

ABERDEEN CITY COUNCIL

COMMITTEE	Audit, Risk and Scrutiny Committee
DATE	11 May 2023
EXEMPT	No
CONFIDENTIAL	No
REPORT TITLE	Internal Audit Report AC2306 – ALEOs Performance and Payments
REPORT NUMBER	IA/AC2306
DIRECTOR	N/A
REPORT AUTHOR	Jamie Dale
TERMS OF REFERENCE	2.2

1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to present the planned Internal Audit report on ALEOs Performance and Payments

2. RECOMMENDATION

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

3. CURRENT SITUATION

- 3.1 Internal Audit has completed the attached report which relates to an audit of ALEOs Performance and Payments.

4. FINANCIAL IMPLICATIONS

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

5. LEGAL IMPLICATIONS

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

6. ENVIRONMENTAL IMPLICATIONS

- 6.1 There are no direct environmental implications arising from the recommendations of this report.

7. RISK

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

8. OUTCOMES

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

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

9. IMPACT ASSESSMENTS

Assessment	Outcome
Impact Assessment	An assessment is not required because the reason for this report is for Committee to review, discuss and comment on the outcome of an internal audit. 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

10. BACKGROUND PAPERS

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

11. APPENDICES

11.1 Internal Audit report AC2306 – ALEOs Performance and Payments

12. REPORT AUTHOR CONTACT DETAILS

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Internal Audit

Assurance Review of Arm's Length Organisations (ALEOs) – Performance and Payments

Status: Final

Date: 30 March 2023

Risk Level: Corporate

Report No: AC2306

Assurance Year: 2022-23

Net Risk Rating	Description	Assurance Assessment
Moderate	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified, which may put at risk the achievement of objectives in the area audited.	Reasonable

Report Tracking	Planned Date	Actual Date
Scope issued	20-10-22	20-10-22
Scope agreed	27-10-22	01-11-22
Fieldwork commenced	14-11-22	14-11-22
Fieldwork completed	09-12-22	17-01-23
Draft report issued	06-01-23	23-01-23
Process owner response	27-01-23	07-03-23
Director response	03-02-23	30-03-23
Final report issued	10-02-23	30-03-23
ARS Committee	11-05-23	

Distribution	
Document type	Assurance Report
Director	Gale Beattie, Director – Commissioning Steven Whyte, Director – Resources
Process Owner	Craig Innes, Head of Commercial and Procurement
Stakeholder	Jonathan Belford, Chief Officer – Finance
	Derek McGowan, Chief Officer – Early Intervention & Community Empowerment
	Paul Mitchell, Chief Finance Officer
	Vikki Cuthbert, Assurance Manager
	Lesley Fullerton, Finance Operations Manager
	Brian Dow, Finance Partner
	Jenni Lawson, Interim Chief Officer - Governance*
Final only	External Audit
Lead auditor	Agne McDonald, Auditor

Contents

1	Introduction	5
2	Executive Summary	7
3	Issues / Risks, Recommendations, and Management Response	9
4	Appendix 1 – Assurance Terms and Rating Scales	13
5	Appendix 2 – Assurance review scoping document.....	14

1 Introduction

1.1 Area subject to review

As defined by Audit Scotland, Arm's Length External Organisation (ALEO) is the term used to describe an organisation that is formally separate from the Council but is subject to its control or influence: the Council may own the ALEO; it may have representation on the ALEO's board; or it may be a funder or shareholder. Local Authorities can elect to provide services through Arm's Length External Organisations (ALEOs), where it is considered that this will be the best option for service delivery and offer Best Value. Whilst aspects of service delivery are assigned to ALEOs, the responsibility for any statutory service provision delivered by an ALEO remains with the Council.

To ensure that public money is used properly and achieves Best Value, it must be possible to trace funds from the Council to where they are ultimately spent – to 'Follow the Public Pound' (FtPP) across organisational boundaries.

The Council recognises five ALEOs within its annual accounts based on the Council's material interest in these organisations. Payments to these ALEOs are detailed below.

ALEO	2021/22 (£m)	1 Apr to 14 Nov 2022 (£m)
Sport Aberdeen	6.19	4.50
Aberdeen Sports Village	0.96	0.55
Bon Accord Care	29.74	26.34
Aberdeen Heat and Power	3.28	2.06
Aberdeen Performing Arts	0.99	0.71
Total	41.16	34.16

Since the Council has significant financial or control interests in ALEOs, proper consideration must be given to their performance and governance arrangements.

The Council's ALEO Assurance Hub provides oversight of each ALEO's risk management, financial management and governance arrangements, providing assurance on these matters to the Council, whilst balancing this with the benefits of ALEOs governing themselves as independent entities.

To ensure that public money is used properly and achieves Best Value, it must be possible to trace funds from the Council to where they are ultimately spent – to 'Follow the Public Pound' (FtPP) across organisational boundaries. The Council's Financial Regulations require Chief Officers to comply with the Council's Local Code of Practice for Funding External Bodies and 'Following the Public Pound' (the Council's FtPP Code). The level of checks required increases based on the level of funding and / or size and control the Council has. The annual results of Sport Aberdeen, Aberdeen Sports Village, and Bon Accord Care are included in the Council's 2020/21 Group Accounts and as such are tier 1 organisations requiring the most robust FtPP checks. Aberdeen Heat and Power is a related party in the 2020/21 Group Accounts and as such is a tier 2 organisation whilst Aberdeen Performing Arts is also a tier 2 organisation based on the funding it receives from the Council.

1.2 Rationale for the review

The objective of this audit was to ensure the Council's commissioning of services through ALEO's demonstrates Best Value.

This has been included in the 2022-23 audit plan due to the material level of funding provided to ALEOs and the reputational risk to the Council in the event that ALEOs do not perform as expected. The last Internal Audit of this area was completed in August 2017 as part of the review AC1722 - ALEOs Management by Services. Recommendations were made to enhance controls over funding agreements; performance monitoring arrangements; and payments linked to performance.

1.3 How to use this report

This report has several sections and is designed for different stakeholders. The executive summary (section 2) is designed for senior staff and is cross referenced to the more detailed narrative in later sections (3 onwards) of the report should the reader require it. Section 3 contains the detailed narrative for risks and issues we identified in our work.

2 Executive Summary

2.1 Overall opinion

The full chart of net risk and assurance assessment definitions can be found in Appendix 1 – Assurance Scope and Terms. We have assessed the net risk (risk arising after controls and risk mitigation actions have been applied) as:

Net Risk Rating	Description	Assurance Assessment
Moderate	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified, which may put at risk the achievement of objectives in the area audited.	Reasonable

The organisational risk level at which this risk assessment applies is:

Risk Level	Definition
Corporate	This issue / risk level impacts the Council as a whole. Mitigating actions should be taken at the Senior Leadership level.

2.2 Assurance assessment

The level of net risk is assessed **MODERATE**, with the control framework deemed to provide **REASONABLE** assurance over the Council's approach to ALEOs performance and payments, and the associated compliance with the Council's Following the Public Pound (FtPP) Code.

The governance arrangements and compliance with Council FtPP requirements for the ALEOs is monitored by the ALEO Assurance Hub, covering relevant financial and operational risk considerations centrally for the five ALEOs reviewed. The Assurance Hub regularly reports to Audit, Risk and Scrutiny Committee on ALEO governance arrangements, risk management and financial stewardship. Furthermore, the performance of the ALEOs, with the exception of Aberdeen Heat and Power (AHP) Ltd, is reported annually to full Council, providing assurance over ALEO service delivery. In addition, annual payments were made in at least four instalments for all ALEOs reviewed in line with the FtPP Code.

While the Council's control framework over ALEOs performance and payments is generally being applied adequately, some exceptions and areas for improvement were noted.

In accordance with the Council's FtPP Code, a letter of agreement must be in place with ALEOs with detailed terms and conditions of funding; this was absent for AHP Ltd. In addition, there was no record of AHP Ltd on the Council's grants register and whilst it is positive the ALEO Assurance Hub has monitored AHP Ltd's Board meeting minutes, covering governance and financial matters, there was no annual performance report received for review as required by the Council's FtPP Code. Finance advised that the AHP Ltd funding was out of scope for FtPP. However, there is no entry on the Council's contracts register and no evidence of compliance with the Council's Procurement Regulations i.e. inclusion on an approved workplan and approval of associated business case. This increases the risk Best Value will not be achieved, and the Council could suffer reputational damage as a result.

Other exceptions noted, were similar to those noted in Internal Audit review AC2303 Following the Public Pound, including instances of absent / partial supporting documentation; one (20%) absent financial plan; and incomplete funding agreements for the four agreements in place, with omissions including descriptions of what Council policy / strategy funds are linked to (100%); one absent payment schedule (25%); three (75%) statements of consequences for failure to provide necessary performance reports to the Council; and three statements on the ability to deduct debts prior to making payments (75%). These factors reduce control over use of Council funds and increase the risk Best Value will not be achieved.

Recommendations have already been made to improve FtPP compliance and address the majority of the above points as part of Internal Audit review AC2303 Following the Public Pound.

Recommendations have also been made as part of this review to formalise contractual key performance monitoring arrangements for AHP Ltd; and to ensure all FtPP funding agreement requirements are met.

2.3 Severe or major issues / risks

Issues and risks identified are categorised according to their impact on the Council. The following are summaries of higher rated issues / risks that have been identified as part of this review:

Ref	Severe or Major Issues / Risks	Risk Agreed	Risk Rating	Page No.
1.2	<p>Aberdeen Heat and Power Company (AHP) Ltd – Unlike the other four ALEOs reviewed, evidence of budget approval was absent for AHP Ltd and there is no record of AHP Ltd on the Council's grants register.</p> <p>Finance advised that AHP Ltd is a contractual rather than a grant arrangement and that the company is only paid on receipt of invoices for supplies (gas / electricity). However, there is no record of AHP Ltd on the Council's contracts register, no evidence of the contract being included on an approved workplan, no business case approval, and no contract or service level agreement is in place with AHP Ltd.</p> <p>AHP Ltd is described as an ALEO in the Council's audited annual accounts for 2021/22. However, unlike the other four ALEOs reviewed as part of this audit, an annual service performance report was not received from AHP Ltd as required by the Council's FtPP Code. Such a report would also be relevant for contract management purposes should AHP Ltd be regarded as a contractual arrangement.</p> <p>Whilst it is positive the ALEO Assurance Hub has monitored AHP Ltd.'s Board meeting minutes, covering governance and financial matters, in the absence of an approved budget, agreed contractual key performance requirements and regular performance monitoring against contractual KPIs, there is a greater risk Best Value will not be achieved, and the Council will suffer reputational damage as a result.</p>	Yes	Major	8

2.4 Management response

Council Officers have been working in partnership with AH&P Management to revise Terms of Governance between the Council and AH&P. Accordingly, the Council and AH&P have agreed that AH&P and any subsidiary of AH&P will be operated in accordance with the Council's ALEO Assurance Framework. These arrangements will take effect from 1st April 2023.

3 Issues / Risks, Recommendations, and Management Response

3.1 Issues / Risks, recommendations, and management response

Ref	Description	Risk Rating	Moderate
1.1	<p>Operational Assessments, Financial Assessments and Payment Control – The Council’s FtPP Code requires operational assessments of organisations for awards in excess of £15k to assess relevant non-financial risks. This includes matters such as adequacy of governance arrangements; compliance with company or charity requirements; and risk of reputational damage through association with the organisation.</p> <p>In addition, the Council’s FtPP Code requires specific financial assessments as follows:</p> <ul style="list-style-type: none"> • Tier 1 – every two years ensure adequate financial policies and procedures; annual check financial plan is realistic and achievable; annual check sufficient cash for next three months; annual check material sources of external funding secure; ongoing checks of sufficient cash via six monthly management accounts. • Tier 2 - same annual checks as tier 1 of sufficient cash and material sources of funding <p>Most of these checks are being undertaken by the ALEO Assurance Hub as required with regular reporting taking place to the Audit, Risk and Scrutiny Committee on ALEO governance; risk management; and finance risk status.</p> <p>However, despite going concern checks taking place based on audited accounts there was no documented check that material sources of funding were secure for any of the ALEOs as required by the FtPP Code.</p> <p>In addition, the following FtPP Code operational risk assessment requirements are not explicitly documented for each ALEO:</p> <ul style="list-style-type: none"> • Does the organisation have a clear statement of purpose and organisational objectives? • Are there any known reasons that would result in a risk to the Council’s reputation through association with an external body if financial or service delivery problems emerge? <p>Also, debts which have reached the first reminder stage of the debt recovery process, should be deducted from the next payment to the organisation. It was noted that checks of debts prior to payment were not documented for the five ALEOs. However, Finance advised debt checks are undertaken, indicating the last time checks were done was in November 2022 when overdue debts were £42k for Sport Aberdeen, £88 for Aberdeen Sports Village, and £57k (disputed) for Bon Accord Care. It was noted that two reminders had been issued in relation to the £42k outstanding debt for Sport Aberdeen by May 2022. Despite this, three payments totalling £540k were subsequently made with no deduction for the debt. Whilst it is positive debts are checked, these should be deducted from future payments where required by the FtPP Code and the checks should be documented prior to payment.</p> <p>Whilst the governance, risk and financial checks undertaken by the ALEO Assurance Hub reported to Audit, Risk and Scrutiny Committee cover the majority of Operational and Financial Assessment requirements, and payments had been phased in line with the FtPP Code to reduce the risk of loss to the Council, it would improve control if the above absent FtPP checks were explicitly documented for each ALEO as required by the FtPP Code.</p>		

Ref	Description	Risk Rating	Moderate
	<p>Work is underway to itemise and schedule reviews for all relevant governance documentation for each of the ALEOs. A recommendation is included to track process with the development of this control and to formalise other FtPP checks.</p> <p>It is positive that assurance processes are in place and that the ALEOs concerned are well known to officers, due to regular scrutiny of their governance arrangements and financial controls. However, some improvements are required to the recording of FtPP checks undertaken and completion of some financial controls. Formalising assurance processes will ensure all FtPP requirements are covered and facilitate assurance arrangements over any new ALEOs engaged by the Council that are unfamiliar to officers.</p>		
	IA Recommended Mitigating Actions		
	<p>a) Finance should ensure all required FtPP checks are documented for the ALEOs and if there are exceptions, these are brought to the attention of the relevant budget holder prior to payment to determine if further payments are appropriate. Specifically in relation to debts, should any have reached the first reminder stage prior to payment and where necessary, debts should be deducted from payments.</p> <p>b) The ALEO Assurance Hub should ensure the planned schedule of governance documentation reviews are formalised for all ALEOs.</p>		
	Management Actions to Address Issues/Risks		
	<p>a) <i>Agreed.</i></p> <p>b) <i>Agreed</i></p>		
	Risk Agreed	Person(s)	Due Date
	a) Yes	a) Chief Officer – Finance	a) September 2023
	b) Yes	b) ALEO Assurance Hub Chair	b) June 2023

Ref	Description	Risk Rating	Major
1.2	<p>Aberdeen Heat and Power Company (AHP) Ltd - Three ALEO 2022/23 grant awards (Sports Aberdeen, Aberdeen Sports Village, Aberdeen Performing Arts) were approved by full Council on 7 March 2022, and the Bon Accord Care grant award was approved by the IJB on 10 March 2022, in line with FtPP Code approval requirements. However, evidence of budget approval was absent for AHP Ltd and there is no record of AHP Ltd on the Council's grants register.</p> <p>Finance advised that AHP Ltd is not a grant arrangement and that the company is only paid on receipt of invoices for supplies. However, there is no record of AHP Ltd on the Council's contracts register, no evidence of the contract being included on a workplan, no business case approval, and no contract or service level agreement is in place with AHP Ltd.</p> <p>AHP Ltd is described as an ALEO in the Council's audited annual accounts for 2021/22. However, unlike the other four ALEOs reviewed as part of this audit, an annual service performance report was not received from AHP Ltd as required by the Council's FtPP Code and was therefore not reported on to full Council like for the other ALEOs. Such a report would also be relevant for contract management purposes should AHP Ltd be regarded as a contractual arrangement.</p> <p>Whilst it is positive the ALEO Assurance Hub has monitored AHP Ltd.'s Board meeting minutes, in the absence of an approved budget, agreed contractual key performance</p>		

Ref	Description	Risk Rating	Major
	requirements and regular performance monitoring against contractual KPIs, there is a greater risk Best Value will not be achieved, and the Council will suffer reputational damage as a result.		
	IA Recommended Mitigating Actions		
	C&PSS, with engagement from Early Intervention & Community Empowerment (EI&CE), should ensure the budget and contractual arrangements for Aberdeen Heat and Power are agreed and formalised. Performance monitoring arrangements should also be established for Aberdeen Heat and Power once key performance indicators are formalised.		
	Management Actions to Address Issues/Risks		
	<i>This will be managed through the revised Terms of Governance between the Council and AH&P.</i>		
	Risk Agreed	Person(s)	Due Date
	Yes	Head of Commercial & Procurement Services	April 2023

Ref	Description	Risk Rating	Moderate	
1.3	<p>Funding Agreements – The Council’s FtPP Code states:</p> <p><i>‘All organisations covered by this procedure must have a Funding Agreement. In accordance with the procedures a Service Level Agreement is required for funding that is in excess of £300,000 and a letter of agreement setting out the conditions of the funding is required for funding below £300,000’.</i></p> <p>Regardless of the form of the funding agreement, it must address certain minimum requirements according to the Council’s FtPP Code. As identified at 1.2 above, a funding Agreements was absent for Aberdeen Heat and Power (20% of sample).</p> <p>While Funding Agreements were available for the remaining four ALEOs (80%), the following minimum requirements were absent from the respective funding agreements:</p> <ul style="list-style-type: none"> • The requirement for awarded funding to be linked to a relevant Council policy/strategy was absent for all (100%) ALEOs reviewed. • Payment dates were absent for one (25%). • A statement on the consequences of failure to provide reporting information to the Council, i.e. the discontinuation of further funding was absent for three (75%). • A statement on the ability of the Council to deduct any debts due to the Council prior to making any further awards were absent for three (75%). • The need for the Council to be acknowledged for its support on all publicity material relating to the project/service was absent for all (100%) ALEOs reviewed. <p>Where funding agreements are absent or not adequately defined, there is a greater risk organisation will not be held accountable for use of Council funds; funding will not be spent in line with Council priorities, Best Value will not be achieved, and the Council will suffer reputational damage as a result.</p> <p>Recommendations have already been made in Internal Audit review AC2303 Following the Public Pound for Functions to ensure funding agreements are established prior to grant payments and that Finance should ensure no payments are in place until funding agreements are in place. A recommendation is made to ensure funding agreements meet minimum FtPP Code requirements.</p>			

Ref	Description	Risk Rating	Moderate
	IA Recommended Mitigating Actions		
	C&PSS should ensure ALEO funding agreements include minimum funding agreement requirements set out in the Council's FtPP Code.		
	Management Actions to Address Issues/Risks		
	<i>Working Groups will be in place to refresh the Service Level Agreements with each of the ALEOs during 2023.</i>		
	Risk Agreed	Person(s)	Due Date
	Yes	Head of Commercial & Procurement Services	October 2023

4 Appendix 1 – Assurance Terms and Rating Scales

4.1 Overall report level and net risk rating definitions

The following levels and ratings will be used to assess the risk in this report:

Risk level	Definition
Corporate	This issue / risk level impacts the Council as a whole. Mitigating actions should be taken at the Senior Leadership level.
Function	This issue / risk level has implications at the functional level and the potential to impact across a range of services. They could be mitigated through the redeployment of resources or a change of policy within a given function.
Cluster	This issue / risk level impacts a particular Service or Cluster. Mitigating actions should be implemented by the responsible Chief Officer.
Programme and Project	This issue / risk level impacts the programme or project that has been reviewed. Mitigating actions should be taken at the level of the programme or project concerned.

Net Risk Rating	Description	Assurance Assessment
Minor	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.	Substantial
Moderate	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified, which may put at risk the achievement of objectives in the area audited.	Reasonable
Major	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.	Limited
Severe	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.	Minimal

Individual Issue / Risk Rating	Definitions
Minor	Although the element of internal control is satisfactory there is scope for improvement. Addressing this issue is considered desirable and should result in enhanced control or better value for money. Action should be taken within a 12 month period.
Moderate	An element of control is missing or only partial in nature. The existence of the weakness identified has an impact on the audited area's adequacy and effectiveness. Action should be taken within a six month period.
Major	The absence of, or failure to comply with, an appropriate internal control, which could result in, for example, a material financial loss. Action should be taken within three months.
Severe	This is an issue / risk that could significantly affect the achievement of one or many of the Council's objectives or could impact the effectiveness or efficiency of the Council's activities or processes. Action is considered imperative to ensure that the Council is not exposed to severe risks and should be taken immediately.

5 Appendix 2 – Assurance review scoping document

5.1 Area subject to review

As defined by Audit Scotland, Arm's Length External Organisation (ALEO) is the term used to describe an organisation that is formally separate from the Council but is subject to its control or influence: the Council may own the ALEO; it may have representation on the ALEO's board; or it might be a funder or shareholder. Local Authorities can elect to provide services through Arm's Length External Organisations (ALEOs), where it is considered that this will be the best option for service delivery and offer Best Value. Whilst aspects of service delivery are assigned to ALEOs, the responsibility for any statutory service provision delivered by an ALEO remains with the Council.

To ensure that public money is used properly and achieves Best Value, it must be possible to trace funds from the Council to where they are ultimately spent – to 'Follow the Public Pound' (FtPP) across organisational boundaries.

The Council recognises five ALEOs within its annual accounts based on the Council's material interest in these organisations. Payments to these ALEOs are detailed below:

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Since the Council has significant financial or control interests in ALEOs, proper consideration must be given to their performance and governance arrangements.

The Council's ALEO Assurance Hub provides oversight of each ALEO's risk management, financial management and governance arrangements, providing assurance on these matters to the Council, whilst balancing this with the benefits of ALEOs governing themselves as independent entities.

To ensure that public money is used properly and achieves Best Value, it must be possible to trace funds from the Council to where they are ultimately spent – to 'Follow the Public Pound' (FtPP) across organisational boundaries. The Council's Financial Regulations require Chief Officers to comply with the Council's Local Code of Practice for Funding External Bodies and 'Following the Public Pound' (the Council's FtPP Code). The level of checks required increases based on the level of funding and / or size and control the Council has. The annual results of Sport Aberdeen, Aberdeen Sports Village, and Bon Accord Care are included in the Council's 2020/21 Group Accounts and as such are tier 1 organisations requiring the most robust FtPP checks. Aberdeen Heat and Power is a related party in the 2020/21 Group Accounts and as such is a tier 2 organisation whilst Aberdeen Performing Arts is also a tier 2 organisation based on the funding it receives from the Council.

5.2 Rationale for review

The objective of this audit was to ensure the Council's commissioning of services through ALEO's demonstrates Best Value. This has been included in the 2022-23 audit plan due to the material level of funding provided to ALEOs and the reputational risk to the Council in the event that ALEOs do not perform as expected. The last Internal Audit of this area was completed in August 2017 as part of the review AC1722 - ALEOs Management by Services. Recommendations were made to enhance controls over funding agreements; performance monitoring arrangements; and payments linked to performance.

5.3 Scope and risk level of review

This review will offer the following judgements:

-
- An overall **net risk** rating at the Corporate level.
 - Individual **net risk** ratings for findings.

Please see **Error! Reference source not found.** on page 4 for details of our risk level and net risk rating definitions.

5.3.1 Detailed scope areas

As a risk-based review this scope is not limited by the specific areas of activity listed below. Where related and other issues / risks are identified in the undertaking of this review these will be reported, as considered appropriate by IA, within the resulting report.

The specific areas to be covered by this review are:

- Policies and Procedures
- Financial Assessments
- Operational Assessments
- Approvals
- Funding Agreements/Service Level Agreements (SLAs)
- Performance monitoring and reporting
- Payments

5.4 Methodology

This review will be undertaken through interviews with key staff involved in the process(es) under review and analysis and review of supporting data, documentation, and paperwork. To support our work, we will review relevant legislation, codes of practice, policies, procedures, guidance.

Due to hybrid working across the Council, this review will be undertaken primarily remotely .

5.5 IA outputs

The IA outputs from this review will be:

- A risk-based report with the results of the review, to be shared with the following:
 - Council Key Contacts (see 1.6 below)
 - Audit Committee (final only)
 - External Audit (final only)

5.6 IA staff

The IA staff assigned to this review are:

- Agne McDonald (**audit lead**)
- Andrew Johnston, Audit Team Manager
- Jamie Dale, Chief Internal Auditor (**oversight only**)

5.7 Council key contacts

The key contacts for this review across the Council are:

- Steven Whyte, Director – Resources
- Gale Beattie, Director – Commissioning
- Jonathan Belford, Chief Officer – Finance
- Vikki Cuthbert, Chief Officer – Governance
- Craig Innes, Chief Officer – Commercial and Procurement (**Process Owner**)
- Brian Dow, Finance Partner

5.8 Delivery plan and milestones

The key delivery plan and milestones are:

Milestone	Planned date
Scope issued	20/10/2022
Scope agreed	27/10/2022
Fieldwork commences	14/11/2022
Fieldwork completed	09/12/2022
Draft report issued	06/01/2023
Process owner response	27/01/2023
Director response	03/02/2023
Final report issued	10/02/2023