

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 19 June 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 **TUESDAY, 27 JUNE 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 (LEGAL)

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 11 May 2023 (Pages 5 - 12)

COMMITTEE PLANNER

- 6.1. Committee Business Planner (Pages 13 - 16)

NOTICES OF MOTION

- 7.1. There are none at this time

REFERRALS FROM COUNCIL, COMMITTEES AND SUB COMMITTEES

- 8.1. There are none at this time

COMMITTEE BUSINESS

Risk Management

- 9.1. ALEO Assurance Hub - COM/23/180 (Pages 17 - 46)

Legal Obligations

- 9.2. Use of Investigatory Powers Q2 - COM/23/181 (Pages 47 - 54)

Governance

- 9.3. Local Government Transparency Code - CUS/23/179 (Pages 55 - 64)

Scrutiny

- 9.4. Scottish Public Services Ombudsman Decisions and Inspector of Cremations Complaint Decisions - CUS/23/177 (Pages 65 - 72)

Internal Audit

9.5. Internal Audit Progress Report - IA/23/006 (Pages 73 - 88)

9.6. Internal Audit Annual Report 2022-2023 - IA/23/007 (Pages 89 - 106)

EXEMPT/CONFIDENTIAL BUSINESS

10.1. There are no items at this time

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

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

Website Address: aberdeencity.gov.uk

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

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Audit, Risk and Scrutiny Committee

ABERDEEN, 11 May 2023. Minute of Meeting of the AUDIT, RISK AND SCRUTINY COMMITTEE. Present:- Councillor Crockett, Convener; and Councillors Ali, Allard, Bonsell, Bouse, Fairfull, Kuszniir (as substitute for Councillor Houghton), McLellan, Massey, Nicoll, Radley, Mrs Stewart and van Sweeden.

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

- (1) Councillor Ali advised that he had a connection in relation to agenda item 9.1 (Unaudited Annual Accounts 2022-23), item 9.4 (Internal Audit Progress Report) and item 9.5 (ALEO's Performance and Payments) by virtue of him being a previous Director of Aberdeen Heat and Power Ltd, having applied the objective test, he did not consider that he had an interest and would not be withdrawing from the meeting for the item;
- (2) Councillor Allard advised that he had a connection in relation to agenda item 9.1 (Unaudited Annual Accounts 2022-23), item 9.4 (Internal Audit Progress Report) and item 9.5 (ALEO's Performance and Payments) by virtue of him being a Council appointed Director of Aberdeen Heat and Power Ltd, having applied the objective test, he did not consider that he had an interest and would not be withdrawing from the meeting for the item; and
- (3) Councillor Nicoll advised that he had a connection in relation to agenda item 9.5 (ALEO's Performance and Payments) by virtue of him being a Power of Attorney for a close family member who was in the care of Bon Accord Care, having applied the objective test, he did not consider that he had an interest and would not be withdrawing from the meeting for the item.

MINUTE OF PREVIOUS MEETING OF 23 MARCH 2023

2. The Committee had before it the minute of their previous meeting of 23 March 2023.

The Committee resolved:-

to approve the minute as a correct record.

Audit, Risk and Scrutiny Committee

11 May 2023

COMMITTEE BUSINESS PLANNER

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

The Committee resolved:-

to note the content of the Committee Business Planner.

UNAUDITED ANNUAL ACCOUNTS 2022-23 - RES/23/125

4. The Committee had before it a report by the Director of Resources which provided an overview of the Council's 2022/23 unaudited Annual Accounts.

The report recommended:-

that the Committee –

- (a) consider the Council's unaudited Annual Accounts 2022/23;
- (b) approve the Annual Governance Statement as included in the Council's unaudited Annual Accounts for the financial year 2022/23;
- (c) consider the unaudited Annual Accounts 2022/23 of the Council's registered charities;
- (d) note that following this meeting the Council's and the registered charities unaudited Annual Accounts will be finalised, signed, and submitted to the Council's external auditors, Audit Scotland;
- (e) note that Audit Scotland has now stated that they will not have completed their audit in line with the Council's early close timeline, presented in December 2022 and therefore a special Audit, Risk & Scrutiny Committee has been arranged on 20 July 2023 to allow for the approval of the audited Annual Accounts;
- (f) note that the Audit, Risk and Scrutiny Committee of 20 July 2023 will receive the external auditor's report on the annual accounts for consideration and that this report will set out the auditor's findings and conclusions, highlight any significant issues arising from the audit of the annual accounts and inform Councillors of the proposed audit opinion in advance of the accounts being certified;
- (g) note that the Audit, Risk and Scrutiny Committee on 20 July 2023 will also receive the Council's audited 2022/23 Annual Accounts for consideration and approval prior to their signature by the Chief Officer - Finance, Chief Executive and the Council co-Leaders;
- (h) note that the Audit, Risk and Scrutiny Committee on 20 July 2023 will also receive the audited Annual Accounts for the registered charities for consideration and approval prior to their signature along with the associated external auditor's report; and
- (i) note that officers will continue to work with Audit Scotland to identify how the Councils' 'early close' timeline can be achieved for external audit work in future years of the appointment.

Audit, Risk and Scrutiny Committee

11 May 2023

In response to a question regarding the timeframe for approval, the Chief Officer – Finance explained the sequence of events for the submission of the audited Annual Accounts, noting that they would be submitted to the Special meeting on 20 July for approval.

In response to a question regarding the Council Balance Sheet increase and the Common Good account decrease, the Chief Officer – Finance explained that the Council Balance Sheet increase was largely due to the change in pension liabilities to assets this year and the Common Good and Trust accounts had a different set of financial parameters and were therefore not part of the balance sheet until they become part of the Group accounts. He indicated that a detailed response to questions could be circulated by way of email.

In response to a question regarding the Annual Governance Statement, the interim Chief Officer – Governance (Assurance) advised that the same format was used so that it would be easier to compare from year to year in order to provide an outline of the priorities which were achieved over last year against each of CIPFA's principles and what would be intended over the next year.

In response to a question regarding remuneration disclosures, specifically the increase in pension strain costs, the Chief Officer – Finance advised that these were due to officers leaving the organisation and being able to access their pensions following approval from the Council, which would normally be through the voluntary severance/early retirement scheme, with additional costs paid to the pension fund. He intimated that there would likely be an increase in costs due to the number of early retirement packages this year.

The Committee resolved:-

- (i) to note that the Chief Officer – Finance would provide an explanation to any detailed questions that the members may have via email, with any follow up questions being responded to during consideration of the audited Annual Accounts at the Special meeting of the Committee on 20 July 2023; and
- (ii) to otherwise approve the recommendations and to thank all officers for the extensive work undertaken in terms of the production of the report.

EXTERNAL AUDIT - 2022/23 ANNUAL AUDIT PLAN

5. The Committee had before it the External Audit 2022-23 Annual Audit Plan by the Audit Director/Engagement Lead, Audit Scotland, which summarised the work plan for the 2022/23 external audit of Aberdeen City Council.

In response to a question relating to the planning materiality percentage figure, the Senior Audit Manager explained that Audit Scotland worked within a framework of 0-2% across the organisation and the figure of 1.5% was reached through an assessment of the risk and information around financial systems at a certain point in time, although the figure was kept under review as the audit progressed.

Audit, Risk and Scrutiny Committee

11 May 2023

In response to a question relating to Cyber Security, the Senior Audit Manager advised that Audit Scotland had gathered base information across all organisations in terms of the risk but would also work closely with Internal Audit colleagues in this regard if deemed appropriate and to avoid duplication of work.

In response to a question regarding Audit Fees, the Audit Director/Engagement Lead confirmed that the fees for 2022/23 had increased by 12%.

The Committee resolved:-

to note the External Audit 2022-23 Annual Audit Plan.

BEST VALUE AUDIT - COM/23/128

6. The Committee had before it a report by the Director of Commissioning which explained the arrangements for Best Value auditing of councils, including some changes being made to the process by the Accounts Commission.

The report recommended:-

that the Committee –

- (a) note the requirements for the auditing of Best Value including the intention of Audit Scotland to audit thematic areas in more depth as part of the annual audit process; and
- (b) note that a report from the Local Area Network will no longer be provided and that external scrutiny requirements will instead be notified through the external audit process.

The Committee resolved:-

to approve the recommendations.

INTERNAL AUDIT PROGRESS REPORT - IA/23/005

7. With reference to article 9 of the minute of the previous meeting of 23 March 2023, 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.

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.

Audit, Risk and Scrutiny Committee

11 May 2023

The Committee resolved:-

to approve the recommendations.

TRANSPARENCY STATEMENT

During consideration of the below item of business, Councillor Mrs Stewart advised that she had a connection by virtue of her being an Aberdeen City Council appointed Board member of Aberdeen Performing Arts. Having applied the objective test, she did not consider that she had an interest and would not be withdrawing from the meeting.

ALEOS PERFORMANCE AND PAYMENTS - AC2306

8. The Committee had before it a report by the Chief Internal Auditor which presented an audit on ALEOs Performance and Payments which was undertaken to ensure the Council's commissioning of services through ALEO's demonstrated Best Value.

The report recommended:-

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

In response to a question relating to Aberdeen Heat and Power (AH&P), specifically regarding whether suitable arrangements were in place in terms of gas/electricity costs and payments, the Head of Commercial and Procurement provided assurance that the Council had worked in partnership with AH&P to reflect on their service level agreement in accordance with the appropriate governance process and which had been agreed by their Board in March 2023.

The Committee resolved:-

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

PVG AND DISCLOSURE CHECKS - AC2310

9. The Committee had before it a report by the Chief Internal Auditor which presented an audit on PVG and Disclosure Checks which was undertaken to provide assurance that appropriate Disclosure Scotland checks were being obtained, in advance of employment, as required.

The report recommended:-

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

Audit, Risk and Scrutiny Committee

11 May 2023

The Committee resolved:-

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

CONTRACT MANAGEMENT - AC2307

10. The Committee had before it a report by the Chief Internal Auditor which presented an audit on Contract Management which was undertaken to obtain assurance that adequate contract management arrangements were in place to ensure that costs incurred were appropriate, and associated benefits were realised.

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 visibility of the contract register to services that had devolved contracts, the Head of Commercial and Procurement advised that each Chief Officer had responsibility for maintaining their contract register and any updates would be added to the master register by the Central Team.

The Committee resolved:-

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

SCOTTISH MILK AND HEALTHY SNACK SCHEME - AC2312

11. The Committee had before it a report by the Chief Internal Auditor which presented an audit on the Scottish Milk and Healthy Snack Scheme which was undertaken to obtain assurance that payments under the scheme were being appropriately managed.

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 general question relating to grant funding, specifically whether systems were reviewed to ensure that funding was claimed, the Chief Internal Auditor advised that they were reviewed as part of the auditing process and that recommendations made by Internal Audit would be around benefit realisation.

The Committee resolved:-

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

Audit, Risk and Scrutiny Committee
11 May 2023

- **COUNCILLOR BARNEY CROCKETT, Convener**

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	A	B	C	D	E	F	G	H	I
1	AUDIT, RISK & SCRUTINY COMMITTEE BUSINESS PLANNER								
	The Business Planner details the reports which have been instructed by the Committee as well as reports which the Functions expect to be submitting for the calendar year.								
2	Report Title	Minute Reference/Committee Decision or Purpose of Report	Update	Report Author	Chief Officer	Directorate	Terms of Reference	Delayed or Recommended for removal or transfer, enter either D, R, or T	Explanation if delayed, removed or transferred
3	27 June								
4	Local Government Transparency Code	Council - 22 February 2023 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.	Agenda Item 9.4	Lucy McKenzie	Customer Experience	Customer			
5	Use of Investigatory Powers Quarter 2 Report	to present the quarterly use of investigatory powers report	Agenda Item 9.2	Vicki Johnstone	Governance	Commissioning	5.2		
6	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.	Agenda Item 9.3	Lucy McKenzie	Customer Experience	Customer	6.4		
7	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 9.5	Jamie Dale	Governance	Commissioning	2.2		
8	Internal Audit Annual Report	To present the Internal Audit Annual Report for 2022-2023	Agenda Item 9.6	Jamie Dale	Governance	Commissioning	2.3		
9	ALEO Assurance Hub Update	To provide an update of risk and financial management and governance arrangements in accordance with Hub TOR and annual workplan.	Agenda Item 9.1	Vikki Cuthbert	Governance	Commissioning	1.3		
10	20 July								
11	Audited Annual Accounts 2022-23	To present the audited accounts for 2022-23.		Lesley Fullerton	Finance	Resources	4.1		
12	External Audit Annual Report	To present the audit opinion and annual report on the 2022-23 Annual Accounts		Anne MacDonald	Governance	Commissioning	3.1		
13	14 September								
14	Use of Investigatory Powers Quarter 3 Report	to present the quarterly use of investigatory powers report		Jessica Anderson	Governance	Commissioning	5.2		

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15	SPSO Decisions, Inspector of Crematoria Complaint Decisions	In order to provide assurance to Committee that complaints and Scottish Welfare Fund applications are being handled appropriately, this report provides information on all Scottish Public Services Ombudsman (SPSO) and Inspector of Crematoria decisions made in relation to Aberdeen City Council since the last reporting cycle.		Lucy McKenzie	Customer Experience	Customer	6.4		
16	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		
17	Internal Audit Reports	Reports which have been finalised will be presented to the Committee.		Jamie Dale	Governance	Commissioning	2.2		
18	Information Governance Annual Report	to present the annual report for the Council's Information Governance		Caroline Anderson	Data Insights	Customer	1.3		
19	23 November								
20	Use of Investigatory Powers Quarter 4 Report	to present the quarterly use of investigatory powers report		Jessica Anderson	Governance	Commissioning	5.2		
21	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		
22	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		
23	Internal Audit Reports	Reports which have been finalised will be presented to the Committee.		Jamie Dale	Governance	Commissioning	2.2		
24	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		
25	Service Updates								

	A	B	C	D	E	F	G	H	I
1	AUDIT, RISK & SCRUTINY COMMITTEE BUSINESS PLANNER The Business Planner details the reports which have been instructed by the Committee as well as reports which the Functions expect to be submitting for the calendar year.								
2	Report Title	Minute Reference/Committee Decision or Purpose of Report	Update	Report Author	Chief Officer	Directorate	Terms of Reference	Delayed or Recommended for removal or transfer, enter either D, R, or T	Explanation if delayed, removed or transferred
26	Reconciliation of Granite - Union Terrace Gardens	ARSC 30 June 2022 - Item 3 (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

COMMITTEE	Audit, Risk and Scrutiny Committee
DATE	27 June 2023
EXEMPT	No
CONFIDENTIAL	No
REPORT TITLE	ALEO Assurance Hub Update
REPORT NUMBER	COM/23/180
DIRECTOR	Gale Beattie
CHIEF OFFICER	Vikki Cuthbert
REPORT AUTHOR	Vikki Cuthbert
TERMS OF REFERENCE	Remit 1.3

1. PURPOSE OF REPORT

- 1.1 To provide assurance on the governance arrangements, risk management, and financial management of Arm's Length External Organisations (ALEOs) as detailed within the ALEO Assurance Hub's terms of reference.

2. RECOMMENDATION(S)

That the Committee:-

- 2.1 Notes the level of assurance provided by each ALEO on governance arrangements, risk management and financial management;
- 2.2 Notes that the report incorporates Hub officers' initial levels of assurance of the governance arrangements, risk management and financial management of bp Aberdeen Hydrogen Energy Limited;
- 2.3 Notes that the Assurance Hub officers and ALEO Service Leads will discuss any outstanding issues specified in the appendices and identified at the Audit, Risk and Scrutiny Committee with ALEO representatives, with a view to further improving the assessment ratings at the next Hub meeting.

3. CURRENT SITUATION

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

- 3.3 The Hub met in April and identified the following key assurance areas, in accordance with the workplan previously reported to the Committee. Specific follow-ups were sought from each ALEO in furtherance of gaps in assurance from the previous cycle, and these are referenced specifically in the appendices.

Governance Arrangements

1. Details of current or planned training and development plans for Board members and any changes to Board structure.
2. Evidence that declarations of interest are regulated by policies and procedures.

Risk & Resilience Management

1. A short summary of the risk environment, including risks that have been added, escalated or de-escalated, and an overview of activities and controls in place across the three lines of defence (do-ers, helpers, checkers).
2. The latest internal and/or external audit programmes and confirmation that there have been internal control failures in the last 12 months.

Financial Management

1. 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.
 2. 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.
 3. 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.
- 3.4 The Assurance Standards and Risk Ratings are set out at Appendix A. The Hub's overall assessment of each ALEO, based on the information returned, has been attached within the summary report at Appendix B. Appendices C-H provide a summary of requests to and responses from, each ALEO, along with a breakdown of risk ratings. These have been agreed with the ALEOs.
- 3.5 As reported in December 2022, medium risk ratings reflect the current commercial and economic challenges including continued recovery from the pandemic, energy market volatility and inflationary pressures/cost of living. These factors are affecting each ALEO to varying degrees however, the Hub is satisfied that financial stewardship arrangements continue to be robust and present as low risk to the Council as possible.

4. FINANCIAL IMPLICATIONS

- 4.1 There are no direct financial implications arising from the recommendations in 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 ALEO Assurance Hub will help identify any projects and/or initiatives that could influence investment decisions of Bond holders or the Council's credit rating and ensure that the appropriate governance is put in place. This adds a further layer of assurance to the Council's existing Bond governance arrangements.

6. 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	*Target Risk Level (L, M or H) *taking into account controls/control actions	*Does Target Risk Level Match Appetite Set?
Strategic Risk	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.	M	Yes
Compliance	ALEO service level agreements are not up to date and	Commercial and Procurement Services has reviewed ALEO service level agreements to ensure	L	Yes

	<p>ALEOs are not delivering on Council outcomes.</p> <p>Non-compliance against GDPR, Health and Safety and other statutory responsibilities.</p>	<p>they remain robust and fit for purpose.</p> <p>The Strategic Commissioning Committee has oversight of how ALEOs are achieving Council outcomes and complying with the terms of their service level agreements.</p> <p>The Hub will continue its oversight of ALEOs' approach to embedding strong governance, including audits, policies, procedures and systems to ensure that these are being reviewed and staff training is being delivered to mitigate the risk of governance failure.</p> <p>The Legal Regulatory and Compliance Team provide support and advice to the Hub on the steps ALEOs are taking on GDPR compliance in order for the Hub to provide assurance to Committee on ALEOs' management of this risk.</p>		
Operational	<p>Failure of ALEOs to deliver services according to agreed Service Level Agreements</p>	<p>Monitored by Strategic Commissioning Committee which has oversight of ALEO strategic business plans.</p>	L	Yes
Financial	<p>Financial failure of ALEOs</p>	<p>ALEOs report financial performance and governance to</p>	L	Yes

	impacting on the Council and its credit rating.	<p>their boards and present their annual accounts for scrutiny by an external auditor.</p> <p>One of the Hub's key functions is to provide assurance to Committee on the financial management of Council ALEOs.</p> <p>City Growth and Resources Committee monitors financial performance and viability, including business planning.</p>		
Reputational	Impact of performance or financial risk on reputation of ACC.	Regular reporting to this Committee from the Hub provides adequate control.	L	Yes
Environment / Climate	Service delivery or operations impacting negatively on City net zero targets.	Regular reporting to this Committee from the Hub provides adequate control.	L	Yes

8. OUTCOMES

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

9. IMPACT ASSESSMENTS

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

10. BACKGROUND PAPERS

None

11. APPENDICES

- 11.1 **Appendix A** – Assurance Standards and Risk Ratings
- Appendix B** – Summary of ALEO Risk Ratings
- Appendix C** – Aberdeen Heat and Power
- Appendix D** – Aberdeen Performing Arts
- Appendix E** – Aberdeen Sports Village
- Appendix F** – Bon Accord Care
- Appendix G** – bp Aberdeen Hydrogen Energy Limited
- Appendix H** – Sport Aberdeen

12. REPORT AUTHOR CONTACT DETAILS

Name	Vikki Cuthbert
Title	Interim Chief Officer Governance (Assurance)
Email Address	vcuthbert@aberdeencity.gov.uk
Tel	07470363810

Appendix A

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

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Appendix B

	Overall Risk Rating																				
	Mar-18		Sep-18		Feb-19		June-19		Dec-19		Oct-20		May-21		Sept-21		June-22		Dec-22		June-23
Aberdeen Heat and Power	Low/ Medium	Low/ Medium	Low		Very Low/ Low	Very Low/ Low	Low/ Medium		Very Low/ Low	Very Low/ Low	Low/ Medium		Very Low/ Low	Very Low/ Low	Low/ Medium		Medium		Low/ Medium	Low/ Medium	
Aberdeen Performing Arts	Low/ Medium	Low		Low/ Medium	Low/ Medium	Low/ Medium	Low/ Medium	High		Medium		Medium		Low/ Medium		Low/ Medium	Low/ Medium	Low/ Medium	Low/ Medium	Low/ Medium	
Aberdeen Sport Village	Low/ Medium	Low/ Medium	Low/ Medium	Low/ Medium	Low		Very Low/ Low	Very Low/ Low	Low/ Medium		Very Low/ Low	Very Low/ Low	Very Low/ Low	Very Low/ Low	Low/ Medium		Low/ Medium	Low/ Medium	Low/ Medium	Low/ Medium	
Bon Accord Care	Low/ Medium	Low/ Medium	Low/ Medium	Low/ Medium	Very Low/ Low	Very Low/ Low	Very Low/ Low	Very Low/ Low	Low/ Medium		Low/ Medium	Low/ Medium	Very Low/ Low	Very Low/ Low	Very Low/ Low	Low		Low		Low/ Medium	
Sport Aberdeen	Low/ Medium	Low		Low		Very Low		Very Low/ Low	Very Low/ Low	Medium		Very Low/ Low	Very Low/ Low	Very Low/ Low	Very Low/ Low	Low/ Medium		Low/ Medium	Low/ Medium	Low/ Medium	
bp Aberdeen Hydrogen Energy	N/A		N/A		N/A		N/A		N/A		N/A		N/A		N/A		N/A		Low/ Medium	Low/ Medium	Low/ Medium

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Area of Assurance	Assurance Request	ALEO Response and Hub Commentary	Hub Risk Rating
Governance	Assurance on the on-going training and development of Board members including any changes to Board structure, rationale for any structure changes, and training plans for Board members.	The Hub noted that AH&P had recently completed a TECKAL restructuring exercise and annual board member reviews were currently taking place, managed by the Chair of the Board. The Hub was assured that these would be discussed and reported on once completed, and identified or planned training requirements would be implemented as necessary. The Hub agreed that the aforementioned report should be requested for consideration at a future meeting.	Very low
	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.	The Hub noted that Board declarations of interest were signed on an annual basis following individual appointments to the Board. The Hub agreed that this provided the necessary level of assurance.	Very low
	Assurance that ALEOs articles of association are clear, remain up-to-date, and reflective of how the ALEO functions and operates.	The Hub was advised that data protection training had been carried out by all AH&P staff as part of annual cyber training, and public facing financial and administrative staff also carried out additional data protection training on GDPR in December 2022 which would be repeated annually.	Very low
Risk Management	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.	<p>AH&P confirmed that the risk register was last reviewed in May 2023 and reflects the current operational environment and includes risks around high energy pricing and labour costs. The risk around AH&P and ACC projects has been de-escalated due to recent changes in company structure with ACC being sole member of the company.</p> <p>Previous reviews of AH&P risk mitigations contained within the risk register have demonstrated activities and controls covering the Three Lines of Defence, including policy documents, external audit and group review and monitoring.</p>	Very low
	<p>Assurance that ALEOs have risk-based internal and external audit plans in place and a process to address and close out audit recommendations to completion.</p> <p>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.</p>	<p>The Hub was advised that work is underway to develop a tender for services that audits and reviews AH&P operations and procedures. This will enhance the existing quality system already in place and progress in this area will be reviewed in the next reporting cycle.</p> <p>AH&P advised that the previous audit recommendations are now closed and confirmed that no internal control failures have been identified since the last reporting cycle.</p>	Low

	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)	<p>The Hub was advised that whilst no formal BCP test has been undertaken, assurance in this area is provided by the regular meetings involving the parties that provide care and maintenance of essential plant equipment. In addition, AH&P confirmed that the contractors used by the company are Aberdeen based and are therefore able to respond quickly to any events.</p> <p>AH&P confirmed that the BCP is reviewed and updated as necessary and confirmed that they conducted detailed discussions with contractors including IT services provider to address response to a Rota Load Disconnect.</p>	Low
Finance	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.	The Hub confirmed an extensive set of Management Accounts continue to be reviewed by the Board on a regular basis. The most recent set of management accounts reviewed by the Board at its May 2023 meeting were in respect of the 12 month period ending March 2023. Gas procurement has moved to a national purchasing arrangement through Procurement Scotand from 1 April each year. This will allow tarrifs to be set based on knpwn contractual procurement rates.	Medium
	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.	AH&P have produced a 5 year Business Plan covering financial year 2023 to 2028, in conjunction with their updated 5 year budget. The Hub concluded that the underlying assumptions contained within the Business Plan seem reasonable and figures are in line with previous years' accounts.	Medium
	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.	The Hub confirmed that the 2021-22 annual accounts were submitted to Companies House by the required deadline and in accordance with the Companies Act. The auditors' report identified no matters of concern and concluded that the organisations use of the Going Concern basis of accounting was appropriate.	Low

Area of Assurance	Assurance Request	ALEO Response and Hub Commentary	Hub Risk Rating
Governance	Assurance on the on-going training and development of Board members including any changes to Board structure, rationale for any structure changes, and training plans for Board members.	<p>The Hub noted that APA had appointed Jane Spiers (previous CEO for 10 years) as interim CEO in January 2023 to ensure continued leadership for the organisation until a new CEO was recruited. The Hub further noted that recruitment had been successfully completed and a new CEO was due to start on 1 June, with the interim CEO stepping down on 22 May.</p> <p>With regard to training, the Hub was advised that a number of APA Board members had attended Board training provided by Arts and Business Scotland at the end of 2022. Once the new CEO was in post and upcoming board recruitment was complete, and 1:1s had been held, the Hub noted that APA intended to create a board training plan taking into consideration current skill and knowledge as well as any possible gaps.</p> <p>The Hub agreed to receive an update at its next meeting on all of the above matters following the new CEO taking up post.</p>	Low
	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.	The Hub noted that all APA Board members are requested to provide declarations of interest when they join and on an annual basis thereafter, which was recorded in the Register of Interests. The Hub further noted that Board members were also required to advise the organisation immediately if their circumstances changed in relation to their interests, and Board members must make declarations of interest at each Board meeting.	Very Low
	Assurance that ALEOs articles of association are clear, remain up-to-date, and reflective of how the ALEO functions and operates.	The Hub noted that APA's Data Protection policy had been reviewed in April 2023 and submitted accordingly. General data protection training was provided via e-learning modules and refresher training would be issued to staff later in 2023. The Hub further noted the Scheme of Delegation which had been updated and approved in November 2022 and agreed that this provided a good level of assurance.	Very Low

<p>Risk Management</p>	<p>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.</p>	<p>APA confirmed that regular risk register reviews are being maintained, with reviews conducted by the Leadership Team, the Finance Audit and Property Sub-Committee and the Board. APA provided a summary of the current risk environment which includes business risk and impacts associated with cost of living, reductions in public subsidy and reduced audience levels.</p> <p>Mitigation activities undertaken include, updating the existing business plan, building relationships and lobby external stakeholders, focus on building customer loyalty, assessment of the programme and a focus on income generation.</p> <p>APA confirmed that the risks around Covid-19 has reduced/de-escalated however they maintain a cautious approach in this are with some mitigations remaining in place.</p> <p>APA provided a copy of the current risk register which was last reviewed in May 2023 (next review due in August) the risk register format remains unchanged since the last review. The risks are grouped by the following categories; financial, operational and management and governance. Each risk category incorporates the risks the reflect APA's current operating environment.</p>	<p>Very Low</p>
	<p>Assurance that ALEOs have risk-based internal and external audit plans in place and a process to address and close out audit recommendations to completion.</p> <p>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.</p>	<p>APA confirmed that Anderson Anderson Brown completed the audit of the statutory accounts in September and that no significant recommendations were made. APA's 3-year Health and Safety Plan was formed based on recommendations resulting from a Health and Safety audit conducted by Worknest. The annual Customer Service Excellence assessment was also completed in September 2022.</p> <p>APA confirmed that no internal control failures were identified following the review of People/HR data and Internal IT data.</p> <p>Internal audit activities were agreed at the Finance, Audit and Property sub-committee in February 2023 and includes focus on PCI-DSS (Payment Card Industry Data Security Standards) due to upcoming changes in compliance requirements, stock levels/management and the Terrace following the recent investment in the new Cafe Bar.</p> <p>Progress with these activities will be reviewed in the next reporting cycle.</p>	<p>Very Low</p>

Finance	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.	Budget monitoring and updated cashflow reports continue as agenda items at each Board Meeting. The review of budgets and finance are supported by the organisations Finance, Audit and Property Sub Committee. The organisation continues to review customer behaviour and spending patterns to support Cash Flow and budget monitoring. There is a clear distinction between available funds and advance booking monies within Cash Flow and budget forecasts.	Medium
	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.	<p>The Hub noted that a confidential paper was tabled at the 22 May 2023 Board meeting in respect of the draft 5 Year Business Plan for 2023/24 to 2027/28, following further consultation and research to reflect the ever changing external financial environment in which it operates. It is anticipated that this will remain in draft form until the new CEO is in place.</p> <p>The Business Plan evidences the the Board continues to be aware of potential risks from the current economic climate and that mitigation will be required moving forward. For note the business plan indicates a projected deficit of £1.3m by 27/28 without significant change, with an assumption of standstill funding from ACC and Creative Scotland. The Business Plan is expected to go back to the APA Board in the autumn and the Business Plan will also be reported to Council later in the year.</p>	Medium
	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.	The Hub confirmed that the 2021-22 annual accounts were submitted to Companies House and OSCR by the required deadline and in accordance with the appropriate regulations. The auditors' report identified no matters of concern and concluded that the organisations use of the Going Concern basis of accounting was appropriate. The 2023-24 accounts are still subject to audit and will be reviewed when that is complete.	Low

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Area of Assurance	Assurance Request	ALEO Response and Hub Commentary	Hub Risk Rating
Governance	Assurance on the on-going training and development of Board members including any changes to Board structure, rationale for any structure changes, and training plans for Board members.	The Hub noted that a review of the ASV Board had been completed at the beginning of 2023 and had made 5 recommendations which were presented to the April 2023 Board meeting. The recommendations covered the following areas (1) ASV Policies; (2) Board training; (3) Board and Board member appraisal; (4) Equality, Diversity and Inclusion (EDI); and (5) other. The Hub noted the presentation which had been delivered to the Board and agreed that this provided a good level of assurance, however there were a lot of actions and work required on the back of the review and the Hub agreed to request an update on progress at its next meeting.	Very Low
	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.	The Hub noted that declarations of interest was a standing agenda item at the start of every ASV Board meeting and that there was no distinct ASV policy or procedure on declarations of interest or conflicts of interest but the question was asked of Board members at each meeting.	Very Low
	Assurance that ALEOs articles of association are clear, remain up-to-date, and reflective of how the ALEO functions and operates.	<p>The Hub noted the Financial Regulations which had been provided, however it appeared they had not been updated since 2015 and the document itself indicated it had been approved in March 2014. The Hub requested further clarity as to whether the document was subject to regular review and was advised that it is fit for purpose and has not not required any radical changes. With changes to financial systems and processes currently underway there will be a full review and upgrade to the document in the coming months to reflect these changes.</p> <p>With regard to data protection, the Hub noted that ASV had experienced difficulties with the recruitment of a DPO and had only recently managed to source a dedicated remote working DPO. The Hub noted that ASV were now in the process of reviewing their data protection action plan as well as the work that had been done internally reviewing policies and procedures. The Hub was assured that the internal review did not highlight any areas of high risk, and previous work ensured that GDPR was considered by design rather than retrospectively. The Hub noted that a DPIA log was maintained which was reviewed regularly. ASV are currently creating an IT strategy, in which GDPR, data protection and cyber security would play a major part and a draft data protection governance arrangements document. The Hub agreed to request an update on this work for its next meeting.</p>	Low

Risk Management	<p>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.</p>	<p>ASV provided a copy of the risk register that was reviewed in September 2022. The risk register provides a full overview of the ASV risk environment through risk group by category. The Hub noted that new risks were added to the risk register around cost of living impacts to customers with associated risk of loss of income to ASV and risk around inadequate planning and delivery of ASV projects.</p> <p>The risk register provides a summary of the controls (mitigations and response) and this also captures ASV risk response. The controls detailed within the risk register cover the span of the Three Lines of Defence including; internal training, strategy development, business continuity plans and internal/external audit.</p> <p>ASV confirmed that the Risk Assessment Policy review was completed, the updated policy was approved by the Director of Service in October 2022.</p> <p>ASV provided a copy of the Critical Incident Plan which was last reviewed in September 2022. The plan is comprehensive and includes roles/responsibilities, checklists and guidance. This plan is reviewed annually or after a serious incident. ASV have continued to enhance existing risk/resilience arrangements as key staff have undertaken on line training on Counter Terrorism and PREVENT training.</p> <p>In future cycles, it would be useful to see evidence that risk appetite is considered in decision making.</p>	Very Low
	<p>Assurance that ALEOs have risk-based internal and external audit plans in place and a process to address and close out audit recommendations to completion.</p> <p>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.</p>	<p>ASV confirmed that in addition to the existing external audit arrangements, internal audits shall be conducted and provided a copy of the 2023/24 plan. In addition a copy of the improvement plan resulting from Quest audit in January 2023 was provided. The Hub will continue to monitor progression in these areas including the Quest improvement plan.</p> <p>ASV confirmed that there have not been any internal control failures in the previous 12 months.</p>	Very Low
Finance	<p>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.</p>	<p>The April 2023 Board papers confirm that detailed budget monitoring and forecast data continue to be part of the regular Board agendas, along with papers referring to particular financial aspects linked to forecasts and Business Planning.</p>	Very Low

	<p>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.</p>	<p>The Hub has confirmed that a 3 Year Business Plan covering the period July 2023 onwards has been submitted to the Board for discussion and comment. Board and Funding partners continue to be updated on potential financial challenges, with regular meetings between funding partners and the organisation taking place. The organisation continues to operate within a challenging financial environment and continues to examine possible mitigation both in the short and longer term. It should be noted that reductions in contribution towards the Property Lifecycle reserves were reduced during the Covid epidemic in order to mitigate cost pressures. Whilst the Business Plan expects these to return to normal levels, a failure to return in full to the lifecycle reserve presents the risk that ASV will be unable to reinvest at the levels required when necessary. ASV have proposed that any additional surpluses would be set against the Lifecycle Reserve as additional contributions.</p>	<p>Medium</p>
	<p>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.</p>	<p>The Hub confirmed that the 2021-22 annual accounts were submitted to Companies House and OSCR by the required deadline and in accordance with the appropriate regulations. The auditors' report identified no matters of concern and concluded that the organisation's use of the Going Concern basis of accounting was appropriate. The 2023-24 accounts are still subject to audit and will be reviewed when that is complete.</p>	<p>Low</p>

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Area of Assurance	Assurance Request	ALEO Response and Hub Commentary	Hub Risk Rating
Governance	Assurance on the on-going training and development of Board members including any changes to Board structure, rationale for any structure changes, and training plans for Board members.	<p>The Hub noted that during 2022, the BAC Board undertook four development days which focused on risk management, strategy development and the development of internal audit process. Another four days were planned in 2023, with the next one in June.</p> <p>The Hub noted that one Board member resigned during 2022 and was replaced by Mr Jonathan Williams who was Chair of the CCPGC committee. The BAC Board consisted of five members, including the Chair, plus two executive directors. The Hub further noted that appraisals took place annually for Board members conducted by the Chair.</p>	Very Low
	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.	The Hub noted the relevant section from the BAC Corporate Code of Governance which highlighted that the Code of Conduct for Board Members stated that members of the Board and Committees needed to declare any interests in the business of a meetings.	Very Low
	Assurance that ALEOs articles of association are clear, remain up-to-date, and reflective of how the ALEO functions and operates.	<p>The Hub was advised that the relevant section from the BAC Handbook illustrated the company guidance on Data Protection. However the section referred to did not seem to be included in the submission, therefore the Hub agreed that it should be requested by way of follow-up next cycle.</p> <p>The Hub noted that BAC's previous DPO left the company the replacement Compliance Manager was undergoing Data Protection training. Data Protection was part of BAC's mandatory training and participation in April and May at an average of 90%.</p> <p>The Hub was provided with copies of the Delegation of Authority approved by the Board in November 2022, as well as an updated version approved in February 2023. Furthermore, the Hub was provided with a copy of the Procurement Policy which was last updated in May 2021 and the Compliments and Complaints procedure which was currently under review. The Hub agreed that this provided a good level of assurance and to receive a copy of the updated Compliments and Complaints procedure once it had been updated and approved.</p>	Very Low

<p>Risk Management</p>	<p>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.</p>	<p>BAC has well established risk management arrangements in place across the organisation and confirmed that over the past 12 months work has been undertaken to further improve the existing arrangements including policy development, further development of risk appetite and risk registers.</p> <p>Copies of the new committee-based risk register were provided, each risk register contains an overview of the risk, risk scores and controls/mitigation activities.</p> <p>Review of the risk register evidences controls spanning the Three Lines of Defence as follows:</p> <p>Financial Risk Register – financial planning, review of KPI's, qualified staff, forecasting Clinical Governance Risk Register – mandatory training, regulatory inspections, professional forums, control processes. People Risk Register – strategy development, mandatory training, induction process, external resources.</p> <p>Further development of BAC's sources of assurance and 3 lines of defence is underway and forms part of the ongoing risk management improvement at Board and Committee level and this was evidenced in the copies of the Development Day risk presentations provided.</p> <p>BAC confirmed that risks around Balanced Budget and Contractual risks have been escalated due to the 22/23 pay award which has not been support with additional funding.</p> <p>BCP testing that had been planned in December did not take place, this is now planned for Q2 2023 and testing will proceed thereafter on a 6-monthly basis. The Hub will follow up progress in this area in the next reporting cycle.</p>	<p style="text-align: center;">Very Low</p>
	<p>Assurance that ALEOs have risk-based internal and external audit plans in place and a process to address and close out audit recommendations to completion.</p> <p>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.</p>	<p>BAC's internal audit activities are undertaken by Henderson Loggie. Work on a 3-year audit programme for FY23/24 onwards is underway and will be finalised at the Board Development Session in June 2023. The Hub will review progress on the programme in the next reporting cycle.</p> <p>The following Internal audits completed during the FY22/23:</p> <ol style="list-style-type: none"> 1. Procurement and Creditors/Purchasing and General Ledger 2. Staff Recruitment/Rentention and Sickness Absence 3. Care Quality Standards/Dealing with Complaints 4. Payroll <p>Audits 1-3 have been finalised by Henderson Loggie and they concluded that no internal control failures have occurred in the areas audited. They Payroll audit is currently being finalised.</p>	<p style="text-align: center;">Very Low</p>
<p>Finance</p>	<p>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.</p>	<p>The Hub noted that detailed budget monitoring updates reports continue to be submitted to the BAC Board, Assurance Committee and individual Board members for review and comment. The financial issues were also included within the organisation's Corporate and Financial Risk Registers.</p> <p>Draft figures for financial year 2022-23 indicate that BAC were in deficit by £1.5m at the close of the financial year. BAC have indicated that this was mainly due to an unfunded pay award and irrecoverable Covid costs offset by savings elsewhere in the organisation by not incurring discretionary spend. BAC have been in discussion with both ACC and the ACHSCP regarding the effect of the pay award and formal notification is awaited by BAC from ACHSP/ACC that no additional funding will be allocated.</p>	<p style="text-align: center;">Medium</p>

<p>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.</p>	<p>Work has been completed on the latest update to the MTFP following discussion with the ACHSCP. The Service Level Agreement discussion continue to agree Service Delivery targets which un turn is allowing BAC to agree its service provision for each service and update its MTFP accordingly. The process will be completed by early summer. BAC has identified significant increasing demand for its services as well as higher levels of complex cases as well as changes in acute versus community based care due to demand being placed on the NHS.</p>	<p>Low</p>
<p>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.</p>	<p>The Hub confirmed that the 2021-22 annual accounts were submitted to Companies House by the required deadline and in accordance with the Companies Act. The auditors report identified no matters of concern and concluded that the organisations use of the Going Concern basis of accounting was appropriate. The 2023-24 annual accounts are still subject to audit and will included in a future report when the audit is complete.</p>	<p>Low</p>

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Area of Assurance	Assurance Request	ALEO Response and Hub Commentary	Hub Risk Rating
Governance	Assurance on the on-going training and development of Board members including any changes to Board structure, rationale for any structure changes, and training plans for Board members.	<p>The Hub noted that there had been no change to the Board structure and the Chair had been reappointed at the Board meeting in March 2023.</p> <p>With regard to training for Board members, this remained the responsibility of the shareholders and had been discussed at recent Board meetings. Cyber risk had been identified as a training strength for BP and there had been a request to organise some training for the Board when appropriate. The Hub noted that a Hydrogen safety session had been delivered for the Board at the end of 2022.</p>	Very Low
	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.	<p>The Hub noted that declarations of interest were handled by the company secretary and were recorded in the minutes of Board meetings.</p> <p>With regard to the T&E policy which had been requested, the Hub was advised that it would be written once the year end process had concluded; T&E policies from both shareholders had been obtained in order to prepare a suitable policy for bpAHEL. The Hub agreed to request a copy of the T&E policy once it had been written and approved.</p> <p>In terms of Accounting Policy, the Hub noted that BP was following UK GAAP. There was no intention to create an accounting policy for bpAHEL, however conformance with UK GAAP would be asserted through the statutory audit process.</p>	Medium
	Assurance that ALEOs articles of association are clear, remain up-to-date, and reflective of how the ALEO functions and operates.	The Hub noted that data protection training was being discharged through the shareholder organisations. With regard to ISO 9001 accreditation, the Hub was advised that this would be considered by the Board, along with the establishment of appropriate timing. The Hub agreed to request an update for its next meeting.	Medium

Risk Management	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.	<p>BP provided a copy of the current risk register which was last reviewed by the Directors in March 2023. The risk register format remains unchanged since the last review and contains risk detail, ratings and mitigations.</p> <p>The risk register reflects the risks within the current operating environment and is reviewed on a quarterly basis.</p> <p>BP provided an overview of the Three Lines of Defence established within the area of finance where BP and JCCA teams work together as "do-ers" (first line), with review and approval helpers (second line) being the senior team members. Third line assurance is coming in the form of external audit. A full second line, including internal audit, will develop as the organisation grows in size.</p> <p>BP confirmed that a Business Continuity Plan will be completed in readiness for the commercial operation date. The Hub will monitor progress in this area.</p>	Very Low
	<p>Assurance that ALEOs have risk-based internal and external audit plans in place and a process to address and close out audit recommendations to completion.</p> <p>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.</p>	BP confirmed that external financial audit will be performed by Hall Morris. Internal audit arrangements are not applicable at this stage of the business's development.	Medium
Finance	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.	Monthly Management Accounts packs are produced and form part of the regular Board Meetings agendas for discussion.. Board papers confirm regular updates and extensive discussions on various aspects of the project.	Low
	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.	The Hub confirmed a 5 year Business Plan plus annual work programme/budget are in place and these have been reviewed by the Board.	Low
	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.	The start date of the project precludes audited accounts in respect of financial year 2021-22. Discussions are currently taking place around audit requirements for 2023-24.	Low

Area of Assurance	Assurance Request	ALEO Response and Hub Commentary	Hub Risk Rating
Governance	Assurance on the on-going training and development of Board members including any changes to Board structure, rationale for any structure changes, and training plans for Board members.	<p>The Hub noted the comprehensive response from Sport Aberdeen which covered a number of different areas and provided a strong level of assurance. With regard to recruitment, the trustee induction and onboarding training manual had been updated during 2022/23 alongside the latest guidance from OSCAR, and this had been prepared in time for the appointment of four new trustees who joined the board during the year. The Hub noted further detail regarding the recruitment process including the recruitment pack. A skills matrix for the Board had also been received which had been updated in 2023.</p> <p>The Hub noted that the Sport Aberdeen Board regularly reviewed its meeting requirements and focus for the business that its committees would undertake during the year and this included reviewing and agreeing committee terms of reference and forward planning.</p> <p>With regard to personal development, the Hub noted that all trustees were offered the opportunity to participate in events and conferences relevant to the leisure and trust sector and there was an option to engage with internal workshop style forums that allowed trustees to provide input on their professional experience and expertise and this had been a key outcome of a previous training and review day. The Hub noted that the Board would participate in a governance review training day during 2023/24 which would focus on the seven principles of charity governance and would be run with support from the Chartered Governance Institute. The Hub agreed to request an update on the outcome of the training day once it had taken place.</p>	Very Low
	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.	The Hub noted the response from Sport Aberdeen that the process for declaring interests was regulated by OSCAR, and that as part of the registration of trustees, there was a requirement to complete a registration of directors' interests which had been submitted. The Hub noted that the register was reviewed annually at the first Board meeting of the calendar year. Furthermore, the Hub was advised that each meeting of the Board and committees, there was a standing agenda item seeking any declarations of interest against any of the meeting business. The Hub agreed that this provided a good level of assurance.	Very Low
	Assurance that ALEOs articles of association are clear, remain up-to-date, and reflective of how the ALEO functions and operates.	<p>The Hub noted that the next review of Sport Aberdeen's data protection policy was not due until June 2023 when it would be presented to the Board. Privacy notices continued to be reviewed regularly. The Hub agreed to request an update at its next meeting following the review of the data protection policy.</p> <p>The Hub noted the updated complaints procedure which had been submitted and agreed that it provided a good level of assurance - the procedure was easy to read and user friendly.</p>	Very Low

Risk Management	<p>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.</p>	<p><u>Risk Environment</u></p> <p>SA provided a copy of the Strategic Risk register which continues to be reviewed on a 6 monthly basis (last reviewed in March) The register records the "top 12" risk identified by the organisation. The risk register forms a key element of SA risk management arrangements and the hub noted that a revised risk management strategy had been adopted following some recommendations from SA's internal auditors.</p> <p>The risk register format remains unchanged since the last review and sets out the risk, risk score/rating based upon likelihood and severity and details the control measures identified to reduce the risk rating/score to an acceptable level.</p> <p>The Hub noted the addition of a reputational risk around operational impacts resulting from savings and efficiencies (Bucksburn Pool, Beach) and the removal of a risk associated with NI increases. Other risks added, removed and updated were detailed within the Board of Directors report 6 monthly risk register review report which was provided for review.</p> <p><u>Risk Appetite Consideration</u></p> <p>SA provided a copy of a Corporate Governance Committee Report which included consideration of risk appetite in section 8.2.</p> <p><u>Business Continuity</u></p> <p>SA confirmed that the improvement actions identified from previous plan testing had been successfully implemented. They also confirmed further testing of the plan in March 2023 using a severe weather scenario. The implementation of the previous plan testing actions and further testing in March provides the Hub with continued assurance of SA BCP arrangements.</p>	Very Low
	<p>Assurance that ALEOs have risk-based internal and external audit plans in place and a process to address and close out audit recommendations to completion.</p> <p>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.</p>	<p>SA confirmed that there were no material audit findings raised from the three internal audits completed during the last 12 months.</p> <p>A draft copy of the 2023/24 Internal Audit plan dated May 2023 was provided to the Hub for review and the Hub will review progress on plan delivery and outcomes.</p>	Very Low
Finance	<p>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.</p>	<p>Budget Monitoring Reports continue to form part of Board meeting agendas for review by Board members, including additional financial items where necessary. The organisation continues to operate within a challenging financial environment and seeks to mitigate or take action to reduce the financial risk to the organisation. The Hub has noted that a judicial review of the decision to close the Bucksburn pool to meet the budget envelope has commenced.</p>	Low
	<p>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.</p>	<p>The Hub noted that a one year Business Plan has been produced for 2023-24 which has been approved by the Board. The setting of a one year Business Plan rather than a 3 year rolling plan was agreed with Aberdeen City Council. Assumptions within the Business Plan have been reviewed and are in line with current activity levels.</p> <p>Sport Aberdeen advise that the challenge of one year budget settlements does impact on the ability to prepare a 3 year business plan.</p>	Medium

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.

The Hub confirmed that the 2021-22 annual accounts were submitted to Companies House and OSCR by the required deadline and in accordance with the appropriate regulations. The auditors report identified no matters of concern and concluded that the organisations use of the Going Concern basis of accounting was appropriate.

The 2023-24 accounts are still subject to audit and will be reviewed when that is complete.

Low

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ABERDEEN CITY COUNCIL

COMMITTEE	Audit Risk and Scrutiny Committee
DATE	27 June 2023
EXEMPT	No
CONFIDENTIAL	No
REPORT TITLE	Use of Investigatory Powers- Q2-2023
REPORT NUMBER	COM/23/181
DIRECTOR	Gale Beattie
CHIEF OFFICER	Jenni Lawson- Interim Chief Officer - Governance
REPORT AUTHOR	Vicki Johnstone - Regulatory & Compliance Team, Legal Services
TERMS OF REFERENCE	5.2

1. PURPOSE OF REPORT

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

2. RECOMMENDATION(S)

That the Committee:-

- 2.1 Note covert surveillance activity.

3. CURRENT SITUATION

- 3.1 The Council has powers under the Regulation of Investigatory Powers (Scotland) Act 2000 (RIPSA), and Investigatory Powers Act 2016 (IPA) to use different investigatory techniques. RIPSA provides a legal framework for covert surveillance by public authorities, an independent inspection regime to monitor these activities and sets out a process for the authorisation of covert surveillance by designated officers, for the duration of that authorisation and for the review, renewal or termination of authorisations. It gives the Council powers to conduct two types of covert surveillance:

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

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

- 3.2 The IPA permits the Council to acquire Communications Data for a lawful purpose. Communications data is the way in which, and by what method, a person or thing communicates with another person or thing. The IPA sets out the manner and process by which Communications data can be obtained and this is supported by the Home Office's Communications Data Code of Practice¹. The Council has not used Communications data since approximately 2005, however the ability to acquire it still remained. In response to concerns from the Operations and Protective Services cluster that there is an increase in online offences, more so during the pandemic, Legal Services and Trading Standards worked together to put in place operational procedures to ensure compliance with the requirements of the IPA. The operational procedure in respect of Communications data was approved on 27 April 2023.
- 3.3 The Investigatory Powers Commissioner (IPCO) has oversight of both RIPSAs and IPA and as such, the Council's use and management of powers under these will form part of the normal inspection process. The last inspection took place in April 2020 and was reported to this Committee on 8 October 2020¹. The next is due 2023/2024.
- 3.4 The Council approved the Use of Investigatory Powers Policy in December 2021². This policy governs compliance with both RIPSAs and the IPA. It remains a mandatory requirement that all members of staff wishing to use investigatory powers must undertake training prior to being able to make an application to use such investigatory powers.
- 3.5 Committee is being asked to note the update on the use of these powers, and the Council's compliance with the Policy, particularly in respect of covert surveillance activity during the period 1 April up and until 15 June 2023.

Quarter 2- 2023

Covert Surveillance – RIPSAs

- 3.6 Members will be aware that no surveillance activity was reported in quarter 1 of 2023 (1 January to 31 March). During the period 1 April until 15 June (the final deadline for reports to this committee for the June meeting), there has been three applications for Directed Surveillance. The first application was refused by the Authorising Officer on proportionality grounds as the Authorising Officer did not feel that the applicant had been clear about the period of surveillance.

¹ [Agenda for Audit, Risk and Scrutiny Committee on Thursday, 8th October, 2020, 2.00 pm \(aberdeencity.gov.uk\)](#)

² [Agenda for Audit, Risk and Scrutiny Committee on Thursday, 2nd December, 2021, 2.00 pm \(aberdeencity.gov.uk\)](#)

The second application, relating to the same matter as the first application which was refused, was subsequently authorised. The third application, relating to test purchases of age restricted goods, was authorised.

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

Communications Data- IPA

- 3.8 As noted above, the Chief Officer- Governance has approved the operational procedure in respect of Communications data. Arrangements have been made with NAFN³ to provide services to the Council required by the IPA. Training is being developed and will be rolled out to all officers who require to use powers under the IPA to access Communications Data. It is anticipated that this training will be completed by the end of the next quarter.

- 3.9 Any activity under the IPA will form part of the normal quarterly reporting cycle to this Committee.

Authorising Officers (AO)

- 3.10 An AO meeting was held on 4 April 2023 where an officer from the Anti-Social Behaviour Investigation Team (ASBIT) attended to talk about the work of ASBIT and the investigative nature of that work. An update was also provided to AO's on the latest applications for covert surveillance.

- 3.11 As noted in the Annual Report (February 2023), Legal Services were requiring an additional AO. As of 21 April, Legal Services have trained a new AO, which means that the Council now has three AOs in operation. It is hoped that the additional AO will allow more flexibility and availability for officers. The AO rota has been amended accordingly.

Training

- 3.12 A one on one training session took place on 21 April with the new AO. This training is mandatory for all officers involved with covert surveillance. Further, the new AO has been added to the online portal and Teams sites so that they have access to all the guidance available to other officers, including AOs.

Awareness Raising

- 3.13 A poll was posted on the portal on 18 April. This posed a scenario for officers about covert surveillance. Fifteen members took part in the poll. The pass rate was 100%. Response rate was 30%.

4. FINANCIAL IMPLICATIONS

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

5. LEGAL IMPLICATIONS

- 5.1 The Scottish Government Code of Practice on Covert Surveillance sets an expectation that elected members review and monitor the use of RIPSAs on a quarterly basis. This is also a matter which is taken into account by the IPCO when they carry out their inspections.
- 5.2 The Home Office Code of Practice on Communications Data states that any public authority wishing to acquire Communications Data must have regard to the Code and that there should be a robust process in place for accessing such data which should be overseen by the Senior Responsible Officer.
- 5.3 Quarterly reporting of the Council's use of investigatory powers to Elected Members provides assurance that the Council's use of such powers is being used consistently and that the standards set by its policy remain fit for purpose.
- 5.4 It is recommended as good practice, under paragraph 4.43 of the Scottish Government's Code of Practice for Covert Surveillance and Property interference, that elected members consider a statement on the Council's Regulation of Investigatory Powers (Scotland) Act 2000 (RIPSA) policy and statistical information on relevant activity on an annual basis.
- 5.5 The management, knowledge and awareness of those involved with RIPSAs activity was something which was commended by the IPCO in his inspection in 2020. Officers hope that reporting on the use of investigatory powers more broadly, enhances transparency and provides another level of scrutiny and assurance on the use of these powers.

6. ENVIRONMENTAL IMPLICATIONS

- 6.1 There are no environmental/ climate risks arising from the recommendations in this report.

7. RISK

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
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				Appetite Set?
Strategic Risk	There are no strategic risks		L	Yes
Compliance	That the Council's use of RIPSAs is not legally compliant. The Council's acquisition of communications data does not comply with the Home Office Code of Practice.	This Committee receives quarterly and annual reports on its use of investigatory powers under RIPSAs and the IPA and related policy mitigates this risk highlighted in this Section.	L	Yes
Operational	Employees are not suitably trained for surveillance work. Failure to report to and update Committee on surveillance activity means that it would undermine public confidence in the Council and how it operates.	Appropriate and mandatory training arms staff with the correct skills to carry out surveillance and thus, there is little to no risk to staff. All requests for training are met. Reporting to Committee occurs quarterly on surveillance activity.	L	Yes
Financial	There are no financial risks arising from this report		L	Yes
Reputational	Failure to update Committee on RIPSAs activity would mean that the Council would be at risk of	External inspections on RIPSAs activity operate every 3-4 years. This provides external assurance to the Committee of the Council's compliance with RIPSAs. Further, whilst there is no	L	Yes

	reputational damage when this is raised by the IPCO in their inspection.	requirement to report to Committee about the Council's use of Communication Data, the broader reporting of both demonstrates the Council's wish to be transparent about its use of such powers. The Inspection Report is shared with Committee and an Action Plan created (where necessary) and is endorsed and approved by Committee.		
Environment / Climate	There are no environmental or climate impacts arising from this report.		L	Yes

8. OUTCOMES

<u>COUNCIL DELIVERY PLAN 2022-2023</u>	
	Impact of Report
Aberdeen City Council Policy Statement <u>Working in Partnership for Aberdeen</u>	The report does not have an impact on the Policy Statement
Prosperous Economy Stretch Outcomes	Whilst the recommendations of this report are for noting, the use of investigatory powers by the Council as an investigatory tool may have an impact on the economy as a result of enforcement action taken by services such as Trading Standard, e.g. such as in enforcing the law around counterfeit goods.
Prosperous People Stretch Outcomes	Enforcement activity undertaken by the Council by

	using, where appropriate, its powers under the IPA and RIPSA, may have an impact on this by tackling the selling of counterfeit goods.
Prosperous Place Stretch Outcomes	
Regional and City Strategies	This report does not have an impact on the Regional and City Strategies.

9. IMPACT ASSESSMENTS

Assessment	Outcome
Integrated Impact Assessment	The purpose of this report is to update Committee on the Council's use of investigatory powers. Further, there is no requirement to consider the Fairer Scotland Duty as this report does not seek approval for any Strategic decisions and is merely providing Committee with an update on this type of activity.
Data Protection Impact Assessment	The purpose of this report is to update Committee on the Council's use of investigatory powers. As such, a Data Protection Impact Assessment is not required.
Other	There are no other impact assessments relevant to this report.

10. BACKGROUND PAPERS

10.1 Use of Investigatory Powers Policy, December, 2021³

11. REPORT AUTHOR CONTACT DETAILS

Name	Vicki Johnstone
Title	Solicitor, Regulatory and Compliance Team
Email Address	vjohnstone@aberdeencity.gov.uk
Tel	01224 069571

³ [Agenda for Audit, Risk and Scrutiny Committee on Thursday, 2nd December, 2021, 2.00 pm \(aberdeencity.gov.uk\)](#)

ABERDEEN CITY COUNCIL

COMMITTEE	Audit, Risk and Scrutiny
DATE	27 June 2023
EXEMPT	No
CONFIDENTIAL	No
REPORT TITLE	Local Government Transparency Code
REPORT NUMBER	CUS/23/179
DIRECTOR	Andy MacDonald
CHIEF OFFICER	Isla Newcombe
REPORT AUTHOR	Lucy McKenzie
TERMS OF REFERENCE	4.4

1. PURPOSE OF REPORT

- 1.1 This report has been prepared in response to the notice of motion by Councillor Kuszniir on 22 February 2023, requesting the preparation of a feasibility study to explore the establishment of a parallel Local Government Transparency Code, similar to the one in place for local authorities in England. The report will consider the requirements of the English Code, the existing data publishing practices in Scotland, and the specific context of Aberdeen City Council.

2. RECOMMENDATION

- 2.1 That Committee:
- (i) note the current position regarding data publication and compliance.
 - (ii) note that a report from the Chief Officer – Customer Experience and People & Organisational Development will be provided pending the outcome of Scottish Government consultation and further review.

3. CURRENT SITUATION

Local Government Transparency Code 2015

- 3.1 The Local Government Transparency Code in England sets out key principles for local authorities in relation to transparency, accountability, and openness. It mandates the publication of specific data sets, including expenditure, procurement, assets, and decision-making processes.
- 3.2 The Code requires the publication of information related to the following themes:
- expenditure over £500
 - government procurement card transactions
 - procurement information (tenders and contracts)
 - waste contracts
 - grants to voluntary, community and social enterprise organisations

- organisation chart
- senior salaries
- the pay multiple
- trade union facility time
- local land assets
- social housing asset value
- parking accounts and parking spaces
- fraud
- the constitution

3.3 The Transparency Code includes accompanying guidance providing specific information around mandatory and non-mandatory data sets to be published for each category. The Transparency Code also expects data to be updated at regular intervals (quarterly for some datasets, annually for others). Details of the Transparency Code 2015 can be accessed at www.gov.uk/government/publications/local-government-transparency-code-2015

3.4 There is no direct equivalent to the English Transparency Code for local authorities in Scotland.

Model Publication Scheme

3.5 As a local authority in Scotland, Aberdeen City Council's approach to proactive publication is outlined by the Freedom of Information (Scotland) Act 2002 (FOISA) legislation, as governed by the Scottish Information Commissioner's Office (OSIC).

3.6 Section 23 of FOISA currently requires each authority to adopt and maintain a publication scheme setting out information to be published by that authority. Publication schemes must be approved by the OSIC, and authorities thereafter have a duty to publish the information in accordance with the approved scheme.

3.7 The Model Publication Scheme (MPS), developed by the Scottish Information Commissioner's Office, is a framework that encourages transparency and access to information within public authorities in Scotland. The Model Publication Scheme requires public authorities to:

- Publish the classes of information that they make routinely available.
- Tell the public how to access the information and what it might cost.

3.8 The Scheme involves a 'Guide to Information', which each authority tailors to their own circumstances. The guide should include:

- The classes of information the authority publishes or intends to publish.
- How this information can be accessed.
- Whether there's a charge for the information.

3.9 The MPS requires authorities to publish information in nine classes, if such information is held by the authority.

- **Class 1: About the authority:** Information about the authority, who we are, where to find us, how to contact us, how we are managed and our external relations.
 - **Class 2: How we deliver our functions and services:** Information about our work, our strategies and policies for delivering our functions and services and information for our service users.
 - **Class 3: How we take decisions:** and what we have decided Information about the decisions we take, how we make decisions and how we involve others.
 - **Class 4: What we spend and how we spend it:** Information about our strategy for, and management of, financial resources (in sufficient detail to explain how we plan to spend public money and what has actually been spent).
 - **Class 5: How we manage our human, physical and information resources:** Information about how we manage our human, physical and information resources.
 - **Class 6: How we procure goods and services from external providers:** Information about how we procure goods and services and our contracts with external providers.
 - **Class 7: How we are performing:** Information about how we perform as an organisation and how well we deliver our functions and services.
 - **Class 8: Our commercial publications:** Information packaged and made available for sale on a commercial basis and sold at market value through a retail outlet e.g., bookshop, museum or research journal.
 - **Class 9: Our open data:** The open data we make available as described by the Scottish Government's Open Data Strategy and Resource Pack, available under an open licence.
- 3.10 In Scotland, local authorities have some discretion about exactly what to publish under each category, but they have an obligation to consider the public interest.
- 3.11 Details of the Aberdeen City Council publication scheme and how our customers can access information about us, can be found on the website www.aberdeencity.gov.uk/services/council-and-democracy/access-information/what-information-available. This includes links to the Contracts Register as a statement of current and future contract opportunities; the Public Contracts Scotland portal where all tenders are publicly advertised; and the Council's unaudited accounts, including remuneration information, which are published annually for transparency and public awareness.
- 3.12 The table in Appendix A provides information around where there is alignment with the Transparency Code 2015. Where met/partially met, the information is

published on the Council website, although the specific details and frequency of publication may differ to the English Transparency Code. Where not met, analysis has not identified a recognisable public interest in the data.

- 3.13 OSIC have approved the Council’s publication scheme and have confirmed ongoing compliance when undertaking periodical reviews.
- 3.14 The information the local authority releases in accordance with the publication scheme represents the minimum that must be disclosed. If a member of the public wants information not listed in the scheme, they can still ask for it. Customers seeking information have a variety of channels to do so including Freedom of Information and Environmental Information Regulations. Where personal information is involved, customers can request information under Subject Access Request, Data Protection Request and Education Regulations Request procedures.
- 3.15 Data outlining the total volume of requests for each of category and compliance in meeting statutory timescales in 2022/23 are detailed below.

	Received	On Time	Compliance Rate
Freedom of Information Request (FOI)	1399	1178	84.2%
Environment Information Regulation Request (EIR)	252	209	82.9%
Subject Access Request (SAR)	382	250	65.4%
Subject Erasure Request (SER)	8	8	100.0%
Subject Processing Objection (SPO)	1	1	100.0%
Subject Portability Request (SPR)	2	2	100.0%
Subject Processing Restriction Request (SPRR)	1	1	100.0%
Subject Rectification Request (SRR)	14	13	92.9%
Education Regulations Request (ERR)	14	13	92.9%

Open Data

- 3.16 In Scotland, the Scottish Government has published an Open Data Strategy, which encourages public sector bodies to make their data open and accessible. Aberdeen City Council have a public platform <https://spatialdata-accabdn.opendata.arcgis.com/> providing access to open data sets. The platform continues to be developed and customers can submit a data request if there are spatial data sets that they believe may be of value.

Potential Changes

- 3.17 A consultation from Scottish Government relating to Access to information rights in Scotland took place recently, seeking feedback on OSIC proposals to strengthen the current publication scheme. This includes the introduction of a new statutory duty to publish information, supported by a new enforceable Code of Practice on Publication. The Code would set out certain key requirements and principles for all authorities such as:
- what must be published (if held by the authority);
 - how the published information must be made available and searchable;
 - how long it should be available for.
- 3.18 It is proposed that the Code would be updated as necessary in light of developments in Scottish public authorities' use of information, developments in technology etc. making it more future proof than the current model. The Commissioner would prepare the code and continue to provide guidance and oversight to authorities in terms of compliance.

Next Steps

- 3.19 As described above, there is commonality between the Transparency Code 2015 and the MPS. While both schemes aim to increase transparency and accountability of public bodies, they have slightly different focuses. The MPS is broader and deals with the publication of various types of information, whereas the Transparency Code is more specific and focuses heavily on datasets that enable citizens to scrutinise local authority performance and expenditure.
- 3.20 The Council are compliant with statutory requirements in Scotland. All information released through FOI is published on the disclosure log and through our requirements under the Model Publication Scheme. As a local authority, the Council also proactively publish information under other statutory duties, such as the Environmental Information Regulations. The approach will be strengthened further through the proposed introduction of an enforceable Code.
- 3.21 Given the resource implications of proactively publishing data – which includes the collection, management and publication of data as well as ensuring compliance with a Code, it is important that the data published is of value to the public and that there is sufficient demand so that any resource implications are offset by the benefit to the public and to the local authority. Our current approach provides flexibility and includes a section on 'Commonly Requested Information' which allows for any data sets, including potentially those outlined in the English Transparency Code, to be published should demand require this.
- 3.22 The Scottish Government consultation closed on 14 March 2023. The Council is open to improvement and will undertake a review once the response to the consultation is published. This includes consideration of the Transparency Code 2015 approach, should legislation allow.

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?
Strategic Risk	If we do not promote openness and transparency around our actions and decision making, then there is risk that we do not meet our strategic objectives.	Support in handling access to information requests and publishing data is available to responding officers through a variety of methods and there is a centralised team in place to monitor compliance. Decision reviews are carried out by senior staff.	L	Yes
Compliance	The OSIC is the regulatory body for local authorities in Scotland. If we are non-compliant in publication requirements, or in our handling of access to information	Support in relation to access to information is available to responding officers through a variety of methods. In addition, all FOVEIR responses are also	L	Yes

	requests, then there is risk that this is highlighted by the OSIC.	quality assured to ensure that responses are appropriate. Officers receive full training to ensure they have the necessary knowledge.		
Operational	There are resource implications associated with the proactive publication of data. This includes the collection, management and publication of data as well as ensuring compliance with a Code, which all place additional resource pressure on the council impacting our ability to undertake other duties.	There are robust operational models in place to manage access to information requests. Ongoing engagement with services around the proactive publication of data. The Council has responded to consultations highlighting that any changes in approach must come with appropriate financial support to ensure resource is in place to meet requirements.	L	Yes
Financial	Where information is publicly available to customers this reduces the need for access to information requests which is avoidable contact. It is important to ensure that the data published is of value to the customer as the proactive publication of data is also costly. It is important to correctly handle access to information requests as it is more costly to the organisation to deal with reviews and appeals. There is	The proactive publication of data to reduce access to information requests procedure is encouraged across the organisation and trends identified centrally. A disclosure log and online tool is available to customers to find relevant information provided in previous requests without the need to submit a new request. There is guidance and training in place to support staff in effective access to	L	Yes

	also risk of financial penalty in relation to data protection requests if we fail to meet statutory requirements.	information request handling to avoid escalations. The financial benefit of early resolution is highlighted to responding officers in training.		
Reputational	Non-compliance carries reputational risk. Customer perception of the council could also be negatively impacted if the organisation is seen to not be open and transparent. This includes where access to information requests are not handled correctly.	There is a centralised Access to Information team responsible for ensuring that requests are being handled consistently and appropriately across the council. Staff across the organisation receive comprehensive training to ensure requests are handled correctly and there is a robust model in place to ensure information is available to the public.	L	Yes

8. OUTCOMES

<u>COUNCIL DELIVERY PLAN 2023-2024</u>	
Impact of Report	
<u>Aberdeen City Local Outcome Improvement Plan 2016-26</u>	
Prosperous Place Stretch Outcomes	The proposals within this report support the Prosperous Place Theme within the LOIP. FOI/EIR information engages and informs the public by promoting openness and transparency in the policies, procedures and undertaking of Aberdeen City Council and the shaping of Aberdeen City.

9. IMPACT ASSESSMENTS

Assessment	Outcome
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Integrated Impact Assessment	Full impact assessment not required.
Data Protection Impact Assessment	Not required.
Other	None

10. BACKGROUND PAPERS

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

11. APPENDICES

Appendix A – Table outlining alignment with the Transparency Code 2015

12. REPORT AUTHOR CONTACT DETAILS

Name	Lucy McKenzie
Title	Customer Services Manager
Email Address	LucyMcKenzie@aberdeencity.gov.uk

Appendix A

Data Set	Met / Partially Met	Not Met
Expenditure over £500		✓
Government procurement card transactions		✓
Procurement information (tenders and contracts)	✓	
Waste contracts	✓	
Grants to voluntary, community and social enterprise organisations		✓
Organisation chart	✓	
Senior salaries	✓	
The pay multiple		✓
Trade union facility time	✓	
Local land assets	✓	
Social housing asset value		✓
Parking accounts and parking spaces	✓	
Fraud	✓	
The constitution*	✓	

*Does not apply in Scotland. However, the Standing Order and Terms of Reference for Aberdeen City Council are published.

ABERDEEN CITY COUNCIL

COMMITTEE	Audit Risk and Scrutiny
DATE	27 June 2023
EXEMPT	No
CONFIDENTIAL	No
REPORT TITLE	Scottish Public Services Ombudsman Decisions and Inspector of Cremations Complaint Decisions
REPORT NUMBER	CUS/23/177
DIRECTOR	Andy MacDonald
CHIEF OFFICER	Isla Newcombe
REPORT AUTHOR	Lucy McKenzie
TERMS OF REFERENCE	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 23 March 2023 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
- 3.4 The SPSO publish all decision reports on their website at www.spsos.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
- 3.7 There has been two SPSO Second Tier Reviews in relation to Aberdeen City Council Scottish Welfare Fund application decisions since the last reporting period. The Council's decisions were upheld (unchanged). Further information is detailed in Appendix A.

Inspector of Cremations Decisions

- 3.8 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?
Strategic Risk	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
Compliance	The (SPSO) is the regulatory body for public services in Scotland. If we are non-compliant in our handling of a complaint or Scottish Welfare Fund application then there is risk that this is highlighted by the SPSO.	Support in complaint handling is available to responding officers through a variety of methods. In addition, all Stage 2 responses are also quality assured to ensure that responses are appropriate. Officers responsible for Scottish Welfare Fund applications receive full training to ensure they have the	L	Yes

		necessary knowledge to undertake assessments.		
Operational	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
Financial	Each time a complaint escalates it is more costly to the council than the previous stage due to the effort involved, therefore financially it is in the council's best interest to resolve complaints early in the process. There is also a risk that the council may be required to undertake additional actions as a result of an SPSO decision, including financial compensation.	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
Reputational	Non-compliance carries reputational risk. Customer perception of the council could also be negatively impacted if complaints and Scottish Welfare Fund applications	There is a centralised Customer Feedback Team responsible for ensuring that complaints are being handled consistently and appropriately across the council. Staff	L	Yes

	are not handled correctly.	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.		
Environment / Climate	There are no environment / climate risks associated with this report.	N/A	N/A	Yes

7. OUTCOMES

<u>COUNCIL DELIVERY PLAN</u>	
Impact of Report	
Aberdeen City Council Policy Statement	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.
Aberdeen City Local Outcome Improvement Plan	
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.

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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Appendix A – SPSO Scottish Welfare Fund Decisions

Application Received Date	Application Type	Aberdeen City Council 1st Tier Review Decision Date	SPSO 2nd Tier Review Decision Date	SPSO Decision	SPSO Feedback
23 May 2023	Crisis Grant	23 May 2023	25 May 2023	Aberdeen City Council decision upheld (Council's decision unchanged)	Not applicable
5 June 2023	Crisis Grant	5 June 2023	8 June 2023	Aberdeen City Council decision upheld (Council's decision unchanged)	It would have been clearer if the original decision letter explained the decision more fully and only focused on one reason for declining the application.

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ABERDEEN CITY COUNCIL

COMMITTEE	Audit, Risk and Scrutiny Committee
DATE	27 June 2023
EXEMPT	No
CONFIDENTIAL	No
REPORT TITLE	Internal Audit Update Report
REPORT NUMBER	IA/23/006
DIRECTOR	N/A
CHIEF OFFICER	Jamie Dale, Chief Internal Auditor
REPORT OFFICER	Jamie Dale, Chief Internal Auditor
TERMS OF REFERENCE	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) <small>*taking into account controls/control actions</small>	*Does Target Risk Level Match Appetite Set?
Strategic Risk	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.		
Compliance	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	Yes
Operational	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	Yes

		up progress with implementing those that are agreed with management. Those not implemented by their agreed due date are detailed in the attached appendices.		
Financial	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	Yes
Reputational	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	Yes

		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.		
Environment / Climate	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	Yes

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

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 June 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:

- Two audits from the previous financial year are being finalised.
- Work is underway with regards to delivery of the 2023/24 Internal Audit Plan.
- 13 audit recommendations have been closed.

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
HSCP	Adults with Incapacity (Management of funds)	Review in progress
Resources	Corporate Asset Management	Review in progress

2.2 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 March 2023 (the baseline for our exercise), 23 audit recommendations were due and outstanding:

- Five rated as Major
- Ten rated as Moderate
- Eight rated as Minor

As part of the audit recommendations follow up exercise, 13 recommendations were closed:

- Five rated as Major
- Five rated as Moderate
- Three rated as Minor

For the remaining ten¹, five have been discussed with management and updates provided on the progress of their implementation. For the other five, no update was provided by Management.

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 outstanding audit recommendations that will be taken forward and followed up as part of the next cycle.

¹ This is the position with regards to recommendations that were due as at 31 March 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
Finance	AC2009 - Travel Policy	Moderate	2.4.6 The Council should ensure that action is taken to comply with its Procurement Regulations in respect of travel related expenditure	31/03/2023	31/03/2023	No update provided.	No update provided
Data & Insights	AC2205 - Commissioning	Minor	2.2.6i The extent to which each commissioning activity is intended to impact on outcomes should be set out clearly in the delivery plan. In preparing the Delivery Plan for 2023/24 officers will seek to design its presentation to highlight the anticipated relationship between the proposed intentions and agreed outcomes.	31/03/2023	31/03/2024	Discussed with Management and a work in progress. Waiting to see the actual implementation before closing recommendation.	In progress

Overall Report Area	Report	Grading	Recommendation	Original Due Date	Current Due Date	Committee Update	Status
Data & Insights	AC2205 - Commissioning	Minor	2.2.6ii The extent to which key measures are intended to improve because of commissioning intentions should be set out clearly in the delivery plan. In preparing the Delivery Plan for 2023/24 officers will seek to refer to such targets as are appropriate.	31/03/2023	31/03/2024	Discussed with Management and a work in progress. Waiting to see the actual implementation before closing recommendation.	In progress
Data & Insights	AC2205 - Commissioning	Minor	2.3.8 Key measures / indicators should have unique reference numbers to facilitate matching and monitoring between reports.	31/03/2023	30/06/2023	Discussed with Management and a work in progress. Waiting to see the actual implementation before closing recommendation.	In progress

Overall Report Area	Report	Grading	Recommendation	Original Due Date	Current Due Date	Committee Update	Status
Finance	AC2209 - Debt Recovery	Minor	2.8.3 The Service review income applied to debtor accounts which has not been applied to outstanding invoices to ensure it is matched where appropriate to outstanding invoices.	31/03/2023	31/03/2023	No update provided.	No update provided
Finance	AC2209 - Debt Recovery	Moderate	2.10.4 The Service should establish a comprehensive system of debt recovery performance reporting which is target based and reported regularly to relevant team leaders, service managers and Chief Officers for debt recovery escalation and decision-making purposes. The following regularly reporting should be considered: aged debt analysis, unallocated cash receipts, unresolved disputes, payment arrangements, deferred recovery action, and customers subject to cessation of service	31/03/2023	31/03/2023	No update provided.	No update provided
Finance	AC2209 - Debt Recovery	Moderate	2.3.4 The Service should reconcile the Council's and the Sherriff Officers' debt records to ensure they agree and do so on a recurring basis.	31/03/2023	31/03/2023	No update provided.	No update provided

Overall Report Area	Report	Grading	Recommendation	Original Due Date	Current Due Date	Committee Update	Status
Finance	AC2209 - Debt Recovery	Moderate	2.3.9 The Service should automate the submission of debt files to the Council's Debt Collection and Sheriff Officer Agency.	31/03/2023	31/03/2023	No update provided.	No update provided
Integrated Children's and Family Services	AC2301 - Out of Authority Placements	Minor	1.1 Management should review the current suite of policies and guidance and make appropriate updates where required. Management should look to specifically address when input is required from Educational Psychologists and the broken hyperlink in LOIP to Children's Service Plan. Consideration should be given to the other recommendations made within this report that would result in updates to procedures. The implementation of a new case management system (D365 replacing CareFirst) will require a change in how information and supporting evidence is presented to the CSSF. This will be reflected in a review of the procedures and practice guidance in relation to OAP's.	30/03/2023	30/06/2023	The guidance for CSSF has taken longer than was anticipated due to a combination of factors.	In progress

Overall Report Area	Report	Grading	Recommendation	Original Due Date	Current Due Date	Committee Update	Status
Integrated Children's and Family Services	AC2301 - Out of Authority Placements	Moderate	1.4 Management should review the controls in place for assessments, specifically the requirements for follow up reviews. This should look to ensure that dates are recorded accurately and that reviews are carried out as scheduled. D365 will provide for a more effectively tracking of compliance. This aspect will be incorporated into the action associated with 1.1	30/03/2023	30/06/2023	This action will require to utilise the electronic recording system D365 for each CSSF presentation. This system will then allow an electronic case by case scrutiny of when child/young person's placement was endorsed, for how long and when there should be a future presentation at forum. This is not yet in usage for CSSF having only been trialled and put into place for Care packages for children with disabilities via their resource allocation forum RAF during April '23. The required training for this will be completed by end of June '23 and will be documented in our revised guidance.	In progress

ABERDEEN CITY COUNCIL

COMMITTEE	Audit, Risk and Scrutiny Committee
DATE	27 June 2023
EXEMPT	No
CONFIDENTIAL	No
REPORT TITLE	Internal Audit Annual Report
REPORT NUMBER	IA/23/007
DIRECTOR	N/A
REPORT AUTHOR	Jamie Dale
TERMS OF REFERENCE	2.3

1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to provide the Committee with Internal Audit's Annual Report for 2022/23.

2. RECOMMENDATIONS

It is recommended that the Committee:

- 2.1 Note the Annual Report for 2022/23;
- 2.2 Note that the Chief Internal Auditor has confirmed the organisational independence of Internal Audit;
- 2.3 Note that there has been no limitation to the scope of Internal Audit work during 2022/23; and
- 2.4 Note the outcome of Internal Audit's self-assessment against the requirements of the Public Sector Internal Audit Standards.
- 2.5 Note the content of Internal Audit's Quality Assurance and Improvement Plan.

3. BACKGROUND / MAIN ISSUES

- 3.1 Public Sector Internal Audit Standards require that Internal Audit produce an annual report on the adequacy and effectiveness of the Council's framework of governance, risk management and control. It

is one of the functions of the Audit, Risk and Scrutiny Committee to review the activities of the Internal Audit function, including its annual work programme.

- 3.2 This report is designed to meet three objectives; to present to the Audit, Risk and Scrutiny Committee, and through them, the Council:
- A formal opinion on the adequacy and effectiveness of the Council's arrangements for:
 - Governance
 - Risk management
 - Internal control
 - A narrative over the key strategic and thematic findings from the assurance work undertaken by IA during 2022/23, drawing out key lessons to be learned.
 - An account of the assurance activities and resources of IA during the period 2022/23.

- 3.3 This report covers the period from 1 April 2022 to 31 March 2023 and any work finalised during the 2022/23 assurance period. It also takes account of work undertaken up to the date of the issue of this report. The report is grounded in the whole activity and work of IA, whether in terms of formal audit evidence and work, management assurance and consultancy activity, or evidence gathered throughout wider engagement across the Council.

4. FINANCIAL IMPLICATIONS

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

5. LEGAL IMPLICATIONS

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

6. MANAGEMENT OF RISK

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

7. OUTCOMES

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

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

8. IMPACT ASSESSMENTS

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

9. APPENDICES

9.1 Appendix A – Internal Audit Annual Report for the year ended 31 March 2023.

10. REPORT AUTHOR DETAILS

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Internal Audit

Annual Assurance Report and Chief Internal Auditor's Opinion 2022/23

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1 Executive Summary

1.1 Introduction and background

Internal Audit's (IA) 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 presented when finalised to the Audit, Risk and Scrutiny 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 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.

Public Sector Internal Audit Standards set the mission of IA as to enhance and protect organisational value by providing risk-based and objective assurance, advice, and insight.

1.2 Purpose of this report

Public Sector Internal Audit Standards require that IA produce an annual report on the adequacy and effectiveness of the Council's framework of governance, risk management and control. It is one of the functions of the Audit, Risk and Scrutiny Committee to review the activities of the IA function, including its annual work programme.

This report is designed to meet three objectives; to present to the Audit, Risk and Scrutiny Committee, and through them, the Council:

- A formal opinion on the adequacy and effectiveness of the Council's arrangements for:
 - Governance
 - Risk management
 - Internal control
- A narrative over the key strategic and thematic findings from the assurance work undertaken by IA during 2022/23, drawing out key lessons to be learned.
- An account of the assurance activities and resources of IA during the period 2022/23.

This report covers the period from 1 April 2022 to 31 March 2023 and any work finalised during the 2022/23 assurance period. It also takes account of work undertaken up to the date of the issue of this report. The report is grounded in the

whole activity and work of IA, whether in terms of formal audit evidence and work, management assurance and consultancy activity, or evidence gathered throughout wider engagement across the Council.

1.3 Conclusion

The overall Chief Internal Auditor's opinion is:

In my opinion the Council had an adequate and effective framework for governance, risk management and control, covering the period 1 April 2022 to 31 March 2023.

For further commentary see the Annual Assurance Opinion section of this report.

1.4 Action requested of the Audit, Risk and Scrutiny Committee

The Audit, Risk and Scrutiny Committee is requested to note the contents of this report and the assurance opinion, to inform its annual report and its review of the Council's financial statements, in particular the Annual Governance Statement.

2 Annual Assurance Opinion

2.1 Basis of annual assurance opinion

In accordance with the Public Sector Internal Audit Standards, IA's assessment, and opinion over the framework of governance, risk management and control is based upon the whole activity and work of IA including:

- The results of internal audits completed (in final or draft) up to the date of this report.
- Any follow-up action taken in respect of audits from previous periods.
- The effects of any significant changes in the Council's control environment.
- Matters arising from previous annual reports to the Council.
- Any limitations that may have been placed on the scope of IA – there are no restrictions to declare in this report.
- Reports issued by the External Audit.
- IA's knowledge of the Council's governance, risk management and performance monitoring arrangements.
- The assessment of risk completed during the formation of the 2023-26 Audit Plan and the work on risk in general led by the Council.
- The results of other assurance activities completed during the year.

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

2.2 Annual assurance opinion 2022/23

IA is satisfied that sufficient audit and assurance work has been undertaken to allow a reasonable conclusion to be drawn as to the adequacy and effectiveness of the Council's framework for governance, risk management and control. Aberdeen City Council had an adequate and effective framework for governance, risk management and control, covering the period 1 April 2022 to 31 March 2023.

2.3 Rationale for the opinion

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

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

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

Any system of control can only ever provide reasonable and not absolute assurance that control weaknesses or irregularities do not exist or that there is no risk of material errors, losses, fraud, or breaches of laws or regulations. Accordingly, the Council is continually seeking to improve the effectiveness of its systems of internal control.

Throughout the year IA consistently found that Management was aware of the risks it was dealing with and taking steps to mitigate and manage them as best they could.

On balance, most of the audited areas were operating as anticipated. Areas of good practice, improvement, and procedural compliance have been identified and these have been detailed in individual assignment reports to the Committee.

However, during the year, IA identified Major¹ risks across eight reviews in the following areas²:

- **IT Infrastructure Resilience** – Cyber Essential PLUS and PSN Accreditation.
- **Children with Disabilities** – Contract Procurement.
- **Debt Recovery** – Debt Recovery Processes.
- **Out of Authority Placements** – Performance Monitoring and Reporting.
- **Following the Public Pound** – Operational Assessments, and Payments,
- **Heritage and Historical Assets** – Volunteer Arrangements.
- **ALEOs Performance and Payments** – Aberdeen Heat and Power Company Ltd Arrangements.
- **IJB Data Sharing** – Governance.

Full details of the risks are presented to the Committee in individual audit reports.

Most other recommendations made during the year were around the general enhancement of controls, the improvement of efficiency and the drive for Best Value. Common trends in IA's recommendations were also around general governance, systematising processes, or the need to better evidence and record the completion of controls.

2.4 Areas of risk for future IA focus

In addition to the points above continuing to be areas of focus for the Council, in the year there will be significant new risk areas for us to consider. The specific risk and control areas in the upcoming year that IA intend to focus on to a greater degree include:

- Procurement Compliance

¹ Reviews previous to the 2022/23 audit plan followed a different methodology and as such there has been some regrading of recommendations to follow the current methodology. This has been conducted to allow for ease of reporting and comparison.

² Some areas will include more than one recommendation.

-
- Key Council Systems
 - Care Reform
 - Cyber Controls
 - Other emerging risks identified during the year

2.5 Follow up of audit recommendations

Public Sector Internal Audit Standards require that IA 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 the 31 March 2023, 107 audit recommendations were open³, 23 due for implementation and the remaining 84 due in the future (either as the original planned date of implementation or through an agreed extension which has been reported to the Committee). The vast majority of these recommendations were rated as either Minor (25) or Moderate (69), with the remaining recommendations (13) being in the more significant Major space.

Updates on audit recommendations implementation will be provided to the Committee as part of the standard reporting.

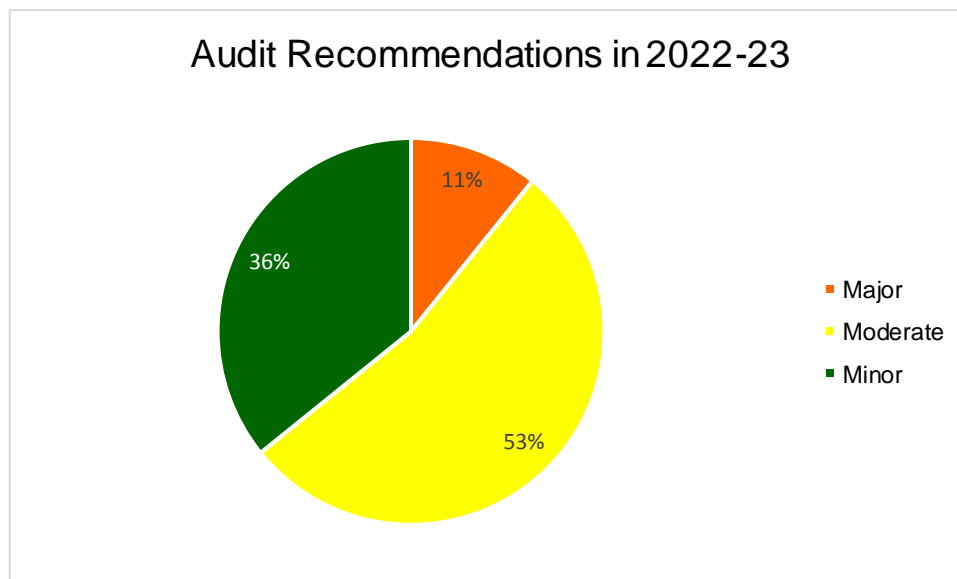
³ This figure could be considered artificially inflated due to process owners often choosing 31 March as the implementation date when agreeing recommendations. Where Management can provide proactive updates, most wait for IA to follow up, which would take place after year end. The post year end assurance section below provides an update on the closure of recommendations since year end.

3 Audit Results

3.1 In year audit results

Across the year, irrespective of the period initially planned for the review, IA issued 22 audit reports. These reviews span the entire breadth of the Council's operations, touching on not just individual services but also cross-Council areas, and IA's work with the Aberdeen City IJB and the North East Scotland Pension Fund

Across the 21 audit reports issued, IA made 148 recommendations: 16 considered Major, 79 considered Moderate, and 53 considered Minor.



This section highlights the results of our work in 2022/23, including finalisation of reviews. It should however be noted that:

- Previous years' work, issued in the current year, is considered for and factors into IA's annual assurance opinion.
- Work in progress, where the report is at a draft stage, is also considered for and factors into IA's annual opinion.
- The same is considered for consultancy work, which also factors into IA's annual assurance opinion.
- For all assurance reviews, IA ensured that they were at the work in progress stage by year end. The majority are beyond this stage and draft reports are being finalised with the process owners for the areas under review.

Summaries are also included of fraud assurance, consultancy and other work performed by IA.

3.1.1 Previous year reviews finalised in 2022/23

Service	Audit Area	Overall Rating ⁴
Integration Joint Board (IJB)	IJB Performance Management	N/A
Operations	Consilium System	N/A
Cross Service	Commissioning	N/A
Cross Service	Payroll and HR system amendments	N/A
Cross Service	Staff resourcing	N/A
Cross Service	Attendance Management	N/A
Customer	Debt recovery	N/A
Customer	IT Infrastructure Resilience	N/A
Health and Social Care Partnership	Care Management	N/A
IJB	Transformational Programme	N/A
Operations	Children's Social Care	N/A
Pensions	Pensions System	N/A

3.1.2 2022/23 reviews finalised in year

Service	Audit Area	Overall Rating
Commissioning	Corporate Health and Safety	Moderate
Commissioning	ALEOs - Performance and Payments	Moderate
Customer	Benefits	Minor
Integration Joint Board	IJB Data Sharing	Moderate
Operations	Out of Authority Child Placements	Moderate
Operations	Heritage and Historical Assets	Moderate
Operations	Following the Public Pound	Moderate
Pensions	Pension Fund Governance Arrangements Including Risk Management	Minor
Resources	Lease Financing	Moderate

3.2 Post year end assurance

The information presented in the above tables and charts, concerning audit work and recommendations covers the period 1 April 2021 to 31 March 2022. However, consideration has been given to any work during the period till the issue of this report. Since year end, IA has issued a further three reports.

3.2.1 2022/23 reviews finalised in 2023/24

Service	Audit Area	Overall Rating
Commissioning	Contract management	Moderate
Resources	PVG & Disclosure Checks	Moderate
Operations	Scottish Milk and Healthy Snack Scheme	Moderate

⁴ Previous year reviews followed a historic methodology that did not include an overall assurance assessment or rating.

Since year end, IA has also progressed the final reviews of the year, Adults with Incapacity and Corporate Asset Management, and these are currently in the report finalisation stage. The emerging findings from the draft reports have been factored into the year end opinion.

Management has also closed off a further 15 recommendations since year end.

3.3 Consultancy and other work by IA

In addition to planned assurance work, IA has also supported several services across the year. This has either been through requests for support or structured management assurance pieces of work, including but not limited to Committee workshops, counter fraud discussions and grant work.

3.4 Counter Fraud

IA does not have a dedicated responsibility across the Council to lead on Counter Fraud activities, this instead within the remit of a separate inhouse team. The potential for fraud is however considered as part of all reviews carried out by IA from a control framework perspective.

4 IA Performance

4.1 Key Performance Indicators

Key Performance Indicator (KPI) results could be better and this is recognised by IA, whilst also acknowledging the impact engagement from Council Management can have on the delivery of audit work. However the results show that IA is in a much better position than was reported last year; half of the KPIs have been met and for those that have not been, all are moving in a positive direction, showing increases compared with previous years.

Description	Target	2020/21	2021/22	2022/23	Commentary
Percentage of planned audits commenced where the Service was given advance notice of commencement of field work.	100%	100%	100%	100%	All audits were agreed with Management in advance.
Percentage of current year audits (as adjusted through consideration of subsequent year's plan) where draft report issued by deadline.	90%	20%	0%	50%	The 2022/23 assurance year included a large number of audits that had to be carried over and their completion was prioritised in year. 2022/23 also saw the implementation of a new audit methodology, which it took time for both IA and Management become familiar with. This is now fully established.
Percentage of current year audits (as adjusted) completed by end of current year.	65%	18.75%	33.33%	55.56%	The 2022/23 assurance year included a large number of audits that had to be carried over and their completion was prioritised in year. However in the months April-June a number of further audits have been completed and minimal work is being carried forward into the 2023/24 assurance year. Please see the post year end assurance section for further detail.
Percentage of previous year audits (as adjusted) completed by end of current year.	100%	100%	86.67%	100%	All previous year audits were completed within 2022/23.
Percentage of current year audits (as adjusted) that were completed in the year within 110% of planned time allocated.	90%	100%	20%	80%	The 2022/23 assurance year included a large number of audits that had to be carried over and their completion was prioritised in year. 2022/23 also saw the implementation of a new audit methodology, which it took time for both IA and Management

Description	Target	2020/21	2021/22	2022/23	Commentary
					become familiar with. This is now fully established.
Percentage of previous year audits (as adjusted) that were completed within 110% of planned time allocated.	90%	36.36%	7.69%	50%	The 2022/23 assurance year included a large number of audits that had to be carried over. These have all been completed and minimal reviews from 2022/23 will be carried forward into the current assurance year.
Percentage of planned time taken for current year audits that were completed in the year.	90 - 110%	120%	159.63%	88.30%	This shows that current year audits are being completed quicker on the whole. However, analysis of the underlying data does highlight variances (both over and under) across individual reviews.
Percentage of planned time taken for all previous year audits completed by end of current year.	90 - 110%	148.78%	180.22%	129.51%	The 2022/23 assurance year included a large number of audits that had to be carried over. These have all been completed and minimal reviews from 2022/23 will be carried forward into the current assurance year.
Percentage of recommendations accepted by management.	95%	99%	100%	97.97%	Small number of recommendations not accepted in year, which is expected in line with the new risk based methodology.
Where management has not agreed recommendation, percentage who accept risk.	100%	100%	100%	100%	In the small number of cases where recommendations were not accepted by Management, they accepted the risk.

Based on the current year results, where efforts will be made across all KPIs, the completion of work within the budgeted time, specifically, the issue of reports, both in draft and final, will be a priority for IA.

4.2 Quality assurance and improvement plan

The Public Sector Internal Audit Standards (PSIAS) require that the annual report must also include a statement on conformance with the PSIAS and the results of the quality assurance and improvement programme (QAIP).

In previous reports IA has updated the Committee on the work to address previously noted issues; the main driver for these being the internal quality assessment, any external quality assessments and recommendations made by External Audit.

IA is pleased to confirm an internal review of the control framework has concluded that IA fully conforms with PSIAS. An External Quality Assessment, which will test IA's fully compliant assessment, is underway currently.

At present there are no outstanding actions for IA to take forward.

4.3 Staffing

At present IA is operating with a 12.6 FTE, 0.4 FTE under budget.

5 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 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.