance issues.

## PROFESSIONALISM

Internal Audit will govern itself by adherence to the requirements of the Public Sector Internal Audit Standards. This mandatory guidance constitutes principles of the

fundamental requirements for the professional practice of internal auditing and for evaluating the effectiveness of the internal audit activity's performance.

## **AUTHORITY**

Internal Audit, with strict accountability for confidentiality and safeguarding records and information, has authority, through the Council's Financial Regulations, to:

- (a) Enter at all reasonable times any Council premises or land.
- (b) Have access to all records, documents and correspondence relating to any financial and other transactions of the Council.
- (c) Require and receive such explanations as are necessary concerning any matter under examination.
- (d) Require any employee of the Council to produce cash, stores, equipment, or any other Council property under their control.

The Chief Internal Auditor has free and unfettered access to the Council's Chief Executive, and Convener of the Board. The Chief Internal Auditor has the right to report direct to Council in any instance where they deem it inappropriate to report direct to the Chief Officer – Governance, Chief Executive, or Audit, Risk and Scrutiny Committee.

## **ORGANISATION**

The Chief Internal Auditor will report functionally to the Audit, Risk and Scrutiny Committee and administratively (i.e., day to day operations) to the Chief Officer – Governance.

In this context functional reporting means the Audit, Risk and Scrutiny Committee will:

- (a) Approve the Internal Audit Charter.
- (b) Be consulted on and approve the annual Internal Audit Plan.
- (c) Receive reports from the Chief Internal Auditor on the results of Internal Audit activity or other matters the Chief Internal Auditor determines necessary.
- (d) Make enquiries of management to ensure that Internal Audit is adequately resourced to meet assurance and other key responsibilities.
- (e) Make enquiries of management to ensure that Internal Audit is operating in an independent manner and that it is receiving the necessary co-operation from Council management in undertaking its duties.

The Chief Internal Auditor's annual review will be undertaken by the Director of Business Services in Aberdeenshire Council.

## **INDEPENDENCE AND OBJECTIVITY**

To satisfy the requirements of the Public Sector Internal Audit Standards, Internal Audit must be independent and objective.

Internal Audit will remain free from interference by any element in the organisation in the matter of audit selection (including scope, procedures, frequency, and timing), and

content of reports thereon to permit maintenance of a necessary independent and objective mental attitude. Notwithstanding this, Internal Audit will consult with management regarding the scope, timing, and outcome of each assignment.

Internal auditors will have no direct operational responsibility or authority over any of the activities audited. Accordingly, they will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair an internal auditor's judgment. However, Internal Audit may be consulted on the implementation of new systems to ensure that, as far as possible, all considerations are considered during their implementation. Such involvement shall not preclude Internal Audit from reviewing that area and reporting thereon.

Internal auditors must exhibit the highest level of professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined. Internal auditors must make a balanced assessment of all the relevant circumstances and not be unduly influenced by their own interests or by others in forming judgments.

Internal Audit staff will complete an annual declaration confirming compliance with rules on independence, any conflicts of interest, and the offer and / or acceptance of inducements. Where Internal Audit staff have had operational responsibility for any activity whilst working in a previous or seconded role, they will not be involved in the audit of that area for at least one year following the end of any such responsibility.

The Chief Internal Auditor will confirm to the Audit, Risk and Scrutiny Committee, at least annually, the organisational independence of the Internal Audit function.

## **RESPONSIBILITY**

It shall be the responsibility of Internal Audit to complete sufficient assurance work to support the annual opinion detailed in Internal Audit's Annual Report. All work shall be undertaken in accordance with the requirements of the Public Sector Internal Audit Standards. All Internal Audit staff will complete an annual declaration confirming that they have read and understood these requirements.

It shall be the responsibility of Council management to ensure that adequate and appropriate systems of internal control are in operation which help ensure that the Council's objectives are fulfilled in a manner which complies with the Council's policies and procedures and in accordance with the law. Council management will ensure that access is provided to records, personnel and assets of the Council as required by Internal Audit, and that responses are provided to Internal Audit as required by the Council's Financial Regulations.

The CIPFA *Statement on the Role of the Chief Financial Officer in Local Government* states that the chief financial officer (Chief Officer – Finance) must:

- (a) ensure an effective internal audit function is resourced and maintained
- (b) ensure that the authority has put in place effective arrangements for internal audit of the control environment
- (c) support the authority's internal audit arrangements, and

- (d) ensure that the audit committee receives the necessary advice and information, so that both functions can operate effectively.

The Council's Financial Regulations require that Chief Officers immediately notify the Chief Officer – Finance and Chief Officer – Governance of any circumstances which may suggest an irregularity affecting the finances, property, services, or policy of the Council and that the Chief Officer – Finance or Chief Officer – Governance may investigate such incidents as they consider appropriate.

Internal Audit will consider the outcome of such investigations in its future work programme and in forming its opinion on the control environment of the Council.

## **INTERNAL AUDIT PLAN**

On an annual basis, the Chief Internal Auditor will consult with senior management in developing an Internal Audit plan for submission to the Council's Corporate Management Team (in terms of PSIAS "senior management") and Audit, Risk and Scrutiny Committee for review, comment, and approval by the latter. The Internal Audit plan will consist of a work schedule as well as budget and resource requirements for the period covered by the plan.

The Internal Audit plan will be developed based on a prioritisation of the audit universe using a risk-based methodology, including input from the Council's Corporate Management Team and Audit, Risk and Scrutiny Committee. Any significant deviation from the Internal Audit plan will be communicated to the Council's Corporate Management Team and Audit, Risk and Scrutiny Committee through periodic activity reports.

## **REPORTING AND MONITORING**

A written report will be prepared and issued by the Chief Internal Auditor or designee following the conclusion of each audit and this shall be distributed as appropriate. Internal Audit results will be reported to the Audit, Risk and Scrutiny Committee and, where they relate to Health and Social Care Integration (Adult Social Care), the Aberdeen City Integration Joint Board Risk, Audit and Performance Committee. Reports relating to the Pension Fund will be reported to the Pensions Committee. Where reports relate to consultancy requested by management for operational purposes, the results will be reported to the Audit, Risk and Scrutiny Committee where they relate to governance or control issues.

The Internal Audit report will include management's response and corrective action taken or to be taken regarding the specific findings and recommendations. Management's response will include a timetable for anticipated completion of action to be taken and an explanation for any corrective action that will not be implemented.

Internal Audit will monitor action taken by management to implement agreed recommendations and will provide this information to the Audit, Risk and Scrutiny Committee / Pensions Committee.

## **PERIODIC ASSESSMENT**

The Chief Internal Auditor will periodically report to the Council's Corporate Management Team and Audit, Risk and Scrutiny Committee on Internal Audit's purpose, authority, and responsibility, as well as performance relative to its plan. Reporting will also include significant risk exposures and control issues, including fraud risks, governance issues, and other matters needed or requested by the Council's Corporate Management Team and Audit, Risk and Scrutiny Committee.

In addition, the Chief Internal Auditor will communicate to the Council's Corporate Management Team and Audit, Risk and Scrutiny Committee regarding Internal Audit's quality assurance and improvement programme, including results of ongoing internal assessments and external assessments which must be conducted at least every five years.

Approved by the Audit, Risk and Scrutiny Committee on TBC.



## ABERDEEN CITY COUNCIL

<b>COMMITTEE</b>	Audit, Risk and Scrutiny Committee
<b>DATE</b>	23 March 2023
<b>EXEMPT</b>	No
<b>CONFIDENTIAL</b>	No
<b>REPORT TITLE</b>	Internal Audit Plan 2023-2026
<b>REPORT NUMBER</b>	IA/23/004
<b>DIRECTOR</b>	N/A
<b>REPORT AUTHOR</b>	Jamie Dale, Chief Internal Auditor
<b>TERMS OF REFERENCE</b>	2.1

### 1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to seek approval of the attached Internal Audit plan for 2023-2026.

### 2. RECOMMENDATION

It is recommended that the Committee:

- 2.1 Approve the attached Internal Audit Plan for 2023-2026.

### 3. CURRENT SITUATION

#### Reason for reporting

- 3.1 It is one of the functions of the Audit, Risk and Scrutiny Committee to review the activities of the Internal Audit function, including the approval of the Internal Audit Plan. The proposed plan for 2023-2026 is attached at Appendix A, along with the plans for Aberdeen City Integration Joint Board and North East of Scotland Pension Fund for information.
- 3.2 All audits included in the attached plan, as well as those in future plans, will help inform Internal Audit's opinion on the adequacy and effectiveness of the Council's framework of governance, risk management and control, which is expressed in an annual report, and provide assurance to the Audit, Risk and Scrutiny Committee. Where opportunities for improvement in controls and their application, or improvements in value for money, are identified these will be reported along with recommendations for management to consider.

### 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. The purpose of this report is to seek approval for the Internal Audit plan.

## 7. OUTCOMES

7.1 There are no direct impacts, because 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 from the proposals in this report, on people with protected characteristics.
Data Protection Impact Assessment	Not required

## 9. BACKGROUND PAPERS

9.1 There are no relevant background papers related directly to this report.

## 10. APPENDICES

10.1 Appendix A – Aberdeen City Council - Internal Audit Plan - 2023-26

## 11. REPORT AUTHOR DETAILS

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## **Internal Audit**

# **Aberdeen City Council Internal Audit Plan 2023-26**

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# 1 Executive Summary

## 1.1 Introduction and background

Internal Audit's primary role is to provide independent and objective assurance on the Council's risk management, control, and governance processes. This requires a continuous rolling review and appraisal of the internal controls of the Council, involving the examination and evaluation of the adequacy of systems of risk management, control, and governance.

The purpose of this report is to seek approval of the attached Internal Audit plan for 2023-2026.

All audits included in the attached plan, as well as those in future plans, will help inform Internal Audit's opinion on the adequacy and effectiveness of the Council's framework of governance, risk management and control, which is expressed in an annual report, and provide assurance to the Audit, Risk and Scrutiny Committee. Where opportunities for improvement in controls and their application, or improvements in value for money, are identified these will be reported along with recommendations for management to consider.

## 1.2 Management commentary

*Management welcomes this risk-based Internal Audit Plan, setting our internal audit activities over a three-year period. It is likely that, during this period, the political landscape, risk environment and financial backdrop will continue to develop, and that the Council will face significant challenges in the delivery of critical services, both institutionally and to the city. The Committee will welcome the opportunity to revisit the Plan annually to ensure that it reflects our risk appetite and delivers the required assurance on the priority areas for the Council.*

*The incorporation of wider assurance audits is also welcomed and management will work with Internal Audit to refine the developing approach to these, within the overarching purpose of adding value in these areas of work.*

*Internal Audit continue to prioritise engagement with management on audit scoping, fieldwork, and the finalising and closing off of audit recommendations. We have every expectation that the three-year audit plan will continue this approach.*

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## 2 Internal Audit Plan

### 2.1 Plan development

In previous years, as agreed with the Audit, Risk and Scrutiny Committee on 26 June 2018, a single-year Plan has been set out for the Committee's approval. This provided clarity over planned work during each financial year, as changes in the risk environment were often less pronounced over a shorter period. However, this provided less opportunity for the Committee to gain an understanding of the wider context or 'audit universe'. In addition, the Plan was regularly not concluded in full during the financial year to which it originally referred – due to changes in priority, risks, and resources.

There was therefore scope to develop and extend planning to provide a clearer picture of Internal Audit's work and priorities, and to provide flexibility in timing of elements of that work, over an extended period. Therefore, from 2022, the Committee approved a rolling three year plan, with the recognition that this would still be assessed each year and updates made as required.

The Plan for 2023-26 is set out at Appendix 1. The planned work with the Aberdeen City Integration Joint Board and North East Scotland Pension Fund has also been included

In formation of the plan, Internal Audit:

- **Reviewed historic audit outputs** – The initial planning stage involved a review of completed work from across the previous years. This looked to gauge the assurance that had been obtained recently and develop a baseline that could be built upon with the current plan. Where it is hoped that the greatest coverage can be obtained in a single year, this is not always possible, so instead it will be ensured that there has been coverage over a number of years, both previously and forward looking.
- **Reviewed the agreed Plan for 2022-25** – In addition to the review of previous assurance work, the agreed plans for 2023/24 and 2024/25, approved as part of the 2022-2025 plan overall, were reviewed. This is the starting position for the current plan; however this has changed based on developments in year and the changing risk profile of the Council.
- **Reviewed Management's progress in implementing agreed audit recommendations** – A review of the work of Management to implement audit recommendations. This looked to identify any areas where management has struggled to implement agreed actions, and where the risks remain, for these to be factored into the audit plan.
- **Reviewed different sources of information** – A suite of information, primarily Committee reporting, was reviewed to further develop Internal Audit's understanding of the operations and issues of the Council.
- **Reviewed information from other assurance providers** – Discussions were held and reports reviewed from other assurance providers, primarily External

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Audit. This looked to ensure minimal overlap, whilst also recognising that Internal Audit is required to gain its own assurances year on year.

- **Held discussion with key stakeholders** – Discussions were held with key stakeholders across the Council, including but not limited to directors, chief officers, and councillors. These discussions focused on three key areas:
  - Key risks within the auditable area.
  - Any recent or upcoming developments.
  - Suggestions for assurance reviews, including value adding pieces of work.
- **Benchmarked against other Scottish Local Authorities** – A review of the Internal Audit plans for other Local Authorities as per their Committee reporting available online. This looked to gain an understanding of issues being faced by other Local Authorities and identify any auditable areas for Aberdeen City Council.
- **Mapped to the Council's functional structure** – The proposed Internal audit Plan, for 2023-24, has been mapped to the Council's functional structure to ensure the maximum possible coverage of Council's operations. Please see Appendix 2.
- **Mapped to the Council's risk register** – A review of the Council's risk register was carried out, focusing on the Corporate and Cluster levels, and those risks that are currently outwith appetite. This resulted in the identification of eight key risk themes that have been used for ensuring appropriate coverage of different areas across Council operations. Please see Appendix 3.

The plan details what Internal Audit anticipates being able to review in the year, assuming stability in resources available to the Service. The plan is flexible and can be amended to reflect changes in priority or because of new risks being introduced or identified, although consideration needs to be given to the requirement for Internal Audit to complete sufficient work to provide an evidence based annual opinion. Internal Audit will continue to review the Council's risk registers and update its own risk assessments based on audit findings, throughout the Plan's term.

All audits included in the attached plan are part of a rolling programme of work, each element of which will help inform Internal Audit regarding the adequacy and effectiveness of the Council's framework of governance, risk management and control, allowing assurance to be provided regarding those arrangements. Where opportunities for improvement in controls and their application, or improvements in value for money, are identified these will be reported along with recommendations for management to consider. This is the priority of the work however where there are opportunities to provide value adding work, this has been factored into the plan.

The time allocation for all audits assumes that systems to be reviewed are adequately documented, detailing the controls put in place by management, and that testing identifies that these controls are being complied with. If this is not the case, there will be an impact on the time taken to review planned areas and on the plan's achievability.

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The Plan also includes time set aside to assist services in developing their controls and approach to improving compliance. This reflects continuing development of a more proactive value-added approach by Internal Audit, to supplement the more traditional core compliance-oriented audit work. For these elements of the Plan there will not be a separate Internal Audit report to the Audit Risk and Scrutiny Committee. Highlights from this work will however be provided as part of the regular Internal Audit progress reports provided to the Committee.

With approval of the plan, we will work with individual directorates and services to schedule the audit work for the year. This will look to match our internal resourcing but also ensure that it is suitable for those relevant stakeholders across the Council. We will look to ensure that management are not inundated with consecutive audits and that fieldwork, where most input is required, is at a time which does not clash with other priorities or commitments.

## **2.2 Undertaking planned work**

When commencing each planned audit, Internal Audit contacts the Director and Chief Officer responsible for the area to be reviewed along with any other nominated contact officer. They are reminded of the objective and scope of the review and of how Internal Audit intends to achieve the level of assurance required. Officers are invited to identify any specific aspects of the area to be reviewed that are of particular concern- and all of this is factored into the agreed scoping document. Once fieldwork has been completed, a draft report is issued to the Director and Chief Officer responsible for the area to be reviewed along with any other nominated contact officer. Prior to issuing the final report, Internal Audit seeks confirmation from the Director involved that they are satisfied with the report and actions agreed to address any identified issues.

Whilst undertaking planned work, it is possible that Internal Audit may identify governance issues that are not within the stated scope of the review being undertaken. Public Sector Internal Audit Standards require that Internal Audit report such instances to those charged with governance. In this respect, Internal Audit's reports may contain issues that appear to be "outwith scope".

## **2.3 Resources**

To undertake the attached plan, Internal Audit has an establishment of thirteen posts. It is anticipated that this will be split between Aberdeenshire and Aberdeen City councils on a 2:1 ratio.



### 3 Appendix 1 – 2023-26 Internal Audit Plan

The below table sets out the Internal Audit Plan for 2023-26. The Plan should be read with the following considerations:

- Where each audit has been mapped to a Function (and a Cluster at Appendix 2), some audits will cut across many different areas of the Council's operations. During the scoping, fieldwork and reporting stages, Internal Audit will engage all officers as relevant regardless of the area the audit has been assigned to.
- The same is applicable for the mapping to the Council's risk categories. This is to show that consideration has been given to ensuring the Plan addresses the myriad of risks across the Council's operations but individual audits will cut across many different risk categories; the principal risk has been shown below for ease of review.
- Core assurance audits are the typically traditional compliance based reviews that are the foundation for the annual opinion provided by the Chief Internal Auditor. Wider assurance audits are reviews that will focus more on value adding work. Whilst mapping has been provided to show a split in the Plan for the year, the type of review is not exclusive and Internal Audit will ensure that all work contributes to the annual opinion, whilst also adding value where possible.

The planned work with the Aberdeen City Integration Joint Board and North East Scotland Pension Fund for 2023-26 is also presented.

Function	Auditable Area	Objective	Principal Risk	Assurance
<b>2023/24</b>				
Commissioning	Procurement Compliance	To obtain assurance that the Council has appropriate arrangements in place, that are being complied with, to ensure compliance with procurement legislation and internal regulations.	Compliance	Core
Commissioning	Environmental Action	To obtain assurance over the monitoring and implementation of the Council's Environmental Action and any related plans.	Environment	Wider
Commissioning	City Region Deal	To provide assurance over the governance and financial spend of the City Region Deal.	Operational	Core
Customer	PREVENT	To ensure the Council has adequate arrangements in place to deliver requirements under the PREVENT duty.	Compliance	Core
Customer	Cyber Controls	To obtain assurance over the implemented control framework in relation to the Council's cyber resilience.	Operational	Core

Function	Auditable Area	Objective	Principal Risk	Assurance
Customer	GDPR	To ensure the Council has adequate arrangements in place, that are understood throughout the organisation, to protect the Council's information.	Compliance	Core
Customer	Attendance Management	To obtain assurance over compliance with the corporate policy and determine whether the Council's absence improvement plan is having a positive impact on attendance.	Operational	Core
Customer	Recruitment	To evaluate the adequacy and effectiveness of internal controls over the recruitment processes	Operational	Core
Customer	Volunteer Arrangements	To ensure the Council is operating an effective control framework regarding the engagement of voluntary services.	Operational	Wider
Children's and Family Services	Secondary Schools Visits	To ensure schools have adequate procedures in place to manage the financial aspects of the establishment and comply with the Council's Financial Regulations.	Operational	Core
Children's and Family Services	Pupil Equity Fund	To provide assurance that schools are spending in accordance with their plans, and these are developed as required, to close the poverty related attainment gap.	Operational	Wider
Resources	Revenue Budget Setting and Financial Strategy	To review procedures used in setting the Council's revenue budget and the wider financial strategy.	Strategic	Core
Resources	Creditors System	To ensure that appropriate control is being exercised over the Creditors System, including contingency planning and disaster recovery, and that interfaces to and from other systems are accurate and properly controlled.	Financial	Core
Resources	COVID-19 Spend	To obtain assurance over the key spending decisions and financial payments in relation to COVID-19.	Financial	Wider
Resources	Stores Stock Controls	To obtain assurance that stock procedures are adequate and stock movements are adequately accounted for.	Operational	Core
Resources	Vehicle and Driver Compliance	To obtain assurance that adequate procedures are in place to effectively manage the Council's vehicle and driver records, to comply with licence and insurance requirements.	Compliance	Core
Resources	Private Sector Housing	To ensure that adequate control is being exercised over income and expenditure.	Operational	Core
Council Led HSCP Services	Care Management System	To consider whether appropriate control is being exercised over the care management system, including contingency planning, and disaster recovery, and	Operational	Core

Function	Auditable Area	Objective	Principal Risk	Assurance
		its data input, and that interfaces to and from other systems are accurate and properly controlled.		
Council Led HSCP Services	Social Care Financial Assessments	To obtain assurance that adequate arrangements are in place to undertake social care financial assessments in an accurate and efficient manner, with a focus on the systems used.	Financial	Core
Various	Consulting Opportunities	To support various opportunities for change, including providing appropriate checks and challenges to ensure risks, governance and internal controls are given timely consideration as part of key change programmes and systems development.	Various	Wider
<b>2024/25</b>				
Commissioning	Procurement Fraud Controls	To ensure there are robust procedures in place to prevent, detect, and address potential fraud in the procurement process.	Operational	Core
Commissioning	Risk Management	To provide assurance over the Council's risk management arrangements.	Strategic	Wider
Commissioning	Councillors COI	To obtain assurance over the processes in place for recording and monitoring of Councillor conflicts of interest	Operational	Wider
Commissioning	Fleet Depot	To gain assurance over the key controls in place regarding inventory and spend of the fleet depot	Operational	Core
Customer	Business Rates	To provide assurance over the accuracy of Business Rates billing and robustness of collection arrangements.	Financial	Core
Customer	Equalities	To ensure the Council has taken appropriate steps to embed and monitor its compliance with its equalities duties	Operational	Core
Customer	Housing Allocations and Choice Based Letting	To provide assurance that the Housing Waiting List is maintained efficiently, and allocations are made in accordance with policy, including the choice based letting process. This review will also incorporate tenant participation and satisfaction.	Operational	Core
Customer	Complaints Handling	To ensure that the Council's complaints procedure is being complied with and that data generated is used by Services to monitor and improve performance.	Reputational	Wider
Customer	Right to Work in the UK	To ensure adequate arrangements are in place to ensure staff have the right to work in the UK	Compliance	Wider
Customer	Voluntary Severance	To provide assurance that the terms of the VSER scheme are complied with and that payments made / enhancements to pensions are accurate.	Financial	Core

Function	Auditable Area	Objective	Principal Risk	Assurance
Customer	Mandatory Training Compliance	To obtain assurance over the governance arrangements in place to monitor and deliver compliance with mandatory training.	Compliance	Wider
Children's and Family Services	SEEMiS	To provide assurance that appropriate control is being exercised over the schools and education management information system in view of the perceived criticality of the system and the significant volume of sensitive personal data held.	Operational	Core
Children's and Family Services	Education Maintenance Allowance	To consider whether appropriate control is being exercised over assessing entitlement and confirming attendance, and to assess controls over making payments.	Operational	Core
Children's and Family Services	Pre-School Commissioned Places	To ensure pre-school commissioned places requirements are being delivered and that adequate control is exercised over expenditure.	Operational	Core
Children's and Family Services	Family Placement Services	To obtain assurance that adequate procedures are in place to control the calculation, award, and payment of allowances for Fostering, Adoption and Kinship Care.	Operational	Core
Resources	Trusts / Common Good Funds	To consider whether appropriate governance and controls are being applied over the use of Trusts and Common Good Funds.	Financial	Wider
Resources	Cost of Living Spend	To obtain assurance over the key spending decisions, financial payments, and reporting in relation to the Cost of Living crisis.	Financial	Wider
Resources	Revenue Collection	To ensure that collection arrangements are robust and adequately applied.	Financial	Core
Resources	Capital Delivery	To ensure appropriate arrangements are in place to facilitate delivery of the Council's Capital Programme.	Operational	Core
Resources	Corporate Landlord Responsibilities	To ensure that the Council has systems in place that provide assurance over compliance with the legal requirements in relation to its Corporate Landlord role for these properties.	Operational	Core
Resources	Trade Waste	To consider whether adequate control is in place covering trade waste income and expenditure, that appropriate agreements and other paperwork is in place, and that accounting arrangements are robust.	Operational	Core
Resources	Crematorium	To ensure that Crematorium income, expenditure and record management procedures are adequate and effective.	Operational	Wider
Council Led HSCP Services	HSCP Commissioning	To review plans and progress with commissioning across the Health and Social Care Partnership.	Operational	Core

Function	Auditable Area	Objective	Principal Risk	Assurance
Various	Consulting Opportunities	To support various opportunities for change, including providing appropriate checks and challenges to ensure risks, governance and internal controls are given timely consideration as part of key change programmes and systems development.	Various	Wider
<b>2025/26</b>				
Commissioning	Procurement Processes	To provide assurance over the procurement processes across the Council's operations.	Operational	Core
Commissioning	PROTECT	To ensure the Council's compliance with PROTECT requirements.	Compliance	Core
Commissioning	Community Engagement and Resilience	To review the plans in place to ensure community engagement and resilience.	Operational	Wider
Commissioning	Climate - Carbon Budgeting	To ensure that appropriate arrangements are in place regarding carbon budget setting, monitoring, and reporting.	Climate	Wider
Commissioning	City Region Deal	To provide assurance over the governance and financial spend of the City Region Deal.	Operational	Core
Customer	Members Support Services	To obtain assurance over the support services provided to members.	Operational	Wider
Customer	Resettlement Governance	To ensure that procedures regarding the Council's responsibilities in relation to the resettlement of refugees, specifically the financial costs, are operating effectively.	Financial	Core
Customer	Income Management System	To consider whether appropriate control is being exercised over the income management system, including contingency planning and disaster recovery, and that interfaces to and from other systems are accurate and properly controlled.	Financial	Core
Customer	Housing Voids	To provide assurance regarding the process for re-letting void properties and compliance therewith	Operational	Core
Customer	Digital and Technology Demand	To review the current approach across the Council regarding digital and technology and the resources in place to meet the demand.	Operational	Wider
Customer	National Fraud Initiative	To obtain assurance over the Council's control framework for engagement with the National Fraud Initiative.	Financial	Wider
Customer	Payroll Data	To review the controls in place to ensure accurate data is used in the Council's payroll processes.	Financial	Core

Function	Auditable Area	Objective	Principal Risk	Assurance
Children's and Family Services	Childrens Homes Governance	To review the governance arrangements centrally for management of childrens homes.	Operational	Core
Children's and Family Services	Nursery and Primary Visits	To ensure establishments have adequate procedures in place to manage the financial aspects of the establishment and comply with the Council's Financial Regulations.	Operational	Core
Children's and Family Services	Self-Directed Support Payments	To obtain assurance over the processes in place for administering self-directed support payments.	Financial	Core
Resources	Vehicle Maintenance	To ensure that adequate controls are in place over the vehicle maintenance function.	Operational	Core
Resources	Joint Mortuary	To obtain assurance over the governance arrangements in place for management of the Council's responsibilities in relation to the joint mortuary.	Operational	Core
Resources	Commercial Income Streams	To review the processes in place regarding the Council's income streams.	Financial	Core
Resources	Prevention of Fraud, Bribery and Corruption	To provide assurance that the Council's arrangements for the prevention of fraud, bribery and corruption are adequate and proportionate.	Financial	Wider
Resources	Bond Governance	To obtain assurance over the governance arrangements in relation to the Aberdeen City Council bonds.	Operational	Core
Council Led HSCP Services	HSCP Delivery <sup>1</sup>	To obtain assurance that adequate arrangements are in place to facilitate the delivery of Health and Social Care Partnership services.	Operational	Wider
Various	Consulting Opportunities	To support various opportunities for change, including providing appropriate checks and challenges to ensure risks, governance and internal controls are given timely consideration as part of key change programmes and systems development.	Various	Wider

<sup>1</sup> Given the pending introduction of the National Care Service and its impact on the Council, further consideration will be given ahead of planning for 2025/26 to identify an appropriate auditable area and value adding work.

Function	Auditable Area	Objective	Principal Risk	Assurance
<b>2023/24</b>				
Integration Joint Board	IJB Hosted Services	To obtain assurance that the IJB has adequate arrangements in place to monitor the performance of services hosted on its behalf.	Operational	Core
Integration Joint Board	Complaint Handling	To ensure that the complaints procedures are being complied with for all matters and that data generated is used by Management to monitor and improve performance.	Operational	Wider
<b>2024/25</b>				
Integration Joint Board	IJB Budget Setting and Monitoring	To ensure that appropriate arrangements are in place regarding IJB budget setting.	Financial	Core
Integration Joint Board	National Care Service <sup>2</sup>	To consider whether appropriate control is being exercised over the delivery of changes as a result of the roll out of the National Care Service.	Strategic	Wider
<b>2025/26</b>				
Integration Joint Board	National Care Service	To consider whether appropriate control is being exercised over the delivery of changes as a result of the roll out of the National Care Service.	Strategic	Wider

Function	Auditable Area	Objective	Principal Risk	Assurance
<b>2023/24</b>				
Pension Fund	Pensions Investment Strategy	To provide assurance over compliance with the pension fund investment strategy, and the adequacy of controls over management of investments.	Financial	Core
<b>2024/25</b>				
Pension Fund	Pension Fund Payroll	To consider whether arrangements are adequate to start and terminate payments from the pension fund payroll, and to ensure that payments are accurate.	Financial	Core
<b>2025/26</b>				

<sup>2</sup> Given the pending introduction of the National Care Service on the IJB, further consideration will be given ahead of planning for 2024/25 and 2025/26 to identify appropriate auditable areas and value adding work.



Function	Auditable Area	Objective	Principal Risk	Assurance
Pension Fund	Pension Fund Key Administrative Processes	To provide assurance over the fulfilment of the key administrative processes across the Pension Fund.	Operational	Core



## 4 Appendix 2 – Mapping to Council Structure (2023/24 only)

The below table maps the Internal Audit Plan for 2023/24 to the Council's Service Structure<sup>3</sup>. Where not presented, consideration has been given and assurance is provided that the 2024/25 and 2025/26 plans give reasonable coverage of the different services across the Council.

Commissioning	Customer	Children's and Family Services	Resources	Other
<b>Commercial</b>	<b>Customer Experience</b>	<b>Children's and Family Services</b>	<b>Finance</b>	<b>Health and Social Care</b>
<ul style="list-style-type: none"> <li>Procurement Compliance</li> </ul>	-	-	<ul style="list-style-type: none"> <li>Revenue Budget Setting and Financial Strategy</li> <li>Creditors System</li> <li>COVID-19 Spend</li> </ul>	<ul style="list-style-type: none"> <li>Care Management System</li> <li>Complaints Handling</li> <li>Social Care Financial Assessments</li> <li>JB Hosted Services</li> </ul>
<b>Governance</b>	<b>Early Intervention and Community Empowerment</b>	<b>Education</b>	<b>Capital</b>	<b>Pensions</b>
-	<ul style="list-style-type: none"> <li>PREVENT</li> </ul>	<ul style="list-style-type: none"> <li>Secondary School Visits</li> <li>Pupil Equity Fund</li> </ul>	-	<ul style="list-style-type: none"> <li>Pensions Investment Strategy</li> </ul>
<b>Strategic Place Planning</b>	<b>Digital and Technology</b>		<b>Corporate Landlord</b>	
<ul style="list-style-type: none"> <li>Environmental Action</li> </ul>	<ul style="list-style-type: none"> <li>Cyber Controls</li> </ul>		<ul style="list-style-type: none"> <li>Private Sector Housing</li> </ul>	
<b>City Growth</b>	<b>Data and Insights</b>		<b>Operations and Protective Services</b>	
<ul style="list-style-type: none"> <li>City Region Deal</li> </ul>	<ul style="list-style-type: none"> <li>GDPR</li> </ul>		<ul style="list-style-type: none"> <li>Stores Stock Controls</li> <li>Vehicle and Driver Compliance</li> </ul>	
	<b>People and Organisational Development</b>			
	<ul style="list-style-type: none"> <li>Attendance Management</li> <li>Recruitment</li> <li>Volunteer Arrangements</li> </ul>			

<sup>3</sup> Governance, Customer Experience, Children's and Family Services (Cluster level) and Capital have not been assigned specific audits for 2023/24. However these areas have been covered in previous years and in future plans, and other reviews in year will touch upon these areas through overlaps across functions. Due to the overlaps, where an audit has been mapped to a specific function, this will not be exclusive and Internal Audit will engage with the different stakeholders as part of the actual reviews.

## 5 Appendix 3 – Mapping to Council Risks (2023/24 only)

A review of the Council’s risk register was carried out, focusing on those at the Corporate and Cluster levels, and those that are currently outwith appetite. This resulted in the identification of eight key risk themes<sup>4</sup> that have been used for ensuring appropriate coverage of different areas across Council operations.

Identified Risk Areas <sup>5,6</sup>			
Workforce / Volunteers / Industrial Action	Financial Sustainability	Climate Change	Procurement / Supply Chain
<ul style="list-style-type: none"> <li>Attendance Management                             <ul style="list-style-type: none"> <li>Recruitment</li> </ul> </li> <li>Volunteer Arrangements</li> </ul>	<ul style="list-style-type: none"> <li>Revenue Budget Setting and Financial Strategy                             <ul style="list-style-type: none"> <li>Creditors System</li> <li>COVID-19 Spend</li> </ul> </li> <li>Pensions Investment Strategy</li> </ul>	<ul style="list-style-type: none"> <li>Environmental Action</li> </ul>	<ul style="list-style-type: none"> <li>Procurement Compliance</li> </ul>
Health, Safety, Compliance and Governance	IT and Systems	Service Delivery	Civil Contingencies
<ul style="list-style-type: none"> <li>Data Protection</li> </ul>	<ul style="list-style-type: none"> <li>Care Management System                             <ul style="list-style-type: none"> <li>Cyber Controls</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Stores Stock Controls</li> <li>Vehicle and Driver Compliance                             <ul style="list-style-type: none"> <li>JB Hosted Services                                     <ul style="list-style-type: none"> <li>Complaints</li> </ul> </li> <li>Social Care Financial Assessments</li> </ul> </li> <li>Secondary School Visits                             <ul style="list-style-type: none"> <li>Pupil Equity Fund</li> <li>City Region Deal</li> </ul> </li> <li>Private Sector Housing</li> </ul>	<ul style="list-style-type: none"> <li>PREVENT</li> </ul>

<sup>4</sup> These eight key risk themes have been identified by Internal Audit based on those areas that were reoccurring across the Council’s Risk Register most often and had elements that were outwith appetite. Below these overarching themes are individual risks that are being managed through different mitigating actions and the Council has a range of different assurances over. There are also other unique risks that have not been included above; Internal Audit seeks to gain reasonable and not absolute assurance.

<sup>5</sup> Where an audit has been mapped to a certain risk, this will not be the only risk that the review will focus on; detailed scoping will be carried out prior to commencement of the work and it is anticipated that work will cut across many different risks. The mapping above is only for illustrative purposes to show consideration of the different risks the Council faces.

<sup>6</sup> Some audits are focused on wider aspects of the Council’s operations that do not directly align with the eight identified risks. Where this is the case, the audit has been mapped to the risk that is seen to most align or support the mitigation of overall.