

## ABERDEEN CITY COUNCIL

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COMMITTEE	Audit, Risk and Scrutiny Committee
DATE	22 February 2018
TITLE OF REPORT	Internal Audit Plan 2018/19
REPORT NUMBER	IA/18/003
LEAD OFFICER	David Hughes
AUTHOR	David Hughes

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### **1. PURPOSE OF REPORT**

- 1.1 The purpose of this report is to seek approval of the attached Internal Audit plan for 2018/19.

### **2. RECOMMENDATION**

- 2.1 It is recommended that the Committee approve the attached Internal Audit Plan for 2018/19.

### **3. BACKGROUND/MAIN ISSUES**

- 3.1 It is one of the functions of the Audit, Risk and Scrutiny Committee to review the activities of the Internal Audit function, including the approval of the Internal Audit Plan. The proposed plan for 2018/19 is attached as appendix B2 and includes the Aberdeen City Integration Joint Board and North East of Scotland Pension Fund for information. The plan as presented is aligned with the Council's current structure and will be re-aligned to the new structure for future reporting on progress.
- 3.2 All audits included in the attached plan, as well as those in future plans, will help inform Internal Audit regarding the Council's control environment and governance arrangements, allowing assurance to be provided regarding those arrangements. Where opportunities for improvement in controls and their application, or improvements in value for money, are identified these will be reported along with recommendations for management to consider.
- 3.3 The time allocation for all audits assumes that systems to be reviewed are adequately documented, detailing the controls put in place by management, and that testing identifies that these controls are being complied with. If this is not the case, there will be an impact on the time taken to review planned areas and on the plan's achievability.

- 3.4 When the shared Internal Audit Service was introduced between Aberdeenshire and Aberdeen City Councils it was planned to have rolling three year plans, with those of both Councils linked as far as possible to improve efficiency and help share best practice. This has not, at present, been possible to achieve. It is, however, proposed that a three year plan will be developed for the Council for the period 2019/20 to 2021/22.
- 3.5 During the planning process, Internal Audit reviewed each Service's approved Risk Register and consulted with the Chief Executive, Service Directors and Heads of Service to ensure that areas which Services consider to be of risk to their business operations were considered for inclusion in the plan. Each of the planned audits have been allocated to a target Committee date. The plan was discussed at CMT on 21 December 2017 and 18 January 2018 where it was confirmed that the main corporate risks were adequately covered by the plan.
- 3.6 The above considerations, and those detailed in Appendix A, have resulted in a draft Internal Audit plan being produced (Appendix B2). The plan details what Internal Audit expects to be able to review in the year, assuming stability in resources available to the Section. The plan is flexible and can be amended to reflect changes in priority or because of new risks being introduced or identified.
- 3.7 In order to undertake the attached plan, Internal Audit has an establishment of thirteen posts. The annual budgeted cost for 2017/18 was £576,000 and it is anticipated that the budget for 2018/19 will provide for a similar level of resource. It is anticipated that this will be split between Aberdeenshire and Aberdeen City Councils on a 2:1 ratio.

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

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

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

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

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

- 6.1 The Internal Audit process considers risks involved in the areas subject to review. Any risk implications identified through the Internal Audit process are detailed in the resultant Internal Audit reports. The purpose of this report is to seek approval for the Internal Audit plan.

#### **7. IMPACT SECTION**

- 7.1 **Economy** – The proposals in this report have no direct impact on the local economy.
- 7.2 **People** – There will be no differential impact, as a result of the proposals in

this report, on people with protected characteristics. An equality impact assessment is not required because the reason for this report is for Committee to review, discuss and comment on the outcomes of a review that the Committee requested Internal Audit undertake. The proposals in this report will have no impact on improving the staff experience.

7.3 **Place** – The proposals in this report have no direct impact on the environment or how people friendly the place is.

7.4 **Technology** – The proposals in this report do not further advance technology for the improvement of public services and / or the City as a whole.

## 8. **APPENDICES**

8.1 Appendix A – Internal Audit Plan 2018/19 – Strategy and Risk Assessment.

8.2 Appendix B – Internal Audit Plan 2018/19 including process of development.

## 9. **REPORT AUTHOR DETAILS**

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## **APPENDIX A**

### **INTERNAL AUDIT PLAN 2018/19 STRATEGY AND RISK ASSESSMENT**

This document details the process adopted for developing the Internal Audit plan for 2018/19, which is the same as approved by the Audit, Risk and Scrutiny Committee previously when it considered plans for previous years.

It is a requirement of the Public Sector Internal Audit Standards that the Internal Audit plan is based on a risk assessment. Many Internal Audit Sections will define the whole audit universe (all auditable Services or systems) and apply a score against each component for various criteria including the inherent risk in the system, and the quality of management and mitigating controls in place.

Whilst an audit universe has been identified, based on previous work undertaken by Internal Audit in Aberdeenshire and Aberdeen City, to apply scores against various criteria is considered, by Internal Audit, to be too subjective and adds little value to the process.

In developing the plan, consideration was given to the Council's risk registers, the Council's Strategic Priorities, and a listing of previous audits undertaken within both Aberdeenshire and Aberdeen City Councils, and the outcome of these. The Chief Executive, Service Directors and Heads of Service were invited to provide input to the plan to help ensure that the right areas were targeted for review. The detail of this is included in further appendices attached to this report.

Prior to commencing each planned audit, Internal Audit will discuss the area with Service management to further develop the scope of the review. However, if areas are identified through testing that fall outwith that scope, which impact on governance, they will still be reported on.

In order to achieve its strategic priorities and outcomes, the Council allocates its budget to Service Directorates and enables service delivery through delegated authority detailed in its governance arrangements.

For Internal Audit to fulfil its objective of providing independent assurance over the Council's control environment to those charged with governance (the Audit, Risk and Scrutiny Committee), the internal controls put in place to protect the Council's assets have to be evaluated and tested. Taking this into account, along with the contents of the documents detailed above, Internal Audit considers that the main risks to the Council's control environment and achieving its Strategic Priorities and Outcomes relate to the key areas detailed in the following table.

Key Area	Risk	Internal Audit's Inherent Risk Assessment Before Mitigating Controls Applied	Internal Audit's Risk Assessment Based on Evaluation of Mitigating Controls
Corporate Governance	Failure to have arrangements in place that specify the overall control environment and delegated authority across the whole Council.	High	Medium
	Failure to comply with the requirements of the corporate governance arrangements including Financial Regulations, the Officers Scheme of Delegation, and other Council Policies.	High	Medium
Budget Setting	Failing to ensure that a sustainable budget is set which allows for delivery of a defined service including everything that will be required to deliver that service.	High	Low
Budget Monitoring	Failing to ensure that budgets are monitored with the involvement of Service staff involved in service provision.	Medium	Medium
Budget Management	Failing to ensure that budgets are used only for service provision and are not spent because they exist.	Medium	TBC
	Failing to have outcome measures to demonstrate service provision.	Medium	TBC
	Failing to achieve Best Value / Value for Money.	High	Medium
Procurement	Failing to comply with procurement legislation.	High	High

Key Area	Risk	Internal Audit's Inherent Risk Assessment Before Mitigating Controls Applied	Internal Audit's Risk Assessment Based on Evaluation of Mitigating Controls
Payments	Failing to ensure that the correct suppliers are paid for services or goods supplied.	Low	Low
	Failing to ensure that payment of statutory benefits are controlled in accordance with legislative requirements.	High	Low
Payroll	Failing to ensure that employees are paid correctly.	Medium	Medium
Income	Failing to collect statutory income (Council Tax, Business Rates, Housing Rent).	High	Low
	Failing to identify and recover sundry debts due to the Council.	Medium	Medium
	Failing to control cash income received.	Medium	Medium
Assets	Failing to ensure that assets are managed, recorded and protected.	Medium	Medium
Bond Governance	Failing to ensure that the Council has appropriate governance arrangements and practice to minimise the risk to the Council.	High	TBC
	Failing to ensure compliance with the London Stock Exchange requirements.	High	TBC
Cyber Security	Failing to have adequate arrangements in place to safeguard the Council's ongoing business arrangements.	High	Medium
Health and Safety	Failing to have adequate arrangements in place to safeguard the Council's workforce and clients.	High	TBC

Key Area	Risk	Internal Audit's Inherent Risk Assessment Before Mitigating Controls Applied	Internal Audit's Risk Assessment Based on Evaluation of Mitigating Controls
Business Operations	Failing to have appropriate measures in place to ensure that services are provided in accordance with regulatory requirements.	Medium	TBC

**NOTE** – Internal Audit's risk assessment based on evaluation of mitigating controls is based on Internal Audit work undertaken previously.

**Risk:**

- High      There is a high probability, before mitigating controls are applied, of errors being made which would expose the Council to an unacceptable level of risk which may impact on the Council's finances and or reputation, and its ability to achieve its Strategic Priorities.
  
- Medium    There is a risk, before mitigating controls are applied, of errors being made which would expose the Council to an element of risk which may impact on the Council's finances and or reputation, and its ability to achieve its Strategic Priorities.
  
- Low        There is a low probability, before mitigating controls are applied, of errors being made which would expose the Council to an unacceptable level of risk which may impact on the Council's finances and or reputation, and its ability to achieve its Strategic Priorities.

## **Internal Audit Plan 2018/19**

Having considered the above issues, it has been determined that audits will be developed in the detailed Internal Audit plan to ensure that periodic assurance is provided over the following areas.

- Various aspects of procurement, payroll, and income collection will be reviewed on an annual basis.
- Various aspects of Budget Setting, Monitoring and Management will be covered across all Services on a rolling basis over a three year period.
- The main financial and business systems of the Council (Financial Ledger, Council Tax System, Business Rates, Receivables, Housing Rents, Payroll, Payables, Housing Benefit, Care First, etc) will each be covered once every four to five years.

Audits will be designed to audit specific key areas across Services or the Council, whilst Service or location oriented audits will also be undertaken to test a range of these areas. In doing so, assurance will be gained as to whether controls in place are operationally effective and efficient, and whether they are being complied with. Whilst undertaking audits, Internal Audit will consider opportunities to improve systems and processes, effect change and achieve value for money.

The outcome from all audits will feed into an overall evaluation of the Corporate Governance arrangements and compliance.



## **APPENDIX B**

### **ABERDEEN CITY COUNCIL – INTERNAL AUDIT PLAN 2018/19**

*(incorporating Aberdeen City IJB and NESPF)*

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#### **Appendix**

Planning Process

**B1**

Draft 2018/19 Internal Audit Plan following consultation with Service Management teams and CMT

**B2**

Analysis of Risk Registers

**B3**

# APPENDIX B1

## PROCESS FOLLOWED IN DEVELOPING THE PLAN

Current versions of Risk Registers were obtained and analysed

Request to all Chief Officers for input to plan / invitation to meet with Service Management Teams – 16 October 2017

Internal Audit staff met with:

Aberdeen City Health and Social Care Partnership Executive Team (25 October 2017)

Communities Housing and Infrastructure SMT (31 October 2017)

Education and Children's Service's DLT (7 November 2017)

Corporate Governance SMT (6 December 2017)

Input to planning process received from KPMG (External Audit) 22 November 2017

Developed draft plan for circulation to ECMT on 24 November 2017

Comments on analysis and draft plan required by 11 December 2017

Updated draft of plan submitted to CMT on 21 December 2017

Meeting between Co-Leaders and Chief Internal Auditor held to discuss planning process and content – 10 January 2018.

Plan resubmitted to CMT on 18 January 2018 for agreement

Plan to be submitted to Audit Risk and Scrutiny Committee on 22 February 2018

## **APPENDIX B2**

### **DRAFT 2018/19 INTERNAL AUDIT PLAN FOLLOWING CONSULTATION WITH CMT ON 21.12.17 AND 18.01.18**

**NOTE – BASED ON CURENT COUNCIL STRUCTURE**

## CROSS SERVICE

Area	Scope	Objective	Link to RR	Target AR&SC Date
Transformation	Review of the Council's progress in achieving its transformational aspirations (Target Operating Model project management, goals / milestones, progress, controls around "lift and shift" of headcount and budget, role of Establishment Control Board, and New Scheme of Governance)	To provide assurance that the Council has appropriate arrangements in place to ensure the success of its transformational aspirations.	Corp001 ECS006/018 CH&I 02/10 CG008/9/10	September 2018
Voluntary Severance / Early Retirement (VSER) Scheme	Voluntary Severance / Early Retirement (VSER)	To provide assurance that the terms of the VSER Scheme are complied with and that payments made / enhancements to pensions are accurate.	N/A	December 2018
Timesheets and Allowances	Timesheets and Allowances paid to Council staff	To provide assurance that payments are accurate and justified, and that improvements recommended in previous reviews have been fully implemented.	N/A	September 2018
Health and Safety	Health and Safety Arrangements across the Council	To provide assurance that appropriate arrangements to manage Health and Safety have been implemented across the Council.	Corp002 ECS003 CH&I 4 CG006	February 2019
Compliance with Procurement Legislation and Council Regulations	Procurement across the Council including review of on / off contract spend, contract register, third party spend process (raising of purchase orders)	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.	Corp004 ECS007 CG011	December 2018
Prevention of Fraud, Bribery and Corruption	Arrangements in place to prevent fraud, bribery and corruption	To provide assurance that the Council's arrangements for the prevention of fraud, bribery and corruption are adequate and proportionate.	Corp006	February 2019

<b>Area</b>	<b>Scope</b>	<b>Objective</b>	<b>Link to RR</b>	<b>Target AR&amp;SC Date</b>
General Data Protection Regulations	Data Protection – information management and security	To provide assurance that the Council has adequate arrangements in place, that are understood throughout the organisation, to protect the Council's information.	Corp007 CH&I 08 CG005	September 2018
Creditors Payments	Payments made following interface to the Creditors System from Care First, Caps Uniform, TALIS, Total Consilium, Confirm and Tranman	To provide assurance that there are adequate controls around the interface of payment data from named systems to the Creditors System (supporting documentation for and authorisation controls over input data, segregation of duties, accuracy and reconciliation of interfaced data sent and received) and that any associated balance sheet / suspense codes are reconciled on a regular basis.	N/A	June 2018
Digital Booking, Fees and Charges	Council's programme for digitising booking, fees and charges	To provide assurance over the controls around on-line booking and collection of fees and charges	N/A	April 2019

## **EDUCATION AND CHILDREN'S SERVICES**

<b>Area</b>	<b>Scope</b>	<b>Objective</b>	<b>Link to RR</b>	<b>Target AR&amp;SC Date</b>
Music Centre	Review income, expenditure (procurement and payroll), and inventory	To provide assurance that procedures have been improved following completion of work undertaken by Corporate Investigation Team.	N/A	April 2019
Pupil Equity Fund	Pupil Equity Fund	To provide assurance that schools are spending in accordance with their plans, and that these were developed as required, to close the poverty related attainment gap.	N/A	February 2019
Devolved Education Management	Devolved Education Management Scheme	To provide assurance that the scheme in place is adequate and that the decision making process is appropriate based on delegations in place.	ECS010	September 2018

## COMMUNITIES HOUSING AND INFRASTRUCTURE

Area	Scope	Objective	Link to RR	Target AR&SC Date
i-World	i-World Housing Management System	To provide assurance that appropriate control is being exercised over the i-World system and that interfaces to and from other systems are accurate and properly controlled.	CH&I 03	February 2019
Craft Workers' Terms and Conditions	Craft Workers' Payroll	To provide assurance that new Terms and Conditions have been implemented and are being complied with.	N/A	February 2019
Housing Rent	Impact of Universal Credit on rent collection.	To provide assurance that appropriate arrangements have been put in place to manage the impact of Universal Credit on rent collection including intervention relating to identified vulnerable cases.	N/A	September 2018
Contract Management	Management of high risk contracts	To focus on recent identified issues:- <ul style="list-style-type: none"> <li>- 3<sup>rd</sup> Don Crossing</li> <li>- Photovoltaic Panels</li> </ul> To include data / intelligence used for monitoring and escalation of risk.	Corp004	April 2019
Interreg Projects	Interreg Projects where Aberdeen City Council is involved as a Lead Partner and / or Project Partner	To certify required grant claims in accordance with Programme Secretariat requirements.  <i>There will be no specific reporting to management and / or Audit Risk and Scrutiny Committee in relation to these grant claims unless a significant issue were identified.</i>	N/A	N/A

## CORPORATE GOVERNANCE

Area	Scope	Objective	Link to RR	Target AR&SC Date
Bond Governance	Bond Trust Deed	To provide assurance that the requirements of the Bond Trust Deed are complied with.	N/A	February 2019
Debtors System	Debtors System	To provide assurance over system controls, documentation supporting invoices raised and debt recovery process.	N/A	September 2018
VAT	VAT	To provide assurance over arrangements in place to maximise the recovery of VAT and ensure that VAT recovered is adequately supported.	N/A	September 2018
Business Rates	Business Rates	To provide assurance over the accuracy of Business Rates billing and robustness of collection arrangements.	N/A	December 2018
Data security in a cloud based environment	Arrangements in place to ensure the ongoing security of systems / data moved to a cloud based environment	To provide assurance over the Council's arrangements to ensure data security where business is transacted through the Cloud.	CG005	December 2018
Digital Strategy	Digital Strategy	To provide assurance that there are appropriate plans in place to manage the Council's digital strategy including reporting of progress against established milestones.	N/A	September 2018

## HEALTH AND SOCIAL CARE PARTNERSHIP

Area	Scope	Objective	Link to RR	Target AR&SC Date
Criminal Justice	Criminal Justice Service	To provide assurance that adequate control is exercised over income and expenditure, that system data is accurate and adequately supported, and that reporting arrangements between the Council and IJB are appropriate.	N/A	April 2019
Charging Policy	Health and Social Care Partnership Charging Policy	To provide assurance that there is a clear charging policy in place and that it is being complied with.	N/A	September 2018
National Care Home Contract	Sustainability	To provide assurance that risk to supply is controlled through adequate monitoring of supply and suppliers and related business continuity plans. (Ref Kingsmead Nursing Home.)	Corp004	December 2018

## GENERAL

Area	Scope	Objective	Link to RR	Target AR&SC Date
Reporting to Audit Risk and Scrutiny Committee	Reporting Internal Audit outputs to Audit Risk and Scrutiny Committee	To report the outcome of Internal Audit assignments to the Audit Risk and Scrutiny Committee	N/A	All
Follow up of Agreed Recommendations	Recommendations agreed in final Internal Audit reports	To provide assurance (as required by the Public Sector Internal Audit Standards) to the Audit Risk and Scrutiny Committee that actions agreed in Internal Audit reports are completed within agreed timescales.	N/A	All
Additional Work and Investigations	Additional Work and Investigations as identified through Internal Audit work, requested by the Audit Risk and Scrutiny Committee, or requested by management	To provide an allocation of time as a contingency in relation to any additional work or investigation requests received. Any such requests may impact on progress with planned work.	N/A	As required



## ABERDEEN CITY INTEGRATION JOINT BOARD

This part of the overall plan relates to the Aberdeen City Integration Joint Board and its content will be agreed with the Aberdeen City Integration Joint Board Audit and Performance Systems Committee in April 2018

Area	Scope	Objective	Link to RR	Target AR&SC Date
Budget Setting, Monitoring and Financial Reporting	IJB Budget Setting, Monitoring and Financial Reporting	To provide assurance that appropriate arrangements are in place regarding IJB budget and financial reporting.	HSCP 2	Following reporting to IJB A&PS Committee
Directions	Directions	To provide assurance that the arrangements in place for issuing Directions, and the Directions themselves, are appropriate, and that adequate procedures are in place for monitoring performance.	N/A	Following reporting to IJB A&PS Committee
New Models of Delivery / Co-location of staff	IJB's arrangements following introduction of new structure from April 2018	To provide assurance over the IJB's arrangements regarding their new structure from April 2018 ensuring that accountability and reporting arrangements are clear, appropriate policies and procedures are in place, and that there is clarity regarding schemes of delegation.	N/A	Following reporting to IJB A&PS Committee

## NORTH EAST OF SCOTLAND PENSION FUND

This part of the overall plan relates to the North East of Scotland Pension Fund and its content will be agreed with the Pensions Committee in March 2018

Area	Scope	Objective	Link to RR	Target AR&SC Date
Governance arrangements including risk management.	Governance arrangements including risk management.	To provide assurance over the governance arrangements procedures in place including risk management and performance management.	KP1 KP2	Outcome will be reported to the Pensions Committee

# APPENDIX B3

## ANALYSIS OF RISK REGISTERS

**Key**

	<b>No Previous IA Coverage</b>
	<b>Some Previous IA Coverage</b>
	<b>Previous IA Coverage as Detailed</b>
	<b>Proposed Inclusion in IA Plan</b>

## CORPORATE RISK REGISTER

Risk No.	Risk	Definition	CMT Control Effectiveness Assessment	Previous Internal Audit Coverage	Proposed Inclusion in 2018/19 Internal Audit Plan	Management Comment
Corp001	Our workforce model and ways of working do not meet the requirements of our target operating model	The quality of the workforce is key to the delivery of high quality services and to implementing the transformation and improvement agendas.	Partially Effective – 4	None	Cross Service review of Workforce Planning. See also ECS006, CH&I 02, CG008 and HSCP 11	CMT 21.12.17: Propose 2019/20. WP been reviewed by external audit and further review would fit better following bedding in of organisational design and new appointment to Chief Officer People and Organisation.
Corp002	Corporate health and safety and corporate landlord responsibilities are breached	The Council is required by law to safeguard its employees and members of the public to ensure their health and safety through effective implementation of the Health and Safety Policy and the proper delivery of corporate landlord responsibilities.	Fully Effective – 1 Partially Effective – 7	Health and Safety – None – initially included in IA Plan for 2016/17 but rejected by management as other assurance arrangements being sought. September 2017 – IA Report AC1806 “Corporate Landlord Responsibilities”	Cross Service review of Health and Safety arrangements in place. See also ECS003, CH&I 04 and CG006	CMT 21.12.17: Need to co-ordinate assurance work with the H&S function who have recently undertaken a major review and are developing their assurance plans.

Risk No.	Risk	Definition	CMT Control Effectiveness Assessment	Previous Internal Audit Coverage	Proposed Inclusion in 2018/19 Internal Audit Plan	Management Comment
Corp003	Inadequate levels of assurance that statutory obligations are met and that legislative and policy changes are anticipated or planned for	The Council must be aware of its statutory obligations, ensure that these are met and plan for changes in legislation and policy and ensure that risks to functions and services are managed and opportunities seized.	Fully Effective – 1 Partially Effective – 3	None	Cross Service review to ensure that the Council has appropriate arrangements in place to identify forthcoming changes in government policy, legislation and regulation so that action can be taken to ensure compliance. See also ECS004, CH&I 06 and CG007.	CMT 21.12.17: This is covered by regular reporting to CMT.
Corp004	Poor contract management	An effective and properly maintained contracts register underpins good supplier management and efficient use of resources	Partially Effective – 4	June 2016 – IA Report AC1623 and February 2017 – IA Report AC1717 – both on Council Wide “Compliance with Procurement related Legislation and Financial Regulations”.  April 2016 – IA Report AC1619 “Social Work Tendering”	Cross Service review to ensure compliance with procurement related legislation and internal governance arrangements. See also ECS007 and CG011	CMT 21.12.17: Agreed

<b>Risk No.</b>	<b>Risk</b>	<b>Definition</b>	<b>CMT Control Effectiveness Assessment</b>	<b>Previous Internal Audit Coverage</b>	<b>Proposed Inclusion in 2018/19 Internal Audit Plan</b>	<b>Management Comment</b>
Corp005	Not adequately planning for emergencies (as defined by the Civil Contingencies Act 2004) which may affect Aberdeen City and/or an incident having a significant adverse effect on the operations of Aberdeen City Council.	The risk could occur through a lack of leadership which results in inadequate planning for and testing for civil contingency events, which results in an inadequate rescue and recovery in the event of a real incident	Fully Effective – 2 Partially Effective – 3	August 2017 – IA Report AC1804 “Business Continuity Planning”	No	CMT 21.12.17: Agreed
Corp006	The Council is exposed to fraud, bribery and corruption	Failure to maintain effective policies, procedures and skills for the identification and investigation of suspected fraud, bribery and corruption, places the Council at risk of financial loss and reputational damage.	Fully Effective – 5 Partially Effective – 4	None	Review of Council’s arrangements for the prevention of fraud, bribery and corruption (to include review of arrangements relating to Whistleblowing)	CMT 21.12.17: Agreed
Corp007	Poor information management and security	Inadequate protection for data held by the Council carries risk for the safety of individuals and the ability of the Council to manage its essential functions and to deliver services	Fully Effective – 4 Partially Effective – 10	September 2016 – IA Report AC1707 “Data Protection”	Review to ensure that the Council’s arrangements for GDPR compliance are adequate. See also CH&I 08 and CG005	CMT 21.12.17: Agreed

Risk No.	Risk	Definition	CMT Control Effectiveness Assessment	Previous Internal Audit Coverage	Proposed Inclusion in 2018/19 Internal Audit Plan	Management Comment
Corp008	The Council does not appropriately manage its response to the requirements of the National Scottish Child Abuse Inquiry	Need to manage the potential impact of the ongoing Inquiry on the people and place of Aberdeen, taking into account our duty of care to any affected children and their families. The Inquiry may also prompt those affected to seek compensation from the Council. Currently there is no financial allocation funding to cover any claims or risks and insurance cover is unlikely to be relevant/high enough.	Partially Effective – 3	None	Watching brief – no specific review planned	CMT 18.01.18: Agreed

## EDUCATION AND CHILDREN'S SERVICES RISK REGISTER

Risk No.	Risk	Definition	ECS Control Effectiveness Assessment	Previous Internal Audit Coverage	Proposed Inclusion in 2018/19 Internal Audit Plan	Management Comment
ECS001	Business Continuity Planning is not managed or tested	Effective and robust Business Continuity Planning and Disaster Recovery arrangements are essential to safeguard public services and to protect communities.	Fully Effective – 2 Partially Effective – 6	August 2017 – IA Report AC1804 “Business Continuity Planning”	No	CMT 18.01.18: Agreed
ECS002	Performance management arrangements are not robust	Performance management supports an effective compliance culture and change and continual improvement processes.	Fully Effective – 2 Partially Effective – 2	None	Service specific review examining arrangements for performance management	CMT 21.12.17: 2019/20 at earliest. A new function is being brought together across the Council in 18/19.
ECS003	Non-compliance with health and safety management system	The Council is required by law to safeguard its employees and users and to ensure their wellbeing through effective implementation of the Health and Safety Policy.	Fully Effective – 1 Partially Effective – 2	September 2017 – IA Report AC1804 “Health and Safety – SSERC”	See Corp002 – Cross Service review of Health and Safety arrangements in place.	CMT 21.12.17: Need to co-ordinate assurance work with the H&S function who have recently undertaken a major review and are developing their assurance plans.

Risk No.	Risk	Definition	ECS Control Effectiveness Assessment	Previous Internal Audit Coverage	Proposed Inclusion in 2018/19 Internal Audit Plan	Management Comment
ECS004	Legislative and policy changes are not anticipated or planned for	The Council must be aware and plan for changes in legislation and policy and ensure that risks to functions and services are managed and opportunities seized	Fully Effective – 2 Partially Effective – 3	None	See Corp003 – Cross Service review to ensure that the Council has appropriate arrangements in place to identify forthcoming changes in government policy, legislation and regulation so that action can be taken to ensure compliance.	CMT 21.12.17: This is covered by regular reporting to CMT.
ECS005	Appropriate governance of ALEOS is not in place	The Council delivers services for sports and arts through Arms-Length External Organisations and it must ensure that these organisations are delivering the services specified in the contract agreements and that robust governance arrangements are in place within each ALEO	Fully Effective – 1 Partially Effective – 1 Not Effective – 1	February 2016 – IA Report AC1621 “ALEOs” – review of governance arrangements between the Council and its ALEOs, including determination of sources of assurance regarding RM internal controls, and staff and information governance. August 2017 – IA Report 1722 “ALEOs – Management by Services”.	No.. Assurance can be gained from previous work and recent changes being proposed.	CMT 18.01.18: Agreed



Risk No.	Risk	Definition	ECS Control Effectiveness Assessment	Previous Internal Audit Coverage	Proposed Inclusion in 2018/19 Internal Audit Plan	Management Comment
ECS006	Service delivery is hindered by staff recruitment and retention issues	The quality of the workforce is key to the delivery of high quality services and to implementing the transformation and improvement agendas. With high staff vacancies the pace of change may be slowed and more pressure put on the staff in post.	Fully Effective – 2	November 2015 – IA Report AC1601 – Council wide “Recruitment and Selection”	See Corp001 – Cross Service review of Workforce Planning	CMT 21.12.17: Propose 2019/20. WP been reviewed by external audit and further review would fit better following bedding in of organisational design and new appointment to Chief Officer People and Organisation.
ECS007	Poor contract management	An effective and properly maintained contracts register underpins good supplier management and efficient use of resources.	Fully Effective – 1 Partially Effective – 4	June 2016 – IA Report AC1623 and February 2017 – IA Report AC1717 – both on Council Wide “Compliance with Procurement related Legislation and Financial Regulations”.  April 2016 – IA Report AC1619 “Social Work Tendering”	See Corp004 – Cross Service review to ensure compliance with procurement related legislation and internal governance arrangements	CMT 18.01.18: Agreed

Risk No.	Risk	Definition	ECS Control Effectiveness Assessment	Previous Internal Audit Coverage	Proposed Inclusion in 2018/19 Internal Audit Plan	Management Comment
ECS008	Growing demographic demands result in service delivery pressures	ECS services are increasingly delivering to a greater number of looked after and accommodated children and to a greater number of school aged pupils.	Fully Effective – 4 Partially Effective – 1	None – although, Internal Audit has a planned 2017/18 review of Pre-School Commissioned Places which is looking at the areas of concern.	No	CMT 18.01.18: Agreed
ECS009	Physical condition of the ECS Estate is insufficient to meet service delivery demands	The ECS estate is unable to provide a platform from which effective service delivery can be maintained.	Fully Effective – 5	None	No.	CMT 18.01.18: Agreed
ECS010	Financial planning is not robust	The Council faces continuing and increasing pressure to deliver services in an environment of reducing financial resources. Robust financial planning is essential to ensure that high class services are delivered to the citizens of Aberdeen.	Fully Effective – 3 Partially Effective – 1	May 2017 – IA Report AC1719 “Revenue Budget Setting” “Partially Effective” control relates to DEM Scheme	Review of DEM Scheme to ensure that it complies with requirements and that decisions made are appropriate based on delegations in place.	CMT 18.01.18: Agreed

<b>Risk No.</b>	<b>Risk</b>	<b>Definition</b>	<b>ECS Control Effectiveness Assessment</b>	<b>Previous Internal Audit Coverage</b>	<b>Proposed Inclusion in 2018/19 Internal Audit Plan</b>	<b>Management Comment</b>
ECS011	Major SEEMiS and / or CareFirst systems failure	Secure, well-functioning IT systems are critical to carrying out statutory Education and Children's Social Work functions.	Fully Effective – 6 Partially Effective – 2	November 2016 – IA Report AC1709 "Care First System"  October 2017 – Draft IA Report AC1810 "Major IT Business Systems"  SEEMiS	No	CMT 18.01.18: Agreed
ECS012	Failure of partnership working with key stakeholders to deliver for children and young people	To ensure an effective delivery of the GIRFEC agenda, agencies must work together to deliver the best life and educational outcomes for children and young people.	Fully Effective – 4	None	No.	CMT 21.12.17: Agreed
ECS013	Failure to implement 'Reclaiming Social Work.'	Reclaiming Social Work aims to deliver earlier interventions for children and young people based on a community model.	Fully Effective – 3 Partially Effective – 1	None	Review of progress with Reclaiming Social Work	Potential to include this in 2019/20 to gauge effectiveness of proposals being implemented.

<b>Risk No.</b>	<b>Risk</b>	<b>Definition</b>	<b>ECS Control Effectiveness Assessment</b>	<b>Previous Internal Audit Coverage</b>	<b>Proposed Inclusion in 2018/19 Internal Audit Plan</b>	<b>Management Comment</b>
ECS014	Failure to deliver the implementation of the Inclusion Review	The implementation of the Inclusion Review will lead to pupils being educated in their local schools with the introduction of supports. It will appropriately support the Council to reduce the need for young people to be educated in out of authority placements.	Fully Effective – 4 Partially Effective – 2	2017/18 IA Plan includes a review of Out of Authority Placements with the objective of reviewing progress with implementing the Inclusion Review. Due to be reported to the AR&S Committee in April 2018.	No	CMT 21.12.17: Agreed
ECS015	Failure to deliver statutory obligations for early learning and childcare	Local authorities are required to deliver 600 hours per year of early learning and childcare for all 3 & 4 year olds and 27% of eligible 2 year olds and by 2020 this will increase to 1,140 per year by 2020.	Fully Effective – 3 Partially Effective – 1	2016/17 IA Plan includes a review of Pre-School Commissioned Places which will include consideration of plans in place to deliver the Scottish Government's expansion in early education and childcare which comes into force in August 2020	No	CMT 21.12.17: Agreed

<b>Risk No.</b>	<b>Risk</b>	<b>Definition</b>	<b>ECS Control Effectiveness Assessment</b>	<b>Previous Internal Audit Coverage</b>	<b>Proposed Inclusion in 2018/19 Internal Audit Plan</b>	<b>Management Comment</b>
ECS016	Fundraising for the Aberdeen Art Gallery refurbishment and extension does not meet the previously agreed target of £10 million	The Council is committed to refurbishing and extending the Aberdeen Art Gallery, with funding from 3 equal sources – Council capital programme, heritage Lottery Fund and public fundraising. The risk is that public fundraising does not meet the agreed £10 million target.	Fully Effective – 3 Partially Effective – 1	None	No	CMT 21.12.17: Agreed
ECS017	Unaccompanied Asylum Seeking Children	The Council is preparing for the anticipated arrival of a number of UASC in Aberdeen following a planned change to Scottish legislation and their dispersal from accommodation sites in England.	Fully Effective – 2	None	No	CMT 21.12.17: Agreed
ECS018	Council Transformation	None	Fully Effective – 1 Not Effective - 1	None	Internal Audit proposal to undertake a review of the Council's progress in achieving its transformational aspirations (Target Operating Model project management, goals / milestones, progress, etc)	CMT 21.12.17: Agreed

## COMMUNITIES HOUSING AND INFRASTRUCTURE

Risk No.	Risk	Definition	CH&I Control Effectiveness Assessment	Previous Internal Audit Coverage	Proposed Inclusion in 2018/19 Internal Audit Plan	Management Comment
CH&I 01	Business Continuity Planning is ineffective or uncoordinated	Effective and robust Business Continuity Planning and Disaster Recovery arrangements are essential to safeguard services and to protect communities.	Fully Effective – 1 Partially Effective – 3 Not Effective – 1	August 2017 – IA Report AC1804 “Business Continuity Planning”	No	CMT 21.12.17: Agreed
CH&I 02	Workforce planning is ineffective	The quality of the workforce is key to the delivery of high quality services and to implementing the transformation and improvement agendas.	Partially Effective – 2 Not Effective – 3	None	See Corp001 – Cross Service review of Workforce Planning	CMT 21.12.17: Propose 2019/20. WP been reviewed by external audit and further review would fit better following bedding in of organisational design and new appointment to Chief Officer People and Organisation.
CH&I 03	Major IT business systems failure: i-World, Consilium, Confirm, Tranman, Uniform, Flare	Secure, well-functioning business systems are critical to carrying out statutory functions, providing essential services and ensuring legal compliance.	Fully Effective – 4 Partially Effective – 3	October 2017 – Draft IA Report AC1810 “Major IT Business Systems”  No specific review of individual systems detailed to date.	Propose a review of i-World – Housing Management System	CMT 18.01.18: Agreed

Risk No.	Risk	Definition	CH&I Control Effectiveness Assessment	Previous Internal Audit Coverage	Proposed Inclusion in 2018/19 Internal Audit Plan	Management Comment
CH&I 04	Poor health, safety and wellbeing safeguards for employees and service users	The Council is required by law to safeguard its employees and members of the public to ensure their health and safety through effective implementation of the Health and Safety Policy.	Fully Effective – 1 Partially Effective – 3	None – initially included in IA Plan for 2016/17 but rejected by management as others assurance arrangements being sought.	See Corp002 – Cross Service review of Health and Safety arrangements in place.	CMT 18.01.18: Agreed
CH&I 05	Poor performance management structures	<i>None detailed in risk register</i>	Partially Effective – 6	None	Service specific review examining arrangements for performance management	CMT 21.12.17: 2019/20 at earliest. A new function is being brought together across the Council in 18/19.
CH&I 06	Legislative and policy changes are not anticipated or planned for	The Council must be aware and plan for changes in legislation and policy and ensure that risks to functions and services are managed and opportunities seized.	Fully Effective – 1 Partially Effective – 4	None	See Corp003 – Cross Service review to ensure that the Council has appropriate arrangements in place to identify forthcoming changes in government policy, legislation and regulation so that action can be taken to ensure compliance.	CMT 21.12.17: This is covered by regular reporting to CMT.
CH&I 07	Strategic and Directorate Business Plan commitments are not delivered	The Strategic, Directorate and Team Plans set out our commitments to improved service delivery and the achievement of better outcomes in a Best Value culture	Partially Effective – 7	None	See CH&I 05 – Service specific review examining arrangements for performance management	CMT 21.12.17: 2019/20 at earliest. A new function is being brought together across the Council in 18/19.

Risk No.	Risk	Definition	CH&I Control Effectiveness Assessment	Previous Internal Audit Coverage	Proposed Inclusion in 2018/19 Internal Audit Plan	Management Comment
CH&I 08	Data security is breached.	Failure to maintain effective data security arrangements leads to serious financial and reputational damage as well as placing others at harm.	Fully Effective – 4	September 2016 – IA Report AC1707 “Data Protection”	See Corp007 – Review of Council’s arrangements to ensure that the Council’s arrangements for GDPR compliance are adequate.	CMT 21.12.17: Agreed
CH&I 09	Processes to manage and benefit from the effects of severe weather and climate change are not effective.	The Council is required to comply with key legislative requirements, including Public Bodies (Scotland) Climate Change Act (2009).	Fully Effective – 1 Partially Effective – 2 Not Effective – 3	None	No	CMT 21.12.17: Agreed
CH&I 10	Poor employee engagement levels	Internal and external influences on the management of change in the delivery of services and core functions may impact negatively on workforce morale	Fully Effective – 11 Partially Effective – 13	None	Internal Audit proposal to undertake a review of the Council’s progress in achieving its transformational aspirations (Target Operating Model project management, goals / milestones, progress, etc)	CMT 21.12.17: Agreed
CH&I 11	Non-compliance with statutory requirements in relation to Corporate Landlord Role	The Council is required to maintain it’s building in an appropriate condition and undertake cyclical maintenance on systems and to ensure staff and the public remain safe and buildings are maintained effectively.	Fully Effective – 11 Partially Effective – 2	September 2017 – IA Report AC1806 “Corporate Landlord Responsibilities”	No	CMT 21.12.17: Agreed



<b>Risk No.</b>	<b>Risk</b>	<b>Definition</b>	<b>CH&amp;I Control Effectiveness Assessment</b>	<b>Previous Internal Audit Coverage</b>	<b>Proposed Inclusion in 2018/19 Internal Audit Plan</b>	<b>Management Comment</b>
CH&I 12	Management failures / slippage in the delivery of capital projects / failure to secure and or retain funding from external sources impacts negatively on the Council's financial stewardship	The Council is committed to the delivery of its strategic and capital planning priorities. Failure to deliver these priorities within time scale is a highly significant risk	Fully Effective – 3 Partially Effective – 5 Not Effective – 1	2017/18 IA Plan includes a review of Capital Plan including mechanisms for setting, progressing and monitoring the plan. Due to be reported to the AR&S Committee in April 2018.	No	CMT 21.12.17: Agreed
CH&I 13	Capital Programme is not managed effectively	The Council faces continuing and increasing pressure to deliver services in an environment of reducing financial resources	Fully Effective – 4 Partially Effective – 3 Not Effective – 1		No	CMT 21.12.17: Agreed
CH&I 14	Not effectively communicating and engaging with Customers	The importance of engaging with customers cannot be overstated particularly with the advent of social media and the immediacy of information. It is important to have awareness and understanding of customers' expectations and to match or manage these	Partially Effective – 5 Not Effective – 1	None	No	CMT 21.12.17: Agreed

<b>Risk No.</b>	<b>Risk</b>	<b>Definition</b>	<b>CH&amp;I Control Effectiveness Assessment</b>	<b>Previous Internal Audit Coverage</b>	<b>Proposed Inclusion in 2018/19 Internal Audit Plan</b>	<b>Management Comment</b>
CH&I 15	Poor financial management and financial decision making	The Council must comply with requirements of good financial stewardship	Fully Effective – 3 Partially Effective – 1	Various audits covering Budget Setting, Budget Monitoring, Capital Plan.	No	CMT 21.12.17: Agreed
CH&I 16	Governance of the operation and management of AECC Ltd. is inadequate to minimise risk posed to the Council	The operation of ALEOS in carrying out services or functions devolved by the Council poses risks for the Council.	Fully Effective – 3 Partially Effective – 2	See ECS005	No	CMT 21.12.17: Agreed
CH&I 17	Governance of the operation and management of Aberdeen Heat and Power Ltd is adequate to minimise risk posed to the Council	The operation of ALEOS in carrying out services or functions devolved by the Council poses risks to the Council	Fully Effective – 11 Partially Effective – 5 Not Effective – 2		No	CMT 21.12.17: Agreed

Risk No.	Risk	Definition	CH&I Control Effectiveness Assessment	Previous Internal Audit Coverage	Proposed Inclusion in 2018/19 Internal Audit Plan	Management Comment
"Corp 10"	Full occupancy of the Marischal Square scheme, impacting the financial and reputational status of ACC, is not achieved	The risk reflects the high importance of maximising occupancy rates of retail, office and hotel accommodation in order to realise all of the full range of outcomes that were anticipated from the development including the mitigation of financial and reputational impacts and delivery of city centre regeneration objectives.	No management assessment	None	No	CMT 21.12.17: Agreed

## CORPORATE GOVERNANCE

Risk No.	Risk	Definition	CG Control Effectiveness Assessment	Previous Internal Audit Coverage	Proposed Inclusion in 2018/19 Internal Audit Plan	Management Comment
CG001	Business Continuity Planning is not managed or tested	Effective and robust Business Continuity Planning and Disaster Recovery arrangements are essential to safeguard public services and to protect communities	Fully Effective – 3 Partially Effective – 2 Not Effective – 1	August 2017 – IA Report AC1804 “Business Continuity Planning”	No	CMT 21.12.17: Agreed
CG002	Poor performance management structures	Performance management supports an effective compliance culture and change and improvement processes	Fully Effective – 5 Partially Effective – 1	None	Service specific review examining arrangements for performance management	CMT 21.12.17: 2019/20 at earliest. A new function is being brought together across the Council in 18/19.
CG003	<i>None</i>	N/A	N/A	N/A	N/A	N/A
CG004	Poor financial compliance	The Council is bound to comply with financial stewardship requirements	Fully Effective – 3 Partially Effective – 1	Various audits undertaken that relate to compliance with financial stewardship	No	CMT 21.12.17: Agreed
CG005	Inadequate information and data management	The Council is required by law to evidence that appropriate management of its information and Data protection legislation binds the Council to hold data securely and only for the purpose it was collected.	Fully Effective – 3 Partially Effective – 1	August 2016 – IA Report AC1710 “Public Records (Scotland) Act”.  September 2016 – IA Report AC1707 “Data Protection”.	See Corp007 – Review of Council’s arrangements to ensure that the Council’s arrangements for GDPR compliance are adequate.	CMT 21.12.17: Agreed

Risk No.	Risk	Definition	CG Control Effectiveness Assessment	Previous Internal Audit Coverage	Proposed Inclusion in 2018/19 Internal Audit Plan	Management Comment
CG006	Non-compliance with health and safety management system	The Council is required by law to safeguard its employees and members of the public to ensure their health and safety through effective implementation of the Health and Safety Policy.	Fully Effective – 1 Partially Effective – 6	None – initially included in IA Plan for 2016/17 but rejected by management as other assurance arrangements being sought.	See Corp002 – Cross Service review of Health and Safety arrangements in place.	CMT 21.12.17: Agreed
CG007	Legislative and policy changes are not anticipated or planned for	The Council must be aware and plan for changes in legislation and policy and ensure that risks to functions and services are managed and opportunities seized.	Fully Effective – 3 Partially Effective – 2	None	See Corp003 – Cross Service review to ensure that the Council has appropriate arrangements in place to identify forthcoming changes in government policy, legislation and regulation so that action can be taken to ensure compliance.	CMT 21.12.17: This is covered by regular reporting to CMT.
CG008	Workforce planning is ineffective	The quality of the workforce is key to the delivery of high quality services and to implementing the transformation and improvement agendas.	Fully Effective – 1 Partially Effective – 5	None	See Corp001 – Cross Service review of Workforce Planning	CMT 21.12.17: Propose 2019/20. WP been reviewed by external audit and further review would fit better following bedding in of organisational design and new appointment to Chief Officer People and Organisation.

Risk No.	Risk	Definition	CG Control Effectiveness Assessment	Previous Internal Audit Coverage	Proposed Inclusion in 2018/19 Internal Audit Plan	Management Comment
CG009	Poor employee engagement levels	Internal and external influences on the management of change in the delivery of services and core functions may impact negatively on workforce morale.	Partially Effective – 5	None	Internal Audit proposal to undertake a review of the Council's progress in achieving its transformational aspirations (Target Operating Model project management, goals / milestones, progress, etc)	CMT 21.12.17: Agreed
CG010	Change is not delivered or managed effectively	The Council is committed to a culture where transformation, innovation and improvement are forefront in delivering services in a constantly changing environment.	Partially Effective – 5	None	Internal Audit proposal to undertake a review of the Council's progress in achieving its transformational aspirations (Target Operating Model project management, goals / milestones, progress, etc)	CMT 21.12.17: Agreed
CG011	Poor contract management	An effective and properly maintained contracts register underpins good supplier management and efficient use of resources	Fully Effective – 1 Partially Effective – 4	June 2016 – IA Report AC1623 and February 2017 – IA Report AC1717 – both on Council Wide “Compliance with Procurement related Legislation and Financial Regulations”.  April 2016 – IA Report AC1619 “Social Work Tendering”	See Corp004 – Cross Service review to ensure compliance with procurement related legislation and internal governance arrangements	CMT 21.12.17: Agreed

Risk No.	Risk	Definition	CG Control Effectiveness Assessment	Previous Internal Audit Coverage	Proposed Inclusion in 2018/19 Internal Audit Plan	Management Comment
CG012	Strategic and Directorate Business Plan commitments are not delivered	The Strategic, Directorate and Team Plans set out our commitments to improved service delivery and the achievement of better outcomes in a Best Value culture.	Partially Effective – 7	None	See CG002 – Service specific review examining arrangements for performance management	CMT 21.12.17: 2019/20 at earliest. A new function is being brought together across the Council in 18/19.
CG013	Financial resources are not managed effectively	The Council faces continuing and increasing pressure to deliver services in an environment of reducing financial resources	Fully Effective – 3 Partially Effective – 5	November 2016 – IA Report AC1610 “Revenue Budget Monitoring”. May 2017 – IA Report AC1719 “Revenue Budget Setting”.	No	CMT 21.12.17: Agreed
CG014	Major IT business systems failure	Secure, well-functioning business systems are critical to carrying out statutory functions, providing essential services and ensuring legal compliance.	Partially Effective – 8	October 2017 – Draft IA Report AC1810 “Major IT Business Systems”	No	CMT 21.12.17: Agreed
CG015	Legal challenge over Non-Domestic Rates charges for unoccupied premises	<i>None detailed in risk register</i>	<i>No controls or control effectiveness assessment detailed in risk register</i>	None	Proposed review of Business Rates	CMT 21.12.17: Agreed
CG016	Inadequate planning for civil contingencies	<i>None detailed in risk register</i>	<i>No controls or control effectiveness assessment detailed in risk register</i>	August 2017 – IA Report AC1804 “Business Continuity Planning”	No	CMT 21.12.17: Agreed

# INTEGRATION JOINT BOARD / HEALTH AND SOCIAL CARE PARTNERSHIP

Risk No.	Risk	Definition	H&SCP Assessment of Risk	Previous Internal Audit Coverage	Proposed Inclusion in 2018/19 Internal Audit Plan	Management Comment
HSCP1	Significant market failure in Aberdeen City	Relates to the failure of providers in the third and independent sectors.	High Risk <i>Ref. potential market failure, commissioning plan and legislative risks.</i>	April 2016 – IA Report AC1619 “Social Work Tendering”	No.	CMT 18.01.18: Agreed
HSCP 2	Financial failure, that demand outstrips budget and IJB cannot deliver on priorities, statutory work, and project an overspend.	Relates to financial failure of the IJB.	High Risk <i>Ref. budget setting and monitoring. Current overspends / pressures, and recovery plans</i>	September 2017 – IA Report AC1724 “Post Integration Review” – covered elements of budget monitoring.  May 2017 – IA Report AC1719 “Revenue Budget Setting” for the Council.  July 2017 – PWC Report “HSCI Budget Setting and Staff Governance”	Review of IJB budget setting, monitoring and financial reporting arrangements.	CMT 18.01.18: Agreed
HSCP 3	Failure of the IJB to function, make decisions in a timely manner, etc.	Relates to the failure of the IJB to function.	Medium Risk <i>Refs review of standing orders (scheme of delegation) and recruitment of senior officers.</i>	September 2017 – IA Report AC1724 “Post Integration Review” – covered elements of governance.	No	CMT 18.01.18: Agreed



Risk No.	Risk	Definition	H&SCP Assessment of Risk	Previous Internal Audit Coverage	Proposed Inclusion in 2018/19 Internal Audit Plan	Management Comment
HSCP 4	That outcomes expected from hosted services are not delivered and that the IJB does not identify non-performance through its systems.	Relates to services that Aberdeen IJB hosts on behalf of Moray and Aberdeenshire, and those hosted by those IJBs and delivered on behalf of Aberdeen City	Medium Risk <i>Refs governance arrangements across all 3 HSCP's, largely via NHSG.</i>	None	No	CMT 18.01.18: Agreed
HSCP 5	Governance arrangements between the IJB and its partner organisations (ACC and NHSG) are not robust enough to provide necessary assurance within the current framework – leading to duplication of effort and poor relationships.	Relates to cross-body reporting arrangements.	Medium Risk <i>States continuing to evolve.</i>	September 2017 – IA Report AC1724 “Post Integration Review” – covered elements of governance and reporting.	No.	CMT 18.01.18: Agreed

Risk No.	Risk	Definition	H&SCP Assessment of Risk	Previous Internal Audit Coverage	Proposed Inclusion in 2018/19 Internal Audit Plan	Management Comment
HSCP 6	Services provided by ACC and NHS corporate services on behalf of the IJB do not have the capacity, are not able to work at the pace of the IJB's ambitions, or do not perform their function as required by the IJB to enable it to fulfil its functions.	Support from e.g. Finance, Legal etc might not have capacity to serve the HSCP to the full extent required to meet the changes it's trying to implement.	Medium Risk	N/A  Partly covered by audits of these services e.g. budget setting, budget monitoring, payroll, tendering etc.	No.	CMT 18.01.18: Agreed
HSCP 7	The IJB and the services that it directs and has operational oversight of fail to meet performance standards or outcomes as set by regulatory bodies.	Performance standards and regulatory / inspection compliance.	Medium risk. <i>Clinical and care governance committee and groups, being tested by GGI.</i>	None	Review of IJB arrangements for issuing Directions and monitoring of performance.	CMT 18.01.18: Agreed

<b>Risk No.</b>	<b>Risk</b>	<b>Definition</b>	<b>H&amp;SCP Assessment of Risk</b>	<b>Previous Internal Audit Coverage</b>	<b>Proposed Inclusion in 2018/19 Internal Audit Plan</b>	<b>Management Comment</b>
HSCP 8	Reputational damage to the IJB and its partner organisations resulting from the complexity of function, delegation and delivery of services across health and social care.	Seems to refer to potential for confusion over who delivers what and how.	High risk	September 2017 – IA Report AC1724 “Post Integration Review” – covered elements of governance and reporting.	No.	CMT 18.01.18: Agreed
HSCP 9	Failure to deliver transformation at a pace or scale required by the demographic and financial pressures in the system.	Managing the transition from Council and NHSG to IJB services, including transformation agenda and projects.	High risk.	September 2017 – IA Report AC1724 “Post Integration Review” – covered elements of governance and reporting.  Current (WIP) – IA Report AC1807 “Transformational Funding”	No	CMT 18.01.18: Agreed
HSCP 10	The IJB does not maximise the opportunities offered by locality working.	Development of locality based services, management and reporting as per legislation.	Medium Risk.	September 2017 – IA Report AC1724 “Post Integration Review” – covered elements of governance and reporting.	No	CMT 18.01.18: Agreed

Risk No.	Risk	Definition	H&SCP Assessment of Risk	Previous Internal Audit Coverage	Proposed Inclusion in 2018/19 Internal Audit Plan	Management Comment
HSCP 11	Workforce planning across the Partnership is not sophisticated enough to maintain future service delivery.	Plans for maintaining or adjusting the staffing complement and workforce profile (e.g. skillset, capacity, likely changes)	Medium Risk	None	See Corp001 – ACC Cross Service review of Workforce Planning	CMT 18.01.18: Agreed

## NORTH EAST OF SCOTLAND PENSION FUND

Risk No.	Risk	Definition	NESPF Assessment of Risk	Previous Internal Audit Coverage	Proposed Inclusion in 2018/19 Internal Audit Plan	Management Comment
<b>Key Priorities</b>						
KP1	Lack of effective risk management	Failure to identify and respond to risks with the potential to impact on our ability to achieve our objectives	Medium risk. Regular review	None	Proposed review of Governance Arrangements including Risk Management and Performance Management	CMT 18.01.18: Agreed
KP2	Poor Governance	Failure to ensure the Fund has in place a sound organisational framework, identifies responsibilities, manages its systems and processes and support the Council's culture and values	Low risk. Annual review and new f/w from April15	AC1725 Pension Fund Payroll October 2017;  AC1620 Pensions Investment Strategy & Management May 2016.	Proposed review of Governance Arrangements including Risk Management and Performance Management	CMT 18.01.18: Agreed
KP3	Lack of performance measures	Failure to measure how successful we are at delivering the Pension Fund Business Plan priorities and achieving improved outcomes for our scheme members	Medium risk. Statutory and local PI's being reported.	Looked at partly in AC1620 Pensions Investment Strategy & Management May 2016 (reporting of fund managers' performance)	Proposed review of Governance Arrangements including Risk Management and Performance Management	CMT 18.01.18: Agreed
KP4	Actuarial valuation – market volatility	Increase in employer contributions to meet unfunded position	Low risk. Valuations interim and final. 2017 tbc	None	No	CMT 18.01.18: Agreed

<b>Risk No.</b>	<b>Risk</b>	<b>Definition</b>	<b>NESPF Assessment of Risk</b>	<b>Previous Internal Audit Coverage</b>	<b>Proposed Inclusion in 2018/19 Internal Audit Plan</b>	<b>Management Comment</b>
KP5	GMP Equalisation	Failure to ensure that future member benefits are calculated correctly. Audit criticism and financial loss to the Fund	Low risk. Staff appointed to do this.	None	No	CMT 18.01.18: Agreed
KP6	Annual Review of workings of Pension Board and Pension Committee	Failure to ensure effective joint working of the Pension Board and Pension Committee, not compliant with Scheme Regs and Pension Regulator requirements	Low risk. Currently being reviewed by SPPA.	None	No – current review by SPPA	CMT 18.01.18: Agreed
KP7	New Global Custody Services	Failure to manage transition between old and new custodial arrangements. Financial loss through delay in service or errors in data	Medium risk. Has its own plan and risk register, regular reporting to Cttee.	None	No	CMT 18.01.18: Agreed

Risk No.	Risk	Definition	NESPF Assessment of Risk	Previous Internal Audit Coverage	Proposed Inclusion in 2018/19 Internal Audit Plan	Management Comment
<b>Pensions Regulator Requirements</b>						
PR1	Pension Administration system failure	Staff downtime, loss of service delivery	Low risk Externally hosted and backed up	2017/18 review of Pension Systems	No	CMT 18.01.18: Agreed
PR2	Unable to access workplace	Staff downtime, loss of service delivery	Medium risk. Council's disaster recovery policy.	August 2017 – IA Report AC1804 "Business Continuity Planning"	No	CMT 18.01.18: Agreed
PR3	Overpayment of pension benefits	Audit criticism, legal challenge, reputational risk	Low risk. Supervisory and segregation controls	AC1725 Pension Fund Payroll October 2017;	No	CMT 18.01.18: Agreed
PR4	Failure to maintain member records and comply with regulations	Incorrect pension payments, incorrect assessment of actuarial liabilities	Low risk. Regular checks of employers' data	AC1725 Pension Fund Payroll October 2017;	No	CMT 18.01.18: Agreed
PR5	Failure to carry out effective member tracing	Incorrect pension payments, incorrect assessment of actuarial liabilities	Low risk. ATMOS tracing system	AC1725 Pension Fund Payroll October 2017;	No	CMT 18.01.18: Agreed
PR6	Fraud/Negligence	Overpayment, unauthorised payments, system corruption, audit criticism, reputational damage	Low risk. Supervisory and segregation controls	AC1725 Pension Fund Payroll October 2017;	No	CMT 18.01.18: Agreed

Risk No.	Risk	Definition	NESPF Assessment of Risk	Previous Internal Audit Coverage	Proposed Inclusion in 2018/19 Internal Audit Plan	Management Comment
PR7	Failure to recruit and develop staff	Reduction in service delivery, poor operation of risk management controls	Medium risk. New structure 2016, training 2017	None	Proposed review of ACC workforce planning could cover this area.	CMT 18.01.18: Agreed
PR8	Fund's investments fail to deliver returns in line with anticipated returns required to meet the valuation of the long term liabilities	Increase in employer contributions	Medium risk. Regular updates and reviews to committee	AC1620 Pensions Investment Strategy & Management May 2016.	No	CMT 18.01.18: Agreed
PR9	Fall in bond yields, leading to risk in value placed on liabilities	Increase in employer contributions	Medium risk. Regular updates and reviews to committee	AC1620 Pensions Investment Strategy & Management May 2016.	No	CMT 18.01.18: Agreed
PR10	Pay and price inflation valuation assumptions either higher or lower	Increase in employer contributions	Low risk.	AC1620 Pensions Investment Strategy & Management May 2016.	No	CMT 18.01.18: Agreed
PR11	Longevity issues	Increase in employer contributions	Low risk. Actuarial assessments 3 yearly. Mentions 'strategy review to consider matching liabilities'	None	No	CMT 18.01.18: Agreed



<b>Risk No.</b>	<b>Risk</b>	<b>Definition</b>	<b>NESPF Assessment of Risk</b>	<b>Previous Internal Audit Coverage</b>	<b>Proposed Inclusion in 2018/19 Internal Audit Plan</b>	<b>Management Comment</b>
PR12	Employers leaving scheme/closing to new members due to cost	Residual liabilities could fall to other scheme employers	Medium risk. Monitoring and seeking 'guarantors'	None	No	CMT 18.01.18: Agreed
PR13	Failure to recover unfunded payments from employers, cross subsidy by other employers	Residual liabilities could fall to other scheme employers	Medium risk. Escalation process in place.	None	No	CMT 18.01.18: Agreed
PR14	Failure of world stock markets	Increase in employer contribution rates	Medium risk. Diversification and review.	AC1620 Pensions Investment Strategy & Management May 2016.	No	CMT 18.01.18: Agreed
PR15	Early retirement strategies by scheme employers	Pressure on cash flow	Medium. Engagement with employers	None	No – although proposed work on ACC VSER Scheme will cover this.	CMT 18.01.18: Agreed
PR16	Negligence, fraud, default by investment managers	Loss of value of the Fund, reputational damage	Low risk. Contract managed and 'audit' notices.	AC1620 Pensions Investment Strategy & Management May 2016.	No	CMT 18.01.18: Agreed

<b>Risk No.</b>	<b>Risk</b>	<b>Definition</b>	<b>NESPF Assessment of Risk</b>	<b>Previous Internal Audit Coverage</b>	<b>Proposed Inclusion in 2018/19 Internal Audit Plan</b>	<b>Management Comment</b>
PR17	Failure of Global Custodian	Loss of investments or control of investment	Low risk. Contract managed and 'audit' notices.	AC1620 Pensions Investment Strategy & Management May 2016.	No	CMT 18.01.18: Agreed
PR18	Failure to monitor investment managers and assets	Audit criticism, legal challenge, reputational risk	Medium risk. Regular review and reporting	AC1620 Pensions Investment Strategy & Management May 2016.	No	CMT 18.01.18: Agreed
PR19	Failure to comply with LGPS Regulations, Pensions Act, HMRC and other overriding regulations	Audit criticism, legal challenge, reputational risk, financial loss/financial penalties	Medium risk. Subject to 6 monthly compliance review	None	Proposed review of Governance Arrangements including Risk Management and Performance Management	CMT 18.01.18: Agreed
PR20	Investment options restricted by introduction of European Directive MiFIDII	Legal challenge, financial loss, increase in costs	Medium risk. Engagement, awareness and training	None	No	CMT 18.01.18: Agreed

Risk No.	Risk	Definition	NESPF Assessment of Risk	Previous Internal Audit Coverage	Proposed Inclusion in 2018/19 Internal Audit Plan	Management Comment
PR21	Potential risks and conflicts of interest between ACC and NESPF	Audit criticism, legal challenge, reputational risk	Medium risk. Regular meetings and register maintained.	None	Include testing in proposed review of Governance Arrangements (see risk KP2)	CMT 18.01.18: Agreed
PR22	Breach of Data Protection –theft or loss of data	Audit criticism, legal challenge, reputational risk	Low risk.	September 2016 – IA Report AC1707 “Data Protection” relating to ACC procedures which cover NESPF – staff have to complete ACC training.	See Corp007 – Review of Council’s arrangements to ensure that the Council’s arrangements for GDPR compliance are adequate.	CMT 18.01.18: Agreed
PR23	Failure to comply with FOI requests	Audit criticism, legal challenge, reputational risk	Low risk.	None – although Audit Risk and Scrutiny Committee has requested that IA review elements of FOI and report back to Committee.	No	CMT 18.01.18: Agreed
PR24	Failure to meet annual audit deadlines	Audit criticism, legal challenge, reputational risk	Low risk.	None	No. This would be picked up by external audit.	CMT 18.01.18: Agreed
PR25	Failure to monitor AVC arrangements	Audit criticism, legal challenge, reputational risk	Low risk. Annual review and some changes to be made.	None	No	CMT 18.01.18: Agreed
PR26	Failure to monitor employer covenants	Residual liabilities could fall to other scheme employers	Medium risk. Ongoing discussions	None	No	CMT 18.01.18: Agreed