

ABERDEEN CITY COUNCIL

COMMITTEE	Audit, Risk and Scrutiny Committee
DATE	14 February 2019
REPORT TITLE	Audit Plan 2019/20
REPORT NUMBER	IA/19/003
DIRECTOR	N/A
REPORT AUTHOR	David Hughes
TERMS OF REFERENCE	2.1

1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to seek approval of the attached Internal Audit plan for 2019/20.

2. RECOMMENDATION

- 2.1 It is recommended that the Committee approve the attached Internal Audit Plan for 2019/20.

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 2019/20 is attached as appendix B and includes the Aberdeen City Integration Joint Board and North East of Scotland Pension Fund for information.
- 3.2 All audits included in the attached plan, as well as those in future plans, will help inform Internal Audit 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. The Councils have different risk profiles and assurance needs (although Internal Audit needs to gain its own assurances in order to complete its annual report). This means that, although similar services are being provided, the timing of reviews often varies. However, it is still possible to draw on and share best practice where this is identified.

- 3.5 The Audit, Risk and Scrutiny Committee agreed at its meeting on 26 June 2018 that single year plans continue to be developed as, due to the pace of change facing Local Government, it was considered too early to start developing three-year plans. It was agreed that this would result in agreed plans being subject to constant change as new risks were identified and addressed in a climate of constant change.
- 3.6 During the planning process, Internal Audit reviewed the Council's approved Risk Registers (where available) and consulted with the Chief Executive, Directors, and Chief Officers to ensure that areas which Officers 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 6 December 2018, with the Chief Executive on 11 January 2019, and CMT again on 31 January 2019, where it was agreed.
- 3.7 The above considerations, and those detailed in Appendix A, have resulted in a draft Internal Audit plan being produced (Appendix B). The plan details what Internal Audit anticipates being 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, although consideration needs to be given to the requirement for Internal Audit to complete sufficient work to provide an evidence based annual opinion.
- 3.8 In order to undertake the attached plan, Internal Audit has an establishment of thirteen posts. The annual budgeted cost for 2018/19 was £573,000 and it is anticipated that the budget for 2019/20 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

6.2 In order to ensure a risk-based approach to the Council’s internal audit activities, reference has been made in compiling the Internal Audit Plan to the Corporate Risk Register and Cluster Risk Registers, overseen by CMT and Chief Officers respectively. It is acknowledged that these are live documents, from which risks are escalated and de-escalated depending on management’s assessment of the effectiveness of controls. It is therefore expected that management will consider that the risks informing the Internal Audit Plan will become more or less significant over the course of the year. When responding to Internal Audit reports produced in 2019/20, Chief Officers have been instructed by CMT to refer to their current risk registers. This is intended to ensure that the management response to each audit is considered by management to be proportionate to the risk in that area. This may include Chief Officers proposing not to accept and implement an internal audit recommendation.

7. OUTCOMES

7.1 There are no direct impacts, as a result of this report, in relation to the Local Outcome Improvement Plan Themes of Prosperous Economy, People or Place, or Enabling Technology, or on the Design Principles of the Target Operating Model.

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
Equality & Human Rights Impact Assessment	An assessment is not required because the reason for this report is for Committee to approve the annual Internal Audit plan. As a result, there will be no differential impact, as a result of the proposals in this report, on people with protected characteristics.
Privacy Impact Assessment	Not required
Duty of Due Regard / Fairer Scotland Duty	Not applicable

9. APPENDICES

9.1 Appendix A – Internal Audit Plan 2019/20 – Strategy and Risk Assessment.

9.2 Appendix B – Internal Audit Plan 2019/20 including process of development.

10. REPORT AUTHOR DETAILS

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APPENDIX A

INTERNAL AUDIT PLAN 2019/20 STRATEGY AND RISK ASSESSMENT

This document details the process adopted for developing the Internal Audit plan for 2019/20, 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, Directors, and Chief Officers 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 Functions and Clusters 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.

NOTE: Internal Audit’s risk assessment based on evaluation of mitigating controls in the following table is based on Internal Audit work undertaken previously. The areas of risk identified are generic in nature and are relevant to the system of control and application thereof, on which Internal Audit bases its annual opinion. These differ from risks detailed in management’s risk registers which focus on more specific risks.

KEY TO RISK RATING:

- 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.

- TBC** To be confirmed – insufficient Internal Audit work completed in these areas to date.

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	Low
	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 (due to compliance)

Key Area	Risk	Internal Audit's Inherent Risk Assessment Before Mitigating Controls Applied	Internal Audit's Risk Assessment Based on Evaluation of Mitigating Controls
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	Low
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	Medium
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 (due to compliance)

Key Area	Risk	Internal Audit's Inherent Risk Assessment Before Mitigating Controls Applied	Internal Audit's Risk Assessment Based on Evaluation of Mitigating Controls
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 (based on limited testing)
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	Low
	Failing to ensure compliance with the London Stock Exchange requirements.	High	Low
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
Business Operations	Failing to have appropriate measures in place to ensure that services are provided in accordance with regulatory requirements.	Medium	TBC

Internal Audit Plan 2019/20

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 Functions 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.

The above approach was confirmed in a report relating to Internal Audit Planning which was agreed by the Audit, Risk and Scrutiny Committee on 26 June 2018.

Area	2019/20	2020/21	2021/22	2022/23	2023/24
Procurement	X	X	X	X	X
Payroll	X	X	X	X	X
Income Collection	X	X	X	X	X
Various aspects of Budget Setting, Monitoring and Management	X	X	X	X	X
Main Financial and Business Systems – each system to be covered once in every four to five years	X	X	X	X	X

Audits will be designed to cover specific key areas across Functions / Clusters or the Council, whilst Function / Cluster 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 2019/20

(Incorporating Aberdeen City IJB and NESPF)

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PROCESS FOLLOWED IN DEVELOPING THE PLAN

Current versions of Risk Registers were obtained and analysed.

All Chief Officers requested to input to planning process and offered meeting with their management teams with a deadline of 16 November 2018.

- Response and suggestions received from Integrated Children's and Family Services on 24 October 2018.
- Internal Audit met with the Aberdeen City Health and Social Care Partnership Executive Team on 9 November 2018.

Internal Audit Plan Proposals to CMT on 6 December 2018

Responses Received:

- Chief Executive – provided to Internal Audit on 7 January 2019
- Chief Operating Officer – suggestions for inclusion in plan – 8 January 2019
- Chief Officer – Governance – 8 January 2019

KPMG requested for comments on draft plan – See comments on pages 65/66

Invitation sent to Convener and Vice-Convener of Audit Risk and Scrutiny Committee and Co-Leaders to discuss planning process and content in January 2019.

Plan reconsidered by CMT on 31 January 2019 when two additional audits were requested.

**AREAS TAKEN FORWARD FOR INCLUSION IN 2019/20
INTERNAL AUDIT PLAN**

CROSS SERVICE

Area	Scope	Objective	Source	Target Committee Date
Workforce Planning	Workforce planning across the Council	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.	Corporate RR Corp003	April 2020
Civil Contingencies	Civil Contingencies	To provide assurance that the Council has taken the necessary action and has plans in place to mitigate risks identified in the Corporate Risk Register (Corp004) to ensure that it can deliver on its obligations in the event of an emergency.	Corporate RR Corp004	December 2019
Procurement	Compliance with procurement related legislation and internal governance arrangements	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.	Internal Audit	April 2020
Transformation	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)	To provide assurance that the Council is continuing to make progress to ensure the success of its transformational aspirations.	Internal Audit	December 2019
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.	Internal Audit	September 2019
Travel Policy	Payments made in respect of travel and accommodation	To provide assurance that the Council has appropriate arrangements in place and that these are being complied with.	AR&SC (04.12.18)	September 2019
Shutdown of Non-essential Spend	In accordance with instructions issued	To provide assurance that the shutdown of non-essential spend has been effective in achieving its objective and instructions were complied with.	CMT (31.01.19)	June 2019
Income generation	Exact scope to be agreed with Directors prior to audit commencing	To provide assurance that budgeted income generation is based on robust assumptions and is being realised	CMT (31.01.19)	June 2019

COMMISSIONING

Area	Scope	Objective	Source	Target Committee Date
Information Governance	Information Governance	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.	Corporate RR Corp005	February 2020
Performance Management	Performance Management	To provide assurance that the Council has effective performance management arrangements in place which produce accurate data	Operations RR ICFS002	April 2020

CUSTOMER

Area	Scope	Objective	Source	Target Committee Date
Cyber Security	Cyber Security	To provide assurance that the controls detailed in the Corporate Risk Register (Corp006) are effective and that Assurance actions are progressing as planned.	Corporate RR Corp006	September 2019
Housing Rent	Income	To provide assurance over rent collection and arrears recovery procedures.	Customer RR EICE001	September 2019
Voids	Housing Repairs	To provide assurance regarding the process for re-letting void properties and compliance therewith.	Audit, Risk and Scrutiny Committee (08.05.18)	December 2019
Cash Collection	Cash Collection at a selection of locations	To provide assurance over procedures in operation relating to sample of cash collection locations.	Internal Audit	December 2019
Housing	Waiting List and Allocations	To provide assurance that the Housing Waiting List is maintained efficiently, and allocations are made in accordance with policy.	Internal Audit	At its meeting on 31 January, CMT requested that two further audits be added to the plan. As a result, this audit is being removed.

OPERATIONS

Area	Scope	Objective	Source	Target Committee Date
SEEMIS	SEEMIS	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.	Operations RR ICFS009	February 2020
Car Parking and Bus Lane Enforcement	Car Parking Income and Penalty Charge Notices, and Bus Lane Penalty Charge Notices	To provide assurance that procedures regarding income collection and the management of fines are adequate.	Internal Audit	September 2019
School Catering	School Catering income and procurement expenditure	To provide assurance over income and procurement expenditure relating to school catering operations	Internal Audit	February 2020
Children's Services	Fostering and Adoption Payments	To provide assurance over Fostering and Adoption Allowances being paid.	Internal Audit	December 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.	Internal Audit	April 2020
Stock Control	Stock control in Building and Roads Services Stores	To provide assurance that procedures are adequate and stock movements are adequately accounted for.	Management	September 2019

RESOURCES

Area	Scope	Objective	Source	Target Committee Date
Financial Ledger System	Financial Ledger System	To provide assurance over system controls, business continuity and contingency plans.	Internal Audit	February 2020
Gas Servicing Contract	Gas Servicing Contract	To provide assurance that contractual and operational issues are being complied with	Internal Audit	February 2020
Ring-fenced Funding	Ring-fenced Funding	To provide assurance that the Council has appropriate arrangements in place to ensure that conditions relating to ring-fenced funding contained within Scottish Government Grant are complied with.	Management	September 2019
Industrial and Commercial Property	Rental Income and Void Control	To provide assurance over the processes in place for letting, recovering rental income, and managing voids for industrial and commercial premises.	Internal Audit	December 2020
HR / Payroll System	CoreHR system	To provide assurance that there is adequate control over the new CoreHR system and that issues raised in relation to previous system have been addressed.	Internal Audit	December 2020

GOVERNANCE

Area	Scope	Objective	Source	Target Committee Date
Risk Management	Risk Management Process	Previous review undertaken in 2015/16. Internal Audit is required by Public Sector Internal Audit Standards to review risk management arrangements on a regular basis. It is proposed to undertake a review to provide assurance over the arrangements that are currently in operation within the Council.	Internal Audit	September 2019

PLACE

Area	Scope	Objective	Source	Target Committee Date
Income	Planning and Building Standards fee income	To provide assurance that there are adequate systems in place to control fee income and that they are being complied with.	Place RR SPP003	At its meeting on 31 January, CMT requested that two further audits be added to the plan. As a result, this audit is being removed.
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>Note: There would be no specific reporting to management or Audit Risk and Scrutiny Committee regarding these grant claims unless a significant issue were identified.</i>	Internal Audit	Not Applicable

HEALTH AND SOCIAL CARE PARTNERSHIP

Area	Scope	Objective	Source	Target Committee Date
Commissioned Services	Contract Monitoring	To provide assurance that contract monitoring arrangements relating to Social Care Commissioned Services are adequate.	Management Corporate RR Corp007	April 2020

ABERDEEN CITY INTEGRATION JOINT BOARD

Area	Scope	Objective	Source	Target Committee Date
Risk Management	Risk Management	To review the process for identifying risks, managing them (including performance measures against each risk), and reporting to the IJB.	Management	December 2019 following presentation to the IJB A&PS Committee

NORTH EAST OF SCOTLAND PENSION FUND

Area	Scope	Objective	Source	Target Committee Date
Investment Strategy and Investment Performance Management	Investment Strategy and Investment Performance Management	To provide assurance over compliance with the pension fund investment strategy and arrangements in place to monitor the performance of investment managers.	NESPF RR 15, 17 & 18	December 2019 following presentation to the Pensions Committee

GENERAL

Area	Scope	Objective	Source	Target Committee 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	Internal Audit	Each Meeting
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.	Internal Audit	Each Meeting
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.	Internal Audit	As Appropriate.

ANALYSIS OF RISK REGISTERS: CONSIDERATION FOR 2019/20 INTERNAL AUDIT PLAN

Key

	No Previous IA Coverage
	Some Previous IA Coverage
	Previous IA Coverage as Detailed
	Proposed Inclusion in 2019/20 IA Plan

CORPORATE RISK REGISTER

As at 11 October 2018

Risk No.	Risk	Definition	CMT Control Effectiveness Assessment	Previous Internal Audit Coverage	Proposed Inclusion in 2019/20 Internal Audit Plan	Management Comment
Corp001	Financial Sustainability	The Council must deliver significant savings over the next five years and beyond to ensure continued financial sustainability. A transformation portfolio has been established with programmes of work to align finite financial resources to desired outcomes.	Fully Effective – 2 Partially Effective – 4 <i>Two Assurance Actions detailed in RR – 70% / 80% complete.</i>	Budget Setting (May 2017) and Budget Monitoring (Nov 2016) have been reviewed.	This is being partially addressed through the Council's Transformation Programme. It is proposed that a follow-up audit of Transformation is undertaken in 2019/20 to provide continuing assurance over this area.	Agreed
Corp002	Health and Safety Compliance	The Council is required to safeguard its employees and members of the public which includes the effective implementation of and compliance with health and safety policies and procedures.	Fully Effective – 4 Partially Effective – 5 <i>Five Assurance Actions detailed in RR ranging from 10% to 50% complete.</i>	2018/19 planned Cross Service review of Health and Safety Arrangements in Place	None, although the 2018/19 review will help inform future year's planning with a potential for individual Function or Cluster reviews.	Agreed
Corp003	Workforce of the future	The Council must ensure that it has a workforce that is the right size with the right skills, knowledge and behaviours it needs to maximise its contribution to the delivery of the Target Operating Model.	Fully Effective – 2 Partially Effective – 2 <i>Four Assurance Actions detailed in RR ranging from 10% to 70% complete.</i>	None	Proposed review of "Workforce Planning" in 2018/19 was agreed by CMT, but CMT requested that it be undertaken in 2019/20 following bedding in of organisational design and new appointment to post Chief Officer – People and Organisation. Propose inclusion in the 2019/20 plan.	Agreed, although timing needs to be considered.

Risk No.	Risk	Definition	CMT Control Effectiveness Assessment	Previous Internal Audit Coverage	Proposed Inclusion in 2019/20 Internal Audit Plan	Management Comment
Corp004	Civil Contingencies	The Council must ensure that it puts in place adequate training, planning and testing for civil contingency events and other incidents so that it can respond to emergencies which may affect Aberdeen City and/or an incident having a significant adverse effect on the operations of the Council.	<p>Full Effective – 3 Partially Effective – 3</p> <p><i>Four Assurance Actions detailed in RR ranging from 60% to 75% complete.</i></p>	Business Continuity Planning (Aug 2017)	Proposed review of action taken by the Council and plans that it has in place to mitigate identified risks, including progress with Assurance Actions, to ensure that it can deliver on its obligations in the event of an emergency.	Agreed
Corp005	Information Governance	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.	<p>Fully Effective – 5 Partially Effective – 1</p> <p><i>Four Assurance Actions detailed in RR ranging from 25% to 70% complete.</i></p>	Public Records (Scotland) Act Compliance (Aug 2016). Data Protection (Sept 2016). GDPR (Sept 2018).	Proposed overview of arrangements in place to give assurance that operating as expected and that Assurance Actions are progressing.	Agreed
Corp006	Cyber Security	Cyber Security threats must be mitigated to protect the Council, its essential functions and customer data.	<p>Fully Effective – 7 Partially Effective – 7 Not Effective – 2</p> <p><i>Three Assurance Actions detailed in RR ranging from 60% to 88% complete.</i></p>	Major Business systems (Dec 2017). Data Security in a Cloud Based Environment (2018/19)	Proposed review of effectiveness of controls detailed in Risk Register and progress with completing Assurance Actions.	Agreed

Risk No.	Risk	Definition	CMT Control Effectiveness Assessment	Previous Internal Audit Coverage	Proposed Inclusion in 2019/20 Internal Audit Plan	Management Comment
Corp007	Contract Management	There is a need to have effective contract management across the Council, undertaken by skilled staff working and working to a consistent and proportionate model.	Fully Effective – 2 Partially Effective – 4 <i>Four Assurance Actions detailed in RR ranging from 30% to 70% complete.</i>	Reports to AR&SC: February 2017 – 3 rd Don Crossing and Gas Central Heating Contract, June 2017 – Photovoltaic Panels. 2018/19 planned audits of Contract Management relating to high risk contracts, and National Care Home Contract.	Proposed review of contract management relating to Health and Social Care Contracts	Agreed

COMMISSIONING RISK REGISTER

As at 7 November 2018

Risk No.	Risk	Definition	Function Control Effectiveness Assessment	Previous Internal Audit Coverage	Proposed Inclusion in 2019/20 Internal Audit Plan	Management Comment
Corp005	Information Governance	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.	Fully Effective – 5 Partially Effective – 1 <i>Four Assurance Actions detailed in RR ranging from 25% to 70% complete.</i>	Public Records (Scotland) Act Compliance (Aug 2016). Data Protection (Sept 2016). GDPR (Sept 2018).	See Corp005 in Corporate Risk Register.	Agreed

COMMERCIAL AND PROCUREMENT

Risk No.	Risk	Definition	Cluster Control Effectiveness Assessment	Previous Internal Audit Coverage	Proposed Inclusion in 2019/20 Internal Audit Plan	Management Comment
Corp007	Contract Management	There is a need to have effective contract management across the Council, undertaken by skilled staff working and working to a consistent and proportionate model.	Fully Effective – 2 Partially Effective – 4 <i>Four Assurance Actions detailed in RR ranging from 30% to 70% complete.</i>	Reports to AR&SC: February 2017 – 3 rd Don Crossing and Gas Central Heating Contract, June 2017 – Photovoltaic Panels. 2018/19 planned audits of Contract Management relating to high risk contracts, and National Care Home Contract.	See Corp007 in Corporate Risk Register.	Agreed

BUSINESS INTELLIGENCE AND PERFORMANCE MANAGEMENT

Risk No.	Risk	Definition	Cluster Control Effectiveness Assessment	Previous Internal Audit Coverage	Proposed Inclusion in 2019/20 Internal Audit Plan	Management Comment
BIPM001	Negative external inspections	There is a risk that we fail to respond effectively, including with partner organisations, to external inspection and scrutiny	Fully Effective – 6 Partially Effective – 3	None	None	Agreed
BIPM002	Community Planning is not effective	There is a risk that we fail to work with public services and communities to achieve improved outcomes	Effective – 2 Partially Effective – 4	None	None	Agreed

CUSTOMER RISK REGISTER

As at 6 November 2018

CUSTOMER EXPERIENCE

Risk No.	Risk	Definition	Cluster Effectiveness Assessment	Control	Previous Internal Audit Coverage	Proposed Inclusion in 2019/20 Internal Audit Plan	Management Comment
CEXP001	Customer Experience Service Delivery	Risk to delivery of key front-line services in the event of failures of systems or processes	Fully Effective – 1 Partially Effective – 3	<p><i>Four Control Actions detailed in RR ranging from 20% to 70% complete.</i></p> <p><i>One Assurance Action detailed in RR – no assessment of progress.</i></p>	Business Continuity Planning (Aug 2017). Major Business systems (Dec 2017). Data Security in a Cloud Based Environment (2018/19).	See Corp006 in Corporate Risk Register	Agreed

EARLY INTERVENTION AND COMMUNITY EMPOWERMENT

Risk No.	Risk	Definition	Cluster Control Effectiveness Assessment	Previous Internal Audit Coverage	Proposed Inclusion in 2019/20 Internal Audit Plan	Management Comment
EICE001	Universal Credit	Universal Credit full roll out may reduce tenancy sustainment and increase rent arrears and homeless applications.	Fully Effective – 2 Partially Effective – 2 <i>Five Control / Assurance Actions detailed in RR ranging from 50% to 80% complete.</i>	Housing Rent – Management of Impact of UC (August 2018). Housing Support Budget (April 2018). Housing Rent Collection (April 2016)	Proposed review of Housing rent collection and arrears procedures.	Agreed

DIGITAL AND TECHNOLOGY

Risk No.	Risk	Definition	Cluster Control Effectiveness Assessment	Previous Internal Audit Coverage	Proposed Inclusion in 2019/20 Internal Audit Plan	Management Comment
DT001	Digital and Technology Service Delivery	The impact of IT service disruption on the ability of the Council to deliver key services to customers.	Fully Effective – 3 Partially Effective – 5 <i>Five Control Actions detailed in RR ranging from 10% to 70% complete.</i>	Business Continuity Planning (Aug 2017). Major Business systems (Dec 2017). Data Security in a Cloud Based Environment (2018/19)	See Corp006 in Corporate Risk Register	Agreed
DT002	Delivery of CoreHR System	Inability to deliver the CoreHR system within agreed timescales	Partially Effective – 5 <i>Four Control Actions detailed in RR ranging from 20% to 80% complete.</i>	None	Internal Audit is advised of progress with implementation of system so has oversight of this project. Although it is proposed that the new system be audited in 2019/20.	Agreed

OPERATIONS RISK REGISTER

As at 6 November 2018

INTEGRATED CHILDREN’S AND FAMILY SERVICES

Risk No.	Risk	Definition	Cluster Effectiveness Assessment	Control Audit Coverage	Proposed Inclusion in 2019/20 Internal Audit Plan	Management Comment
ICFS001	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 – 5	August 2017 – IA Report AC1804 “Business Continuity Planning”	None	Agreed
ICFS002	Performance management arrangements are not robust	Performance management supports an effective compliance culture and change and continual improvement processes.	Fully Effective – 3 Partially Effective – 1	None	Proposed cross-service review of performance management arrangements and reporting.	Agreed, although need to consider timing.

Risk No.	Risk	Definition	Cluster Control Effectiveness Assessment	Previous Internal Audit Coverage	Proposed Inclusion in 2019/20 Internal Audit Plan	Management Comment
ICFS003	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” Current review on-going of Health and Safety arrangements at a corporate level	None, although the 2018/19 review will help inform future year’s planning with a potential for individual Function or Cluster reviews.	Agreed
ICFS004	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	December 2017 – IA Report AC1815 – Pre-school Places	None	Agreed
ICFS005	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 – 3	November 2015 – IA Report AC1601 – Council wide “Recruitment and Selection”	See Corp003 – Cross Service review of Workforce Planning	Agreed

Risk No.	Risk	Definition	Cluster Control Effectiveness Assessment	Previous Internal Audit Coverage	Proposed Inclusion in 2019/20 Internal Audit Plan	Management Comment
Corp007	Contract Management	There is a need to have effective contract management across the Council, undertaken by skilled staff working and working to a consistent and proportionate model.	Fully Effective – 2 Partially Effective – 4 <i>Four Assurance Actions detailed in RR ranging from 30% to 70% complete.</i>	Reports to AR&SC: February 2017 – 3 rd Don Crossing and Gas Central Heating Contract, June 2017 – Photovoltaic Panels. 2018/19 planned audits of Contract Management relating to high risk contracts, and National Care Home Contract.	See Corp007 in Corporate Risk Register.	Agreed
ICFS007	Growing demographic demands result in service delivery pressures	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 – 3 Partially Effective – 1	December 2017 – IA Report AC1815 – Pre-school Commissioned Places	None	Agreed

Risk No.	Risk	Definition	Cluster Control Effectiveness Assessment	Previous Internal Audit Coverage	Proposed Inclusion in 2019/20 Internal Audit Plan	Management Comment
ICFS008	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 – 4 Partially Effective – 1	May 2017 – IA Report AC1719 “Revenue Budget Setting” “Partially Effective” control relates to DEM Scheme which was reported on by Internal Audit in November 2018 (report AC1903).	See Corp001 in Corporate Risk Register	Agreed
ICFS009	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 – 5 Partially Effective – 2	November 2016 – IA Report AC1709 “Care First System” October 2017 – Draft IA Report AC1810 “Major IT Business Systems”	Proposed review of arrangements in place regarding control over SEEMiS system and its contents (large volume of sensitive, personal data)	Agreed

Risk No.	Risk	Definition	Cluster Control Effectiveness Assessment	Previous Internal Audit Coverage	Proposed Inclusion in 2019/20 Internal Audit Plan	Management Comment
ICFS010	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	December 2017 – IA Report AC1815 – Pre-school Commissioned Places 2016/17 IA Plan which included consideration of plans in place to deliver the Scottish Government's expansion in early education and childcare which comes into force in August 2020	None	Agreed
ICFS011	Unaccompanied Asylum Seeking Children	A large number of UASC are accommodated in two English authorities. Due to legislative barriers it has until 2018 not been possible for UASC to be dispersed. The UK Government is keen for all LA's to support this demand by offering a proportionate number of placements	Fully Effective – 2	None	None	Agreed

Risk No.	Risk	Definition	Cluster Control Effectiveness Assessment	Previous Internal Audit Coverage	Proposed Inclusion in 2019/20 Internal Audit Plan	Management Comment
ICFS012	Foster Carers being granted employment status.	Following a Court judgement in England this called into question the employment status of certain foster carers. At full implications of this judgement as it applies in Scotland is still to be determined.	Fully Effective – 2	None	None	Agreed
ICFS013	Music Service	Failure of Music Service to deliver instrumental music provision for children and young people	Partially Effective – 2	2018/19 planned review of Music Centre	None	Agreed

OPERATIONS AND PROTECTIVE SERVICES

Risk No.	Risk	Definition	Cluster Control Effectiveness Assessment	Previous Internal Audit Coverage	Proposed Inclusion in 2019/20 Internal Audit Plan	Management Comment
O&PS001	Failure to meet service demands throughout transition to TOM	Failure to meet agreed standards and KPI's	Partially Effective – 4 <i>Four Actions detailed in RR ranging from 50% to 100% complete.</i>	None		Agreed
O&PS002	Risk of information / data security breaches	Breach of GDPR and potential financial/reputational risk, individual's private details available to the public	Partially Effective – 4 <i>Three Control Actions detailed in RR ranging from 25% to 50% complete.</i>	Public Records (Scotland) Act Compliance (Aug 2016). Data Protection (Sept 2016). GDPR (Sept 2018).	See Corp005 in Corporate Risk Register.	Agreed
O&PS003	Failure to meet savings required through transformation programme and in-year pressures	The Council must deliver significant saving in the foreseeable future to ensure continued financial sustainability	Partially Effective – 6 <i>Three Actions detailed in RR ranging from 50% to 80% complete.</i>	None		Agreed
O&PS004	Risk that business continuity is uncoordinated and ineffective	In the event of civil contingency event or service failure	Fully Effective – 4 <i>No Action detailed in RR.</i>	Business Continuity Planning (Aug 2017)	See Corp004 in Corporate Risk Register	Agreed
O&PS005	Breach of Council Policies / Standing Orders / Legislation	Council put at risk by non-compliant actions	Fully Effective – 4 <i>No Action detailed in RR.</i>	Various Internal Audit reports (particularly in relation to procurement) show that this risk is not fully mitigated.	See Internal Audit Proposals	Agreed

Risk No.	Risk	Definition	Cluster Control Effectiveness Assessment	Previous Internal Audit Coverage	Proposed Inclusion in 2019/20 Internal Audit Plan	Management Comment
O&PS006	Loss of income / reduction in budgets	Reduction of outcomes and failure to reach anticipated surpluses	Fully Effective – 3 Partially Effective – 2 <i>One Action detailed in RR – 50% complete.</i>	None		Agreed
O&PS007	Failure of health and safety compliance	The Council has a duty of care to its employees and others	Fully Effective – 4 Partially Effective – 1 <i>No Action detailed in RR.</i>	September 2017 – IA Report AC1804 “Health and Safety – SSERC” Current review on-going of Health and Safety arrangements at a corporate level	None, although the 2018/19 review will help inform future year’s planning with a potential for individual Function or Cluster reviews.	Agreed
O&PS008	Workforce	The cluster must ensure that it has a workforce that has the necessary skills, knowledge and behaviours it needs to meet the demand placed on the services	Partially Effective – 4 <i>Three Actions detailed in RR ranging from “not assessed” to 50% complete.</i>	None	See Corp003 in Corporate Risk Register	Agreed
O&PS009	Failure of business critical systems	Loss of access to or failure of unsupported systems	Fully Effective – 1 Partially Effective – 3 <i>One Action detailed in RR – 25% complete.</i>	Business Continuity Planning (Aug 2017)	See Corp004 in Corporate Risk Register	Agreed

Risk No.	Risk	Definition	Cluster Control Effectiveness Assessment	Previous Internal Audit Coverage	Proposed Inclusion in 2019/20 Internal Audit Plan	Management Comment
O&PS010	Procurement	Increasing level of dis-satisfaction with the procurement process	Partially Effective – 3 <i>Three Actions detailed in RR ranging from “not assessed” to 50% complete.</i>	There have been a number of Cross Service and Functional audits of procurement which indicate that this continues to be a risk area with appropriate contracts not in place where expected.	See Internal Audit Proposals	Agreed
O&PS011	Loss of operator’s licence	Effect of services inability to use goods vehicles through loss of operator’s licence	Fully Effective – 4 <i>No Action detailed in RR.</i>	April 2016 – IA Report AC1618 – Vehicle and Driver Records. March 2017 – IA Report AC1720 - Vehicles	None	Agreed
O&PS012	Changes to legislative requirements / working practices	Ability to change to meet new challenges	Partially Effective – 4 <i>One Action detailed in RR – 50% complete.</i>	None	None	Agreed

RESOURCES RISK REGISTER

As at 20 November 2018

FINANCE

Risk No.	Risk	Definition	Cluster Control Effectiveness Assessment	Previous Internal Audit Coverage	Proposed Inclusion in 2019/20 Internal Audit Plan	Management Comment
Fin001	Financial Compliance	The Council is bound to comply with financial stewardship requirements and is subject to regular scrutiny.	Fully Effective – 4 Partially Effective – 2 <i>Two Control Actions detailed in RR ranging from 30% to 60% complete.</i>	Budget Setting (May 2017) and Budget Monitoring (Nov 2016) have been reviewed. Various other audits that have reviewed compliance with Financial Regulations, etc.	There will be elements of financial compliance testing in various proposed audits.	Agreed
Fin002	NESPF Administration	The Council is Administering Authority for the NESPF and therefore accountable for its performance.	Fully Effective – 7	Separate Internal Audit plan for NESPF.	See separate Internal Audit plan for NESPF	Agreed

CAPITAL

Draft as at 9 January 2019

Risk No.	Risk	Definition	Cluster Control Effectiveness Assessment	Previous Internal Audit Coverage	Proposed Inclusion in 2019/20 Internal Audit Plan	Management Comment
CP001	That management failures / slippage in the delivery of capital projects / failure to secure and or retain funding from external sources, impacts negatively on the Council's financial stewardship.	Failure to deliver a particular project could have an adverse impact on LOIP expectations, and could have an adverse impact on any external funding opportunities.	Partially Effective – 6	February 2018 – Capital Contracts (AC1819), although did not cover external funding risk.	None	Agreed
CP002	Lack of staff resources which impacts on the delivery of capital projects	Failure to deliver the Council's strategic and capital planning priorities within time scale is a highly significant risk to the expectations as set out within the LOIP. Failure to deliver a particular project due to staff resource issues will have an adverse impact on LOIP expectations.	Partially Effective – 5	None	See Corp003	Agreed

Risk No.	Risk	Definition	Cluster Control Effectiveness Assessment	Previous Internal Audit Coverage	Proposed Inclusion in 2019/20 Internal Audit Plan	Management Comment
CP003	Budget allocations within approved Outline Business Cases of projects are insufficient for project development / construction and any associated future maintenance obligations	Any significant changes following the review of a project may have an adverse impact on the LOIP expectations. For example, any forecast increase in costs may impact on the funding allocation of other projects across the whole portfolio.	Partially Effective – 6	February 2018 – Capital Contracts (AC1819)	None	Agreed

PEOPLE AND ORGANISATION

Draft as at 9 January 2019

Risk No.	Risk	Definition	Cluster Control Effectiveness Assessment	Previous Internal Audit Coverage	Proposed Inclusion in 2019/20 Internal Audit Plan	Management Comment
		Risk to delivery of key services in the event of failures of systems, processes or capabilities	Partially Effective – 4	August 2017 – Business Continuity Planning	See Corp003 – Cross Service review of Workforce Planning	Agreed

CORPORATE LANDLORD

Draft as at 9 January 2019

Risk No.	Risk	Definition	Cluster Control Effectiveness Assessment	Previous Internal Audit Coverage	Proposed Inclusion in 2019/20 Internal Audit Plan	Management Comment
Corp012	Non-compliance with Statutory Compliance with Council properties	The Council is required by law to safeguard its employees and members of the public to ensure their health and safety through effective implementation statutory maintenance and compliance checks such as asbestos management plans, gas safety certification legionella testing etc.	Partially Effective – 5	September 2017 – Corporate Landlord Responsibilities (AC1806)	None	Agreed
CL02	Delivery of Capital and Revenue Income	The Cluster has income targets around capital and revenue income.	Partially Effective – 5	None	None.	Agreed
CL03	Delivery of asset valuation	Failure to complete the asset valuation which is required for the council financial accounts purposes	Partially Effective – 3	August 2018 – Fixed Asset Register (AC1823)	None	Agreed

Risk No.	Risk	Definition	Cluster Control Effectiveness Assessment	Previous Internal Audit Coverage	Proposed Inclusion in 2019/20 Internal Audit Plan	Management Comment
CL04	Inadequate Asset management planning	Resources not being allocated appropriately and efficiently if asset management plans are not in place and robust	Partially Effective – 5 Not Effective - 1	February 2018 – Capital Contracts (AC1819)	None	Agreed

GOVERNANCE RISK REGISTER

As at 20 November 2018

Risk No.	Risk	Definition	Cluster Effectiveness Assessment	Control Internal Audit Coverage	Proposed Inclusion in 2019/20 Internal Audit Plan	Management Comment
Gov-001	Scheme of Governance	The Council should work in accordance with the Scheme of Governance to mitigate the risk of financial, reputational and/or legal challenge.	Fully Effective – 1 Partially Met – 3 <i>Three Control Actions detailed in RR, all at 95% complete.</i>	Only coverage relates to procurement and other areas of compliance with Financial Regulations	Various audits will test procurement and Financial Regulation compliance.	Agreed
Gov-002	Bond Governance	Ineffective governance arrangements may lead to the lowering of the Council's credit rating and / or lead to the Council, members / staff breaking the law.	Fully Effective – 9 Partially Effective – 2 <i>Three Control Actions detailed in RR ranging from 40% to 95% complete.</i>	February 2018 – IA Report AC1824 – Bond Governance. Current audit of Bond Governance (Trust Deed).	None	Agreed

PLACE RISK REGISTER

As at 20 November 2018

STRATEGIC PLACE PLANNING

Risk No.	Risk	Definition	Cluster Control Effectiveness Assessment	Previous Internal Audit Coverage	Proposed Inclusion in 2019/20 Internal Audit Plan	Management Comment
SPP001	Risk that key strategic plans are not delivered due to staff and process restructuring risks	Risk that key strategic plans are not delivered due to staff and process restructuring risks	Partially Effective – 3 <i>Three Control Actions detailed in RR ranging from 30% to 70% complete.</i>	None	None	Agreed
SPP002	Risk that relationships with partners and stakeholders are not managed effectively	Risk that relationships with partners and stakeholders are not managed effectively	Partially Effective – 2 <i>Two Control Actions detailed in RR, both at 70% complete.</i>	None	None	Agreed
SPP003	Risk that fee income is not achieved and that funding opportunities are not maximised.	Risk that fee income is not achieved and that funding opportunities are not maximised	Partially Effective – 2 <i>Two Control Actions detailed in RR, both at 50% complete.</i>	None	Proposed review of Planning and Building Standards fee income	Agreed. <i>At its meeting on 31 January, CMT requested that two further audits be added to the plan. As a result, this audit is being removed.</i>

CITY GROWTH

Risk No.	Risk	Definition	Cluster Control Effectiveness Assessment	Previous Internal Audit Coverage	Proposed Inclusion in 2019/20 Internal Audit Plan	Management Comment
CG001	Risk that external funding opportunities are not maximised.	Risk that external funding opportunities are not maximised.	Partially Effective – 3 <i>Three Control Actions detailed in RR ranging from 50% to 75% complete.</i>	None – other than acting as “First Level Controller” in relation to European Interreg Projects.	Allocation of time to undertake First Level Controller work in relation to the HyTrEc2, SCORE, BEGIN, HeatNet, and ACE Retrofitting Projects. There will be no routine reporting to Committee unless significant control issues are identified.	Agreed

ABERDEEN CITY HEALTH AND SOCIAL CARE PARTNERSHIP RISK REGISTER as at September 2018

Risk No.	Risk	Definition	Function Control Effectiveness Assessment	Previous Internal Audit Coverage	Proposed Inclusion in 2019/20 Internal Audit Plan	Management Comment
1a	Significant market failure in Aberdeen City – Adult Social care Services	Delivery of services is almost 100% outsourced and the market is a difficult one to operate in. There is a risk to the Partnership should arrangements break down.	N/A	Review of NCHC ongoing in 2018/19	None	Agreed
1b	Significant market failure in Aberdeen City – Primary Care Services	Services are delivered via private contractors through a General Medical Services contract. There is a high degree of market failure in this area which has risk implications for the Partnership.	N/A	None	None	Agreed

Risk No.	Risk	Definition	Function Control Effectiveness Assessment	Previous Internal Audit Coverage	Proposed Inclusion in 2019/20 Internal Audit Plan	Management Comment
2	IJB financial failure and projecting an overspend	There is a risk of demand outstripping available budget which would impact on the Partnership's ability to deliver its strategic plan (including statutory work)	N/A	Review of budget setting and monitoring ongoing 2018/19	None	Agreed
3	Hosted Services do not deliver expected outcomes	Risk that services are not delivered, transformation of services not delivered, or service failure that is not identified through performance management and pan-Grampian governance arrangements.	N/A	None	None	Agreed
4	Relationship arrangements between the IJB and partner organisations (Aberdeen City Council and NHS Grampian).	There is a risk that these are not managed to maximise the full potentials of integrated and collaborative working.	N/A	Health & Social Care Integration AC1609 January 2016; Post Integration Review AC1724 September 2017	None	Agreed

Risk No.	Risk	Definition	Function Control Effectiveness Assessment	Previous Internal Audit Coverage	Proposed Inclusion in 2019/20 Internal Audit Plan	Management Comment
5	Performance standards / outcomes failure	There is a risk that the IJB and services that it directs and has operational oversight of fail to meet these.	N/A	Post Integration Review AC1724 September 2017	None	Agreed
6	Complexity of function, delegation and delivery of services.	There is a risk of reputational damage to the IJB and its partner organisations.	N/A	Post Integration Review AC1724 September 2017	None	Agreed
7	Transformation	Risk of failure to delivery transformation at a pace or scale required by demographic and financial pressures in the system.	N/A	December 2017 – IA Report AC1807 – Transformational Funding		Agreed
8	Locality Working	Risk of failure to maximise the opportunities offered.	N/A	2018/19 review of New Models of Delivery / Co-location of Staff	None	Agreed
9	Recruitment and workforce planning	Risk of failure to recruit and that workforce planning across the partnership is not sophisticated enough to maintain future service delivery.	N/A	November 2015 – IA Report AC1601 – Council wide “Recruitment and Selection”	See Corp003 – Cross Service review of Workforce Planning	Agreed

NORTH EAST OF SCOTLAND PENSION FUND RISK REGISTER

Risk No.	Risk	Definition	NESPFF Control Effectiveness Assessment	Previous Internal Audit Coverage	Proposed Inclusion in 2019/20 Internal Audit Plan	Management Comment
1	Lack of effective Risk Management	Failure to identify and respond to risks will impact on service delivery capabilities	Pension Fund Risk Register is reviewed and updated quarterly	Planned audit of Pensions Governance & Risk Management in 2018/19	None	Agreed
2	Poor Governance	Lack of a robust and effective governance framework and suitable policies/procedures could create a regulatory compliance issue, lead to poor service delivery and reputational risk	The Fund has in place an annual review of its governance statement and supporting policies and procedures, ensuring both regulatory and Council objectives compliance	Planned audit of Pensions Governance & Risk Management in 2018/19; AC1725 Pension Fund Payroll October 2017; AC1620 Pensions Investment Strategy & Management May 2016.	None	Agreed
3	Lack of Performance Measures	Failure to monitor performance across the Fund will provide a lack of transparency on delivering an efficient and effective service	The Fund has in place both statutory and local KPI's	Looked at partly in AC1620 Pensions Investment Strategy & Management May 2016 (reporting of fund managers' performance)	None	Agreed

Risk No.	Risk	Definition	NESPF Control Effectiveness Assessment	Previous Internal Audit Coverage	Proposed Inclusion in 2019/20 Internal Audit Plan	Management Comment
4	Failure of Pensions Committee and Pension Board to operate effectively	Failure to ensure effective joint working will result in non-compliance with regulatory requirements, inability to make decisions or policies, reputational risk	Annual review of Committee and Board, in consultation with both	None	None	Agreed
5	Operational disaster, unable to access the workplace	Loss of service delivery, staff downtime	Disaster Recovery Policy in place, incorporated into ACC	None	See Corp004 in Corporate Risk Register	Agreed
6	Failure to recruit and develop staff	Service delivery and succession planning at risk	Individual staff training plans reviewed annually, ongoing review of staffing requirements	None	See Corp003 in Corporate Risk Register	Agreed
7	Pay and price inflation valuation assumptions either higher or lower	Potential Increase in employer contribution rates	Funding updates reported to Committee quarterly	AC1620 Pensions Investment Strategy & Management May 2016	None	Agreed
8	Failure to comply with LGPS Regulations, Pensions Act, HMRC and other overriding legislation	Audit criticism, legal challenge, reputational risk, financial loss/penalties	Six monthly compliance review and annual report to Committee	Planned audit of Pensions Governance & Risk Management in 2018/19	None	Agreed
9	Failure to comply with FOI requests	Audit criticism, legal challenge, reputational risk	Internal controls in place to ensure deadlines adhered to, Pension Fund Manager responsible for all FOI requests	None	None	Agreed

Risk No.	Risk	Definition	NESPF Control Effectiveness Assessment	Previous Internal Audit Coverage	Proposed Inclusion in 2019/20 Internal Audit Plan	Management Comment
10	Conflicts of Interest	Audit criticism, legal challenge, reputational risk	Regular discussions between CO-Finance and Pension Fund Manager. Areas of risk and conflict declared at Pensions Committee and Pension Board meetings, conflicts register to record and monitor	Planned audit of Pensions Governance & Risk Management in 2018/19	None	Agreed
11	Requirement to complete GMP reconciliation	Failure to ensure future member benefits are calculated correctly, audit criticism and financial loss	Appointment of GMP Project Team	None	None	Agreed
12	Fraud/Negligence	Overpayment/unauthorised payments, system corruption, audit criticism, legal challenge, reputational risk	Pension payments signed off by a SPO-Benefits, segregation of duties for staff authorising/submitting lump sum payments. Admin to Pay to be implemented in 2018.	Pensions Payroll audit AC1725, October 2017.	None	Agreed
13	Overpayments of pension benefits	Audit criticism, legal challenge, reputational risk	Pension payments signed off by a SPO-Benefits, segregation of duties for staff authorising/submitting lump sum payments	Pensions Payroll audit AC1725, October 2017.	None	Agreed

Risk No.	Risk	Definition	NESPF Control Effectiveness Assessment	Previous Internal Audit Coverage	Proposed Inclusion in 2019/20 Internal Audit Plan	Management Comment
14	Insufficient assets to meet the Fund's long term liabilities	Increase in employer contribution rates and investment risk, audit criticism, legal challenge, reputational risk, financial loss	Quarterly assessment of investment performance and funding updates, triennial valuation and investment strategy review	AC1620 Pensions Investment Strategy & Management May 2016	None	Agreed
15	Failure to monitor investment managers and assets	Audit criticism, legal challenge and reputational risk	Quarterly assessment of asset performance and regular meetings with managers	AC1620 Pensions Investment Strategy & Management May 2016	Proposed review of Investment Strategy and Investment Performance Management	Agreed
16	Failure of work stock markets	Increase in employer contribution rates, financial loss	Diversification of scheme assets, triennial valuation and investment strategy review	None	No	Agreed
17	Negligence/fraud/default by investment managers	Financial loss, reputational damage	Due diligence on appointment and appropriate clause in legal agreements, fund management monitoring, SAS 70 reports	AC1620 Pensions Investment Strategy & Management May 2016	Proposed review of Investment Strategy and Investment Performance Management	Agreed
18	Failure of Global Custodian	Loss of assets or control of assets	Regular meetings with custodian, receipt of SAS 70 reports and monitoring	AC1620 Pensions Investment Strategy & Management May 2016	Proposed review of Investment Strategy and Investment Performance Management	Agreed
19	Poor financial reporting	Qualified accounts	Comprehensive policies and procedures in place	None	None. This would be picked up by external audit.	Agreed

Risk No.	Risk	Definition	NESPF Control Effectiveness Assessment	Previous Internal Audit Coverage	Proposed Inclusion in 2019/20 Internal Audit Plan	Management Comment
20	Annual review of Code of Practice and any other overriding regulations	Qualified accounts	Review of Code, attending CIPFA meetings/reviews	None	None. This would be picked up by external audit.	Agreed
21	Failure to secure and manage personal data in line with Data Protection requirements	Audit criticism, legal challenge, reputational risk, financial penalties	Internal control and procedures for management of data, project group set up to implement GDPR & assess current processes.	None	See Corp005 in Corporate Risk Register	Agreed
22	Failure of the Fund's administration system	Staff downtime, loss of service delivery	The administration system is hosted externally with back-up in separate location	Pensions System audit AC1827, March 2018.	None	Agreed
23	Failure to carry out effective member tracing	Incorrect pension payments made, incorrect assessment of actuarial liabilities	Tracing Service in place (ATMOS)	Pensions Payroll audit AC1725, October 2017.	None	Agreed
24	Failure to monitor employer covenant	Orphaned liabilities could fall on remaining employers	Continued implementation of Employer Covenant Policy	None	None	Agreed
25	Changes in early retirement strategies by employers	Pressure on cash flows	ERT to manage through Employer Covenant Policy and discretions	None	None	Agreed
26	Employers leaving Scheme/closing to new members	Orphaned liabilities could fall to remaining employers	ERT to manage through Employer Covenant Policy	None	None	Agreed

Risk No.	Risk	Definition	NESPF Control Effectiveness Assessment	Previous Internal Audit Coverage	Proposed Inclusion in 2019/20 Internal Audit Plan	Management Comment
27	Longevity	Increase in employer contribution rates	Actuarial valuation every 3 years which undertakes scheme specific analysis including review of life expectancy/mortality assumptions	None	None	Agreed
28	Employer contributions not received, collected or recorded accurately	Orphaned liabilities could fall to remaining employers	Accounting Team escalate any issues to Governance/ERT Team, with escalation to tPR if persists. Breaches Policy and Register in place	Pensions System audit AC1827, March 2018.	None	Agreed
29	Failure to maintain member records; data incomplete or inaccurate	Incorrect pension payments made, incorrect assessment of actuarial liabilities	All employers required to submit monthly data which is reconciled by the ERT	Pensions System audit AC1827, March 2018.	None	Agreed

SERVICE MANAGEMENT TEAM PROPOSALS NOT COVERED BY RISK REGISTERS

Key

■	Proposed Inclusion in IA Plan
■	Proposed No Specific Inclusion in IA Plan

Area	Scope	Objective	Internal Audit / Management Comment
Ring-fenced Funding	Ring-fenced Funding	To provide assurance that the Council has appropriate arrangements in place to ensure that conditions relating to ring-fenced funding contained within Scottish Government Grant are complied with.	Propose including in plan / Agreed.

EARLY INTERVENTION AND COMMUNITY EMPOWERMENT

Area	Scope	Objective	Internal Audit / Management Comment
Private Sector Leasing Scheme	Private Sector Leasing Scheme – contracts with private sector landlords which guarantees fixed income in return for use of property for rental purposes.	To provide assurance that the Scheme is operating effectively.	Propose not including in plan / Agreed.
Voids – Housing Repairs	Review processes around void properties to ascertain if improvements can be made	To provide assurance regarding the process for re-letting void properties and compliance therewith.	The AR&SC of 8 May 2018 requested that IA include an audit of Void Properties in a future plan. Propose including in plan / Agreed
Leased Community Centres	Leased Community Centres	Review of scheme to help form views on potential future steps.	Propose not including in plan / Agreed.

INTEGRATION JOINT BOARD / HEALTH AND SOCIAL CARE PARTNERSHIP

Area	Scope	Objective	Internal Audit / Management Comment
Risk Management	Risk Management	To review the process for identifying risks, managing them (including performance measures against each risk), and reporting to the IJB.	Propose including in plan / Agreed.
Commissioned Services	Contract Monitoring	To provide assurance that contract monitoring arrangements relating to Social Care Commissioned Services are adequate.	Propose including in plan / Agreed.

OPERATIONS

Area	Internal Audit Comment	Internal Audit / Management Comment
Stores within Building Services	<p>See Internal Audit Report AC1802 "Building Maintenance Year End Stock Take" issued in August 2017. The objective of the audit was to provide assurance over the accuracy of the 2016/17 year-end stock taking process and to review the stock procedures.</p> <p>Fuller review of stock control procedures considered appropriate.</p>	Propose including in plan / Agreed.
Use of Council Vehicles	See Internal Audit Report AC1817 "Vehicle Usage" issued in January 2018. The objective of the audit was to ensure that adequate procedures are in place to ensure that vehicles are being used effectively for business purposes and any non-business use is appropriately reported.	Propose not including in plan / Agreed.
Emergency Planning and Business Continuity	See Internal Audit Report AC1804 "Business Continuity" issued in August 2017. The objective of the audit was to ensure that Business Continuity Plans are in place as required by the Business Continuity Policy and that arrangements adequately manage identified risks.	Propose not including in plan / Agreed.
Asset Disposal and Asset Register	<p>See Internal Audit Report AC1823 "Fixed Asset Register" issued in August 2018. The objective of the audit was to consider whether procedures for ensuring timely recording of the acquisition / disposal of assets are adequate, revaluations are undertaken in accordance with recognised best practice, that a sample of recorded assets exist and those assets that should be recorded are.</p> <p>Proposal to audit land and property disposals covered elsewhere.</p>	Propose not including in plan / Agreed.
Health and Safety Arrangements	A draft Internal Audit Report is currently under discussion regarding Health and Safety. The objective of the audit was to provide assurance that appropriate arrangements to manage Health and Safety have been implemented across the Council.	Propose not including in plan / Agreed.
Digital Automation	A draft Internal Audit Report is currently under discussion regarding the Digital Strategy. The objective of the audit was to provide assurance that there are appropriate plans in place to manage the Council's digital strategy including reporting of progress against established milestones.	Propose not including in plan / Agreed.

INTERNAL AUDIT PROPOSALS NOT COVERED BY RISK REGISTERS

Key

	Proposed Inclusion in IA Plan
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CROSS SERVICE

Area	Scope	Objective		Management Comment
Transformation	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)	To provide assurance that the Council is continuing to make progress to ensure the success of its transformational aspirations.		Agreed
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.		Agreed
Procurement	Compliance with procurement related legislation and internal governance arrangements	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.		Agreed
Travel Policy	Payments made in respect of travel and accommodation	To provide assurance that the Council has appropriate arrangements in place and that these are being complied with.	Audit, Risk and Scrutiny Committee (04.12.18)	This area is not included in the Council's Risk Registers and is not considered to be a significant risk to the organisation. It is noted that this is included at the request of the Audit, Risk and Scrutiny Committee.

CUSTOMER

Area	Scope	Objective	Management Comment
Cash Collection	Cash Collection a selection of locations	To provide assurance over procedures in operation relating to sample of cash collection locations	Agreed
Housing	Waiting List and Allocations	To provide assurance that the Housing Waiting List is maintained efficiently, and allocations are made in accordance with policy.	Agreed. At its meeting on 31 January, CMT requested that two further audits be added to the plan. As a result, this audit is being removed.

OPERATIONS

Area	Scope	Objective	Management Comment
Car Parking	Car Parking Income and Penalty Charge Notices	There have been reported issues regarding this area in the past. It is proposed that a review of procedures and compliance be undertaken to provide assurance that improvements have been made.	Agreed. Combine these into a single review
Bus Lane Enforcement	Bus Lane Penalty Charge Notices	To provide assurance that procedures are adequate to ensure that fines are raised and followed up in a timeous manner	
School Catering	School Catering income and procurement expenditure	To provide assurance over income and procurement expenditure relating to school catering operations	Agreed. Ensure that Commercial and Procurement Shared Service is involved in scoping of review when it commences.
Children's Services	Fostering and Adoption Payments	To provide assurance over Fostering and Adoption Allowances being paid.	Agreed

RESOURCES

Area	Scope	Objective	Management Comment
Financial Ledger System	Financial Ledger System	To provide assurance over system controls, business continuity and contingency plans	Agreed.
Gas Servicing Contract	Gas Servicing Contract	To provide assurance that contractual and operational issues are being complied with	Agreed. Ensure that Commercial and Procurement Shared Service is involved in scoping of review when it commences.
Land and Property	Sale of Land and Property	To provide assurance over the processes in place for the sale of land and property assets	Substitute with management suggestion regarding ring-fenced funding
Industrial and Commercial Property	Rental Income and Void Control	To provide assurance over the processes in place for letting, recovering rental income, and managing voids for industrial and commercial premises.	Agreed, although timing needs to be considered in view of potential digitisation programme.
HR / Payroll System	Review of CoreHR system	To provide assurance that there is adequate control over the new CoreHR system and that issues raised in relation to previous system have been addressed.	Agreed.

GOVERNANCE

Area	Scope	Objective	Management Comment
Risk Management Process	Risk Management	Previous review undertaken in 2015/16. Internal Audit is required by Public Sector Internal Audit Standards to review risk management arrangements on a regular basis. It is proposed to undertake a review to provide assurance over the arrangements that are currently in operation within the Council.	Agreed

GENERAL

Area	Scope	Objective	Management Comment
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	Agreed
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.	Agreed
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.	Agreed

**OUTCOME FROM CONSULTATION WITH KPMG
(EXTERNAL AUDIT)**

External Audit Comment on Draft Plan	Internal Audit Comment
<p>The areas of focus within the external audit are:</p> <ul style="list-style-type: none"> - Progress and delivery of key capital projects underpinned by bond and other financing - Progress and delivery of transformation through the TOM - Dependencies on key suppliers (capital, IT and operational) and the Council's assessment of their financial sustainability - Appropriateness of expenditure recognition, in the context of meeting a budget outturn and meeting bondholder expectations - Care income, financial assessments and financial guardianship <p>The last one was flagged by Audit Scotland across the sector, text is below:</p> <p>The experience of a number of local government audits indicated there may be issues with the systems and processes for collecting care income, undertaking financial assessments on individuals receiving care and financial guardianship. In some cases where the responsibilities for financial assessments on those receiving care has transferred from social care to finance has revealed issues with backlogs of financial assessments and under-recovery of care charges over long years (more than five years).</p>	<p>Noted. There is little overlap between the areas of external audit focus and the Internal Audit plan which should ensure maximisation of coverage between the two audit functions.</p> <p>Elements of this were / are reviewed by Internal Audit during 2017/18 and 2018/19. The outcomes are being followed up through the follow-up of recommendations process.</p>
<p>I have not tracked back to previous plans to see coverage, but the above are risk areas that we see and an alignment of focus may be welcomed. A meeting between us would be useful prior to us conducting the external audit for us to consider your experiences in the risk areas noted.</p>	<p>In order to maximise coverage, it is felt better not to fully align the focus. However, Internal Audit is happy to assist the external audit by providing input as and when required relative to areas being reviewed.</p>
<p>In the context of me not tracking back to previous plans, the 2019-20 plan does seem to miss a couple of important areas for the Council in the form of the AECC delivery and TOM financial savings delivery.</p>	<p>External Audit plans to look at the progress and delivery of key capital projects and transformation through the TOM. Internal Audit's plan for 2018/19 included reviews of Transformation and Management of High-Risk Contracts. The proposed 2019/20 plan includes further work on the TOM. It is felt that this will allow adequate and proportionate coverage of these areas.</p>

External Audit Comment on Draft Plan	Internal Audit Comment
<p>I have said before that it is difficult to fully understand the plan without seeing more detailed objectives or days allocated. The TOM review may well cover the “delivery of the £125 million required savings” but it is not clear – does the TOM review look at the control/governance or just “progress”?. The Financial Ledger System review would be huge if it covered all “system controls” and I don’t know what the focus is – but we raised recommendations with user access last year as did you.</p>	<p>Internal Audit maintains that producing more detailed scoping of work through its audit programmes prior to completing testing allows a better understanding of the area to be tested to be developed at the point of starting each review. The objective is generally to provide assurance over a particular area and tackling this at the point of commencing work is deemed to be more efficient.</p> <p>The audit of the TOM will cover both control and governance (as the 2018/19 audit did) and progress. The financial ledger system audit will be testing controls over the system – access controls, business continuity and contingency arrangements along with accuracy of interfaces.</p>
<p>There is much on the plan which is granular and not of relevance from an external audit perspective, but I appreciate that areas may need to be covered for compliance reasons. Given that you have resource constraints, I would endorse a reduction in the number of reviews with a view to being able to do deeper work on the audits within the plan. There seems to be so much covered.</p>	<p>Noted. Whilst there have been delays in the finalisation of certain audits during 2018/19 due, partly, to resource issues, it is our intention to complete the 2018/19 Internal Audit plan and report all remaining outputs to the April 2019 Audit, Risk and Scrutiny Committee. The 2019/20 plan is comparable to the 2018/19 plan.</p>