ABERDEEN CITY COUNCIL

COMMITTEE	Audit, Risk and Scrutiny Committee
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DIRECTOR	N/A
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1.   PURPOSE OF REPORT

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

2.   RECOMMENDATION

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

3.   BACKGROUND / MAIN ISSUES

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

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

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

3.2.2   As a result, Finance issued a year end instruction in November 2018 to all budget holders stating that the last date for ordering goods and services, for 2018/19, would be Monday 14 January 2019, with the exception of certain consumables and perishable items, but that both should be kept to a minimum. It was also stated that *"expenditure should be incurred only because it is essential for business purposes, not just because there is unspent budget."* A similar memo was issued to non-housing capital project managers exempting them from this requirement.

3.2.3   The objective of this audit was to provide assurance that the shutdown of non-essential spend has been effective in achieving its objective and instructions were complied with. In general, this was found to be the case.

3.2.4   Budget holders were notified of the non-essential spend instruction timeously and the instruction was clear on what constituted essential spend (and therefore non-essential spend). Compliance with the instruction was monitored by Corporate Management Team via reported financial indicators and the Procurement Control Board was meeting to consider, and where appropriate approve, non-essential spend exceptions.

3.2.5   It was noted that, contrary to year end instructions, 80% of approved PECOS orders were being raised without justification, after the year end cut-off dates when orders were required to be adequately justified before being approved. Finance has agreed to remind staff and budget holders of their respective responsibilities to justify orders and obtain adequate justification prior to approval of orders.

3.2.6   Finance holds regular meetings with budget holders throughout the financial year. The numbers of meetings varied between Cluster and Function. A small percentage of meetings referred to non-essential spend after the instruction was issued, meaning expected cost reductions were not, generally, being discussed. Finance has agreed to address this in future by reducing budgets to address in-year budget pressures.

3.3   Car Parking and Bus Lane Enforcement Income (Internal Audit Report AC2003 – September 2020)

3.3.1   Local Authorities Parking and Bus Lane Enforcements are governed by legislation including the Road Traffic Act 1991, Road Traffic Regulations Act 1984, the Transport (Scotland) Act 2001 and the Bus Lane Contraventions (Charges, Adjudication and Enforcement) (Scotland) Regulations 2011. Within Aberdeen City, elements of these have been adjusted through the

Road Traffic (Permitted Parking Area and Special Parking Area) (Aberdeen City Council) Designation Order 2003.

3.3.2   The Council operates designated chargeable parking areas and bus lanes, and issues charge notices to registered keepers where it has evidence that specified contraventions have taken place. Income from car parking and bus lane charges, collected from car parking machines, cashless parking transactions, vouchers and permits, and penalty charges was £8.35 million in 2019/20.

3.3.3   The objective of this audit was to ensure that procedures regarding income collection and the management of fines are adequate. Whilst there are comprehensive procedures in place, aspects of the Service are disaggregated across various Council functions. Whilst a Parking Performance Group meets quarterly to review all parking related activity, ensuring there remains clarity over roles in service delivery, the Service Level Agreement (SLA) in place pre-dates the Council's Transformation and would benefit from being updated. The City Warden Service has agreed to review and update the SLA.

3.3.4   The separate Appeals Team uses the parking system to manage appeals and indicate an appropriate response, however the system response can be overridden if the circumstances require it. There is currently no system enforced requirement for such decisions to be checked independently before they are issued, and instances were identified where although supporting information was available it was not recorded on the system. The Service anticipates a new system which is being implemented in 2020 will provide the functionality for a proportion of decisions to be checked in future. In the interim requirements have been reiterated to the team.

3.3.5   Cash collection records are not routinely reconciled and investigated where discrepancies arise. The Service has agreed to review procedures to ensure this is addressed. System records are also not reconciled against payments, debt recovery records, appeals and cancellations, reducing assurance that all charges raised are accounted for. The new system will provide enhanced reporting functionality, providing additional management data to facilitate reconciliations, and review by the Parking Performance Group.

3.3.6   Purchase Orders have not always been raised in line with the requirement set out in the Financial Regulations, and no exemption has been documented, in respect of cash collection and cashless parking services. The Service now raises these in advance.

3.3.7   Debts are being pursued where appropriate. However, when Sherriff Officers recommend the write off of a debt, for example where the customer is deceased or sequestrated, Penalty Charge Notices are being marked as cancelled on the Parking System instead of being written off. Notices cancelled in this way are not reported to Committee as written off debts as required by the Financial Regulations, reducing visibility of the extent of debt which is no longer being pursued. The Service has highlighted that

legal advice had previously been obtained, and this will be reconfirmed to ensure this remains the correct approach.

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

3.4.1   In 2019/20, the proportion of the overall block grant which was ring-fenced by the Scottish Government was £30.6 million - 8.1% of the total grant settlement for the year of £380.57 million. The objective of this audit was to provide assurance that the Council has appropriate arrangements in place to ensure that conditions relating to ring-fenced funding within the Scottish Government Grant are complied with.

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

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

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

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

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

3.5.2   Systems for assurance and escalation are based on an understanding of the nature of risk to an organisation's goals, and to the appetite for risk-

taking. How an organisation understands and manages risk is an important part of the development of its governance systems. The Service notes that the innovative nature of Health and Social Care Integration Schemes also requires governance systems which support complex arrangements, such as hosting of services on behalf of other IJBs, planning only of services delivered by other entities, accountability for assurance without delivery responsibility, and other models of care delivery and planning. As such, risk management is fundamental to the running of the Health and Social Care Partnership that is directed by the Integration Joint Board.

3.5.3   The objective of this audit was to review the process for identifying risks, managing them (including performance measures against each risk), and reporting to the IJB.

3.5.4   Governance arrangements including the IJB's Scheme of Governance, Committee terms of reference, Board Assurance and Escalation Framework (BAEF) and Risk Management Policy are in place covering key elements of risk management and reporting. At the time of the audit, elements including annual review of the IJB's risk appetite, and review of operational risks by the Clinical Care and Governance Committee, had not been undertaken as set out in governance documentation. The IJB has reviewed and amended terms of reference in November 2019, has approved an updated risk appetite in January 2020, and the Service notes that the BAEF will be updated shortly to reflect work currently ongoing across the three Integration Joint Boards working with NHS Grampian in respect of risk management policy.

3.5.5   Whilst processes are in place, resulting in a regularly reviewed strategic risk register, the Service has not yet fully coordinated operational risk management recording across the Partnership – with separate systems in place for staff within each Partner organisation. Use of one such system has been reduced in one Partner's wider operations, and assurance is being sought as to its continued availability for the Partnership pending plans to introduce a single system solution. The Service has agreed to work to ensure an appropriate level of standardisation between the two systems in the interim, with a workshop session planned to refresh officers on the different parts of the risk management process.

Management Comments

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

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

3.6.1   Under the Civil Contingencies Act 2004 (the Act), the Council is defined as a Category 1 responder in the event of an emergency, meaning an event or situation which threatens serious damage to: human welfare; the environment; and / or the security of the United Kingdom (the latter as a result of war or terrorism). The Act requires Category 1 responders, such as the Council, to:

- assess the risk of an emergency occurring from time to time;
- maintain plans, informed by risk assessments, for continuing to perform their functions, including in relation to preventing emergencies, mitigating their effects or taking other necessary action;
- maintain business continuity plans;
- publish all or part of risk assessments and plans, to prevent emergencies occurring; mitigate their effects; and to enable required action to be taken in relation to an emergency;
- maintain arrangements to warn the public and to provide information and advice to the public, if an emergency is likely to occur or has occurred;
- co-operate and share information with other responders;
- provide advice and assistance to businesses and voluntary organisations on business continuity management

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

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

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

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

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

3.6.7   In addition, the CMT recently agreed to develop the civil contingencies risk register into a Place register, and to expand this to include all operational civil contingencies events covered by civil contingencies legislation. This will ensure that all appropriate controls are in place for each scenario and will complement the scrutiny of civil contingencies risks at the LRP. This will be overseen by the ORG on which it will base its review of such risks in accordance with its Terms of Reference.

3.6.8   The Council fulfils its responsibilities as a Category 1 responder partly through internal structures and reporting but also through its membership of and active participation in the Grampian Local Resilience Partnership (GLRP). The Council's Organisational Resilience Stocktake identified opportunities to enhance the Aberdeen City plans in place, to dovetail with the plans held at GLRP level. Further development of these plans has yet to be scheduled, and will be subject to further consideration.

Management Comments

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

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

3.7.1   The Council uses the financial ledger system for the Council's budget and accounting requirements. The annual system support and maintenance cost for the system and related reporting tools for 2019/20 is approximately £152,000.

3.7.2   The objective of this audit was to provide assurance over system controls, business continuity and contingency plans. In general, these areas were found to be adequate.

3.7.3   System performance is being adequately monitored and corrective action is being taken to improve performance where required. A contract is in place with the supplier which includes a Data Processing Agreement that complies with data protection legislation. Timetables covering relevant period and year-end accounting dates and requirements are available to staff. Reconciliations of the creditors and debtors sub-ledgers to the

general ledger were taking place timeously and the suspense accounts, for transactions interfacing with the financial ledger with invalid or no financial codes, are being regularly reviewed and cleared. In addition, system disaster recovery testing has been scheduled to take place in 2020 in accordance with scheduled arrangements with the Council's data centre service provider.

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

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

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

3.8.2   The objective of this audit was to provide assurance that the Council has appropriate and adequate plans in place to determine its workforce requirements and that these are in operation throughout the Council.

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

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

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

learning.

3.8.6   Workforce related policies, procedures and guidance were clear and comprehensive. The Council's "re.cr.uit" (retaining employees, changing roles, using internal talent) scheme aims to find suitable internal employees for vacant roles within the Council, based on alignment between the attributes required to perform a specific role, with the attributes held by employees in the scheme. 439 staff had registered interest in the scheme at 1 June 2020. It is intended that the scheme will use a digital tool to match potential internal candidates to suitable roles. The Cluster advised the tool is currently at the testing stage and have agreed to develop and launch the tool.

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

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

3.9.1   Aberdeen City Council makes payments of over £500 million per annum to external sources. Where this includes the procurement of goods, services and works, legislation and internal rules and regulations set out specific requirements which must be complied with in order to meet the Council's legal obligations, and provide assurance over Best Value in procurement.

3.9.2   The objective of this audit was to provide assurance that the Council has appropriate arrangements in place, that are being complied with, to ensure compliance with procurement legislation and internal regulations. A sample of high value expenditure was reviewed, and this indicated that requirements are not being demonstrably complied with in several cases.

3.9.3   The Commercial and Procurement Shared Service (CPSS) supports the Functions by providing the structure, system, training, advice and support to demonstrate compliance with procurement legislation and regulations. Procurement activity is delegated to each of the Council's Functions and Chief Officers who may delegate authority to relevant officers.

3.9.4   Commitment to action was sought to ensure that: contracts will be subject to appropriate procurement, including public tender where they exceed the relevant thresholds individually and in aggregate; procurement intentions and awards will be appropriately published; adherence to Committee approvals will be monitored to ensure they are adhered to; and purchase orders will be raised in advance unless a specific exemption applies.

3.9.5   Actions were agreed with Directors on 16th July and presented to Extended

Corporate Management Team (ECMT) on the same date advising of this and their commitment was also agreed. Procurement Compliance Reports will be a standing item on the ECMT Stewardship agenda.

3.9.6   CPSS will review whether additional data can be recorded to demonstrate that spend is linked back to contracts, approvals and business cases. Training and guidance will be updated following a review of the contracts register and associated processes to provide assurance over compliance. A new website is also being developed to assist buyers in the selection of appropriate contracts and signpost them to guidance should alternative options be required.

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

3.10.1   The Council's Corporate Information Policy defines the Council's information as all information and data created, received, maintained or used by or on behalf of the Council, in any format and of any age.

3.10.2   The Council's Corporate Risk Register includes risk Corp-005 which is defined as "Information governance protocols and processes do not provide the appropriate framework to facilitate optimum information management in support of decision making and resource allocation based on a Business Intelligence culture".

3.10.3   The objective of this audit was to provide assurance that the controls in place for mitigating the risks identified in the Corporate Risk Register (Corp005) are adequate and operating as expected. In general, this was found to be the case.

3.10.4   Comprehensive and clear policies, procedures and mandatory training are in place. In addition, the Corporate risk and related controls are being assessed monthly by the Information Governance Group, chaired by the Council's Senior Information Risk Owner, and by Corporate Management Team, and reviewed annually by Committee. Information Governance controls were comprehensive and control assessments were, in general, supported.

3.11   SEEMiS (Internal Audit Report AC2021 – February 2020)

3.11.1   SEEMiS provides the management information needs of all Aberdeen City Council schools as well as a wide range of central administrative and quality improvement functions. It is used for the maintenance of personal and academic (including SQA) records for pupils; personal information and work records for staff; and attendance records for pupils and staff.

3.11.2   The objective of this audit was to provide assurance that appropriate control is being exercised over the system in view of the perceived criticality of the system and the significant volume of sensitive personal data held.

3.11.3   Whilst access to and removal from the system for non-school staff is controlled via an online portal, at a school level this is managed by school

system administrators and the majority of access is set up based on verbal requests by the school's senior management team. Education has agreed to introduce a documented approval process for providing system access at a school level. It was also noted that a number of former employee "work records" within the system remained current and that certain employees had access to records of schools where they no longer worked. The Service has agreed to address this by: disabling accounts where required; updating procedures in relation to removing access; and scheduling regular reviews of user access.

3.11.4   As at November 2019, 362 current system users had not completed the mandatory Information Governance training, which covers data protection requirements under the General Data Protection Regulation (GDPR). As SEEMiS holds personal information about both pupils and staff, the Service has agreed to instruct staff to complete the Information Governance training and will consider establishing a requirement to complete this training before access is granted to the system.

3.11.5   A Data Sharing Agreement is in place with the SQA, however the agreement is historic and predates the introduction of the data protection requirements under the GDPR. The Service has agreed to complete a Data Protection Impact Assessment for SEEMiS to identify all personal data sharing with third parties, the related risks and to ensure data sharing agreements in place cover routine sharing of personal data with third parties.

3.11.6   In accordance with data protection legislation, any arrangement that the Council has which involves a third party processing personal data on its behalf must be set out in writing in a Data Processing Agreement (DPA). Whilst a signed DPA was in place for SEEMiS, it was noted that two secondary schools have purchased a separate school management software package which is being used by them for tracking and monitoring purposes instead of SEEMiS. The Service has agreed to complete a data protection impact assessment (DPIA) on the use of the system and depending on the outcome, either cease its use or establish a DPA with the supplier.

3.12   Transformation (Internal Audit Report AC2022 – September 2020)

3.12.1   In 2017 Aberdeen City Council proposed a new Target Operating Model in order to help manage an increased demand for services in the current environment of increasingly restricted budgets. The associated transformation blueprint, to be implemented over 5 years, included delivery of the Target Operating Model by 31 March 2021, a Digital Strategy by 31 December 2020, and £125 million of savings by 31 March 2023. The initial phase of this Transformation process was to move to a new interim structure with a managed reduction in posts. This phase was completed, and a new Scheme of Governance was approved in support of the new structure.

3.12.2   The objective of this audit was to provide assurance that the Council is continuing to make progress to ensure the success of its transformational

aspirations, through a follow-up review of the Council's progress in achieving its transformational aspirations (Target Operating Model project management, goals / milestones, progress, new Scheme of Governance, etc). Assurance was obtained, and the Council is reporting progress and reflecting the planned changes from transformation in its Council Delivery Plan, Commissioning Model, Budget and Medium Term Financial Strategy.

3.12.3   Clear governance arrangements are in place including management reporting of progress, supported by underlying detail held in a bespoke in-house developed system. However, some of the detail has not been consistently recorded. The Corporate Management Team (CMT) is satisfied with the level of assurance obtained through the governance routes already in place, however the Programme Management Office (PMO) will be asked to review current system reporting to ascertain if the system can be further enhanced. Greater assurance can be evidenced / supported at a detailed level, with clear system reporting of completed projects and milestones.

3.12.4   Financial return on investment was a key part of the transformation proposals, including the £125 million of savings, and investment of £15 million in specific projects. Progress with this has not been separately reported to Committee. The Service has noted that Transformation has become business as usual: return on investment for transformation is therefore reflected in the budget setting process, as part of service redesign, and monitored through the Council's quarterly financial reporting reported to the City Growth and Resources Committee. Internal Audit considers that in the absence of separate tracking there is less assurance that specific activities resulted in the planned financial outcomes. However, the focus on preparing and delivering against a balanced budget is acknowledged. The budget set in March 2020 provided substantial detail on savings to be delivered through service redesign, and these are being tracked.

Management Comments

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

3.12.6   In the meantime, the Council continues to make good progress on its transformation aspirations.

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

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

3.13.2 As of January 2020, the Council had 16,630 properties with gas appliances. A contractor is used to carry out the annual gas safety check in these properties within 12 months of the previous check.

3.13.3 The objective of this audit was to provide assurance that contractual and operational issues were being complied with.

3.13.4 A single contractor is used to carry out annual gas safety checks across the City. Procurement approval was last obtained from the Strategic Commissioning Committee in June 2018, for an estimated cost of £7.5 million over two years, to directly award an extension to the existing contract, in contravention of EU and Scottish procurement regulations which require periodic competitive tendering at this level of expenditure. Planned procurement activity had commenced in 2017 but was abandoned due to short timescales impacting on the ability to obtain and implement a new contract cost-effectively, because the contract had not been tendered sufficiently in advance. Assurances were provided that this would represent Best Value due to discounts offered on previous rates, and that appropriate procurement exercises would take place in advance of the extension expiring. The Service also acknowledged the risks inherent in a direct award, as it would be open to challenge from suppliers who had no opportunity to bid for the work. This risk was considered low at the time due to short-term mobilisation costs outweighing any perceived benefit for a two-year contract.

3.13.5 However, there is no record of a tender opportunity having been published to allow for a new contract to be awarded prior to expiry of the Committee's approval in April 2020. Failure to subject contracts to appropriate competition can be an indicator of potential fraud, and means that costs will not have been reviewed and market tested to ensure Best Value is being achieved. Procurement needs to be planned and progressed timeously for contracts which are significant in terms of cost and service delivery. The Service will review the issues with the Commercial and Procurement Shared Service.

3.13.6 In general, operational activity is being planned and recorded appropriately. However, efficiencies, and actions to address minor issues with accuracy of records, have been recommended to the Service, which has agreed to review and implement alternative and further measures where identified as appropriate. Charges are raised where there are repeated failed attempts to gain access to property for the purpose of gas safety checks. The basis for those charges (set in 2010) needs to be reviewed to ensure it remains appropriate, and is being applied in accordance with agreed policy. Some delays were also noted in invoices being issued. The Service has agreed to

review the current processes and costs.

3.14   Social Care Commissioned Services – Contract Monitoring (Internal Audit Report AC2027 – February 2020)

3.14.1   Aberdeen City Health & Social Care Partnership (the HSCP) procures care services from a variety of contracted Suppliers in order to meet the assessed needs of persons requiring support and assistance. The contracts register indicates contracts are in place for £86 million of social care services in 2020/21.

3.14.2   The objective of this audit was to provide assurance that contract monitoring arrangements relating to Social Care Commissioned Services are adequate. Contract monitoring is undertaken by Commercial & Procurement Shared Services (the Service).

3.14.3   The contract monitoring procedures were examined as part of a National Care Home Contract (NCHC) Internal Audit (report AC1920) in January 2019, in which recommendations were made, and have been subsequently reported to Committee as having been actioned. Whilst the procedures, associated template documents, and changes made as a result of the previous audit, are appropriate, it has been identified following review of individual contract monitoring reports as part of the current audit that further clarification with regards to some areas, could improve the procedures and their application. This includes scheduling to ensure all monitoring activity takes place at required frequencies, and ensuring records are complete and variations reviewed, adequately explained and challenged where appropriate.

3.14.4   The Service has noted that it was always the intention to carry out a review of the revised procedures after a full year of operation, to consider whether they had achieved the desired outcome, and where improvements might be made. It has not been possible to do this due to the Covid19 situation, which has meant that routine monitoring has been temporarily suspended, and all resources within the team are fully engaged in dealing with supplier sustainability issues and reconciliation of service provision, contract variations, and additional cost claims. All of the points raised in the audit will be considered as part of the review, completion of which is planned by the end of the financial year, depending on available resources pending transition to a 'new normal' post Covid19.

3.14.5   An instance was identified of a supplier being used where a signed contract was not in place. Whilst there may be implications for service provision, services should not be procured from suppliers for which there is no signed contract in place. The absence of a signed contract is an indicator that procurement may not have followed the correct route. If contract terms have not been agreed, there is a greater risk to service delivery, service users, and to the level of assurance the Service can obtain through contract monitoring – as it may be more difficult to enforce the contract. The HSCP is aware of this risk and the Service will continue to reinforce this point.

3.15   Fostering and Adoption Payments (Internal Audit Report AC2028 – July 2020)

3.15.1   Care for children sometimes needs to be provided away from their home, when their family cannot provide suitable care. Foster Care, Adoption and Kinship Care are options to help provide a high standard of care and ensure positive outcomes for these children.

3.15.2   At the time this area was reviewed there were 91 active in-house Foster Carers, 105 Adoptive Parents and 207 Kinship arrangements financially supported by the Service. The Service also uses the services of external fostering agencies.

3.15.3   Payments to foster carers amounted to £1.9 million for internal placements and £9.3 million for external placements during 2019/20. There were payments of £0.48 million for adoption allowances, and £2.2 million for kinship care.

3.15.4   The objective of this audit was to provide assurance over Fostering, Adoption and Kinship Allowances paid.   In general these are paid accurately, however minor recurring system generated errors were identified in a small number of cases, which are being corrected by the Service. A new system is being developed, for implementation in 2021, and this will be informed by Internal Audit's findings to improve efficiency and reduce the scope for error in the future. In the interim, administrative support has been put in place to ensure the accuracy of payments.

3.15.5   Procedures and documentation would benefit from updating and review to ensure requirements are clear and aligned with policy, and to better demonstrate that payments are accurately calculated based on evidence of relevant circumstances. The Service will map its processes and ensure they are fully documented, including a review of the Adoption Policy and associated allowances.

3.15.6   The Service is moving to electronic filing, which will improve the consistency of record keeping, and has agreed to improve records where variations from standard practice have been agreed.

4.   FINANCIAL IMPLICATIONS

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

5.   LEGAL IMPLICATIONS

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

6.   MANAGEMENT OF RISK

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

detailed in the resultant Internal Audit reports. Recommendations are made to address the identified risks and Internal Audit follows up progress with implementing those that are agreed with management.

7. OUTCOMES

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

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

8. IMPACT ASSESSMENTS

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

9. REPORT AUTHOR DETAILS

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