

ALEO Assurance Hub Exception Report Template

Governance

Good governance and the transparency of decision making are important for the Boards of ALEOs. As ALEOs provide services to the public, there is an expectation that those who sit on Boards will be competent in performing the duties they undertake. When services were formerly provided by the Council, there was a public accessibility to papers and meetings which is usually not reflected in ALEO Board meetings. This has led to calls by the Scottish Parliament for greater transparency of, and user involvement in, decision making.

The following requires to be completed/updated and submitted to ACC as requested prior to each Assurance Hub Meeting.

Constitutional Documents

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| Have any of your constitutional documents been changed in the last 12 months? If so, in which areas? |
| <i>Why is this requested?</i> |
| <i>It is important that the Council is aware of any amendments to your constitutional documents given the impact this could have on decision making.</i> |
| ALEOs to complete |

Competencies

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| Please give details of methods used to identify competencies required for Board members, with an explanation of how skills gaps are identified and addressed and how skills are kept up to date. |
| <i>Why is this requested?</i> |
| <i>There is an expectation that decisions on services delivered to the public will be taken by individuals with appropriate skills who will receive training as appropriate and who will receive regular refresher training to keep up to date with the changing environment of operations.</i> |

ALEOs to complete

Board Composition

Does the composition of your Board reflect the variety of users of the services you are responsible for? Is gender balance an issue, are special interest groups or communities/users represented?

Why is this requested?

The Council is seeking reassurance that ALEO Boards are not liable to challenge over gender balance, and that the views of users in the community, particularly groups with protected characteristics, are taken into account.

ALEOs to complete

Council Officer Attendance

Are Council officers entitled to attend Board meetings and contribute or in an observer capacity?

Why is this requested?

ALEOs provide public services and your operations have an impact on the Council's Group Accounts and may have a potential impact on the Bond. The Council needs assured that officers can raise matters with the Board if this is necessary.

ALEOs to complete

Transparency of Decision Making

Are any Board decisions taken in public? Are agendas publically available, and are these issued in good time to allow for reports to be read and understood? Are Board members given option appraisals and full details of financial implications and risk when determining any matter?

Why is this requested?

Councils are under a statutory obligation to make as many reports as possible public, and to discuss and take decisions on those reports publicly. The Scottish Parliament has criticised the practice of ALEO Boards to discuss in private what would once have been matters open to the public and this area will be under greater public scrutiny in the coming years.

ALEOs to complete

RISK MANAGEMENT

ALEOs need to manage risks as part of their day to day operations and as part of forward planning and development. Aberdeen City Council bears some risk as a result of those decisions and requires assurance that ALEOs are managing their own risks appropriately.

The following requires to be completed/updated and submitted to ACC as requested prior to each Assurance Hub Meeting.

Risk Strategy or Policy

Please provide a copy of your risk policy document unless it has been provided to the Hub within the last 12 months.

Why is this requested?

It is important that the Council understands your approach to risk management. For example, the level of risk you are prepared to tolerate as an organisation within different categories of risk.

ALEOs to complete

Top ten risks

Please detail your top 10 risks as stated on your risk register.

Why is this requested?

We need to know that you have a proper understanding of the risks facing your organisation within the context of the current and future operating environments. Your top most significant risks will give us a picture of the pressures and challenges you face and how these are being addressed.

ALEOs to complete

Risk Controls (mitigation)

Are controls (mitigation) being properly applied to your top risks?

Why is this requested?

We need to know how effective your risk controls are. For example, if you need to roll-out training for something, how is this progressing? Controls become effective when actions needed to address them are completed. We need evidence that these actions are being completed

ALEOs to complete

Business Continuity

What arrangements are in place to ensure business can resume quickly following disruption of service?

Why is this requested?

Your organisation provides public services. In times of disruption, due to natural or unnatural events which disrupt the delivery of service, what arrangements are in place to mitigate the effects of disruption and to resume effective service operations as quickly as possible?

ALEOs to complete

Risk Assurance

What assurance is in place that risk management is effective?

Why is this requested?

Assurance is the process by which the board will be confident that their risks are being adequately controlled. For example, how frequently is the risk register reviewed and reported to the board? How frequently does internal and external audit activity take place to provide assurance on the effectiveness of risk controls? What independent or third party assessment is received by the board to provide assurance about the effectiveness of risk management activity?

ALEOs to complete

FINANCE

The Hub shall provide oversight of ALEOs financial governance, financial management and accounting practices and financial performance to ensure compliance with the Following the Public Pound guidance.

Sound financial management and transparency of financial decision making are important for the Boards of ALEOs. ALEO's form part of the Aberdeen City Council Group and as such their financial performance is reported as part of the Council's Group accounts. Furthermore, it is the intention that ALEO's financial performance will be included in the Council's quarterly financial reporting as part of its Bond governance framework.

The following requires to be completed/updated and submitted to ACC as requested prior to each Assurance Hub Meeting.

| Financial Reporting |
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| 1. Please provide a copy of the latest set of management accounts that have been considered by your Board. |
| <i>Why is this requested?</i> <i>It is important that the Council understands your current financial position and is able to be assured by the robustness of financial reporting at Board level.</i> |
| ALEOs to complete |
| 2. Please provide a copy of the latest set of published audited accounts if they have not previously been presented to the Hub. |

Why is this requested?

It is important that the Council understands your current financial position and is able to be assured by the reporting of audited accounts.

ALEOs to complete

Financial Management

1. Are there financial procedures and a scheme of delegation in place that sets out the relevant features for financial control? Have these documents been reviewed by the Board within the last 12 months?

Please provide a copy of your financial procedures and scheme of delegation unless they have been provided to the Hub within the last 12 months.

Why is this requested?

Having clearly documented procedures and an approved scheme of delegation provides a sound basis for financial governance and we need to know that you have these procedures and schemes in place and review them on a regular basis. The Council will be assured by the robustness of such processes.

ALEOs to complete

2. Do Board papers give due consideration to the financial and other implications of decisions, e.g. do all reports have a 'Financial Implications' section?

Please provide relevant documentary evidence to confirm the above unless such has been provided to the Hub within the last 12 months.

Why is this requested?

Clearly highlighting the financial implications of Board decisions within Board reports is an essential pre-requisite for transparent and good financial management practises and The Council will be assured by the robustness of such processes.

ALEOs to complete

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| <p>3. Is there regular and detailed discussion on financial performance at management and Board level? Please provide relevant documentary evidence to confirm the above unless such has been provided to the Hub within the last 12 months.</p> |
| <p><i>Why is this requested?</i></p> <p><i>Having discussion and challenge between Board members and the management team around financial performance and the scrutiny thereon demonstrates effective financial management of the organisation. The Council will be assured by the robustness of such processes.</i></p> |
| <p>ALEOs to complete</p> |

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| <p>Business Planning</p> |
| <p>Please provide a copy of your business plan document unless it has been provided to the Hub within the last 12 months. Does the business plan document the financial risks, and do these include potential reductions in core funding from the Council?</p> |
| <p><i>Why is this requested?</i></p> <p><i>Forward planning and recognition of risks as part of that planning is an essential characteristic of effective financial management and sight of the business plan will provide assurance on the robustness of those processes.</i></p> |
| <p>ALEOs to complete</p> |

Internal Audit

Do you have an agreed internal audit programme of work that has not previously been provided to the Hub?

Has any internal audit work been completed during the review period and have management accepted the recommendations?

Have management implemented high risk recommendations within agreed timescales?

Has the Board reviewed and sought suitable assurances about matters and recommendations from internal audit including ensuring recommendations are implemented?

Please provide relevant documentary evidence to confirm the above.

Why is this requested?

It is important that the Council is able to be assured that internal audit work in relation to the performance of its ALEOs is carried out and that agreed audit recommendations are acted upon in a timeous manner. The Council will be assured by the robustness of the processes for the ALEO Board to consider such reports.

ALEOs to complete

External Audit

Has the External Auditor reported to the Board during the review period and have management accepted any recommendations?

If the annual accounts were reported to the Board in this period were there any audit adjustments and was a clean audit certificate issued?

Has the Board considered any outstanding audit improvement actions in the review period?

Please provide relevant documentary evidence to confirm the above.

Why is this requested?

It is important that the Council is able to be assured that external audit recommendations are considered by the Board and acted upon in a timeous manner. The Council will be assured by the robustness of the processes for the ALEO Board to consider such reports.

ALEOs to complete

Assurance Standard and Risk

In order to ensure proper and robust review of how Governance, Risk Management and Financial Management is approached within your organisation, your responses will be reviewed and provided a risk rating which directly reflects the level of comfort that the Assurance Hub has in the organisation's approach to these areas. Standards and risk ratings are given as detailed below:

| Assurance Standard | Risk Rating |
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| 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 |