

***Internal Audit Annual  
Risk Assessment and  
Plan***  
***For the financial year  
ended 31 March 2015***

Aberdeen City Council

17 February 2014

**DRAFT FOR AUDIT AND RISK  
COMMITTEE DISCUSSION**

**27 FEBRUARY 2014**

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## **Distribution List**

For action – Corporate Management Team

For Approval – Audit and Risk Committee

This document has been prepared only for Aberdeen City Council and solely for the purpose and on the terms agreed with Aberdeen City Council.

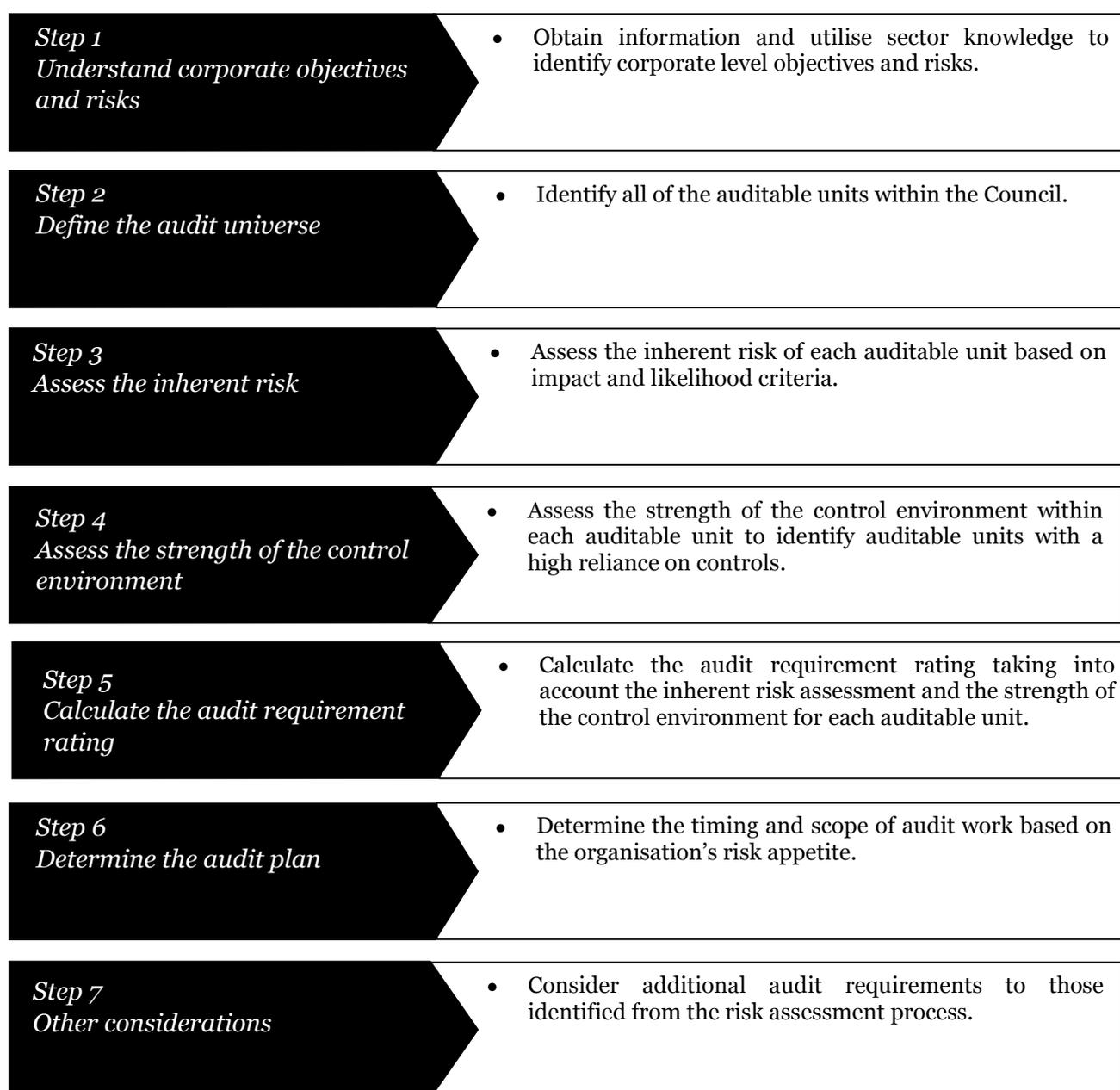
# 1. Introduction and approach

## Introduction

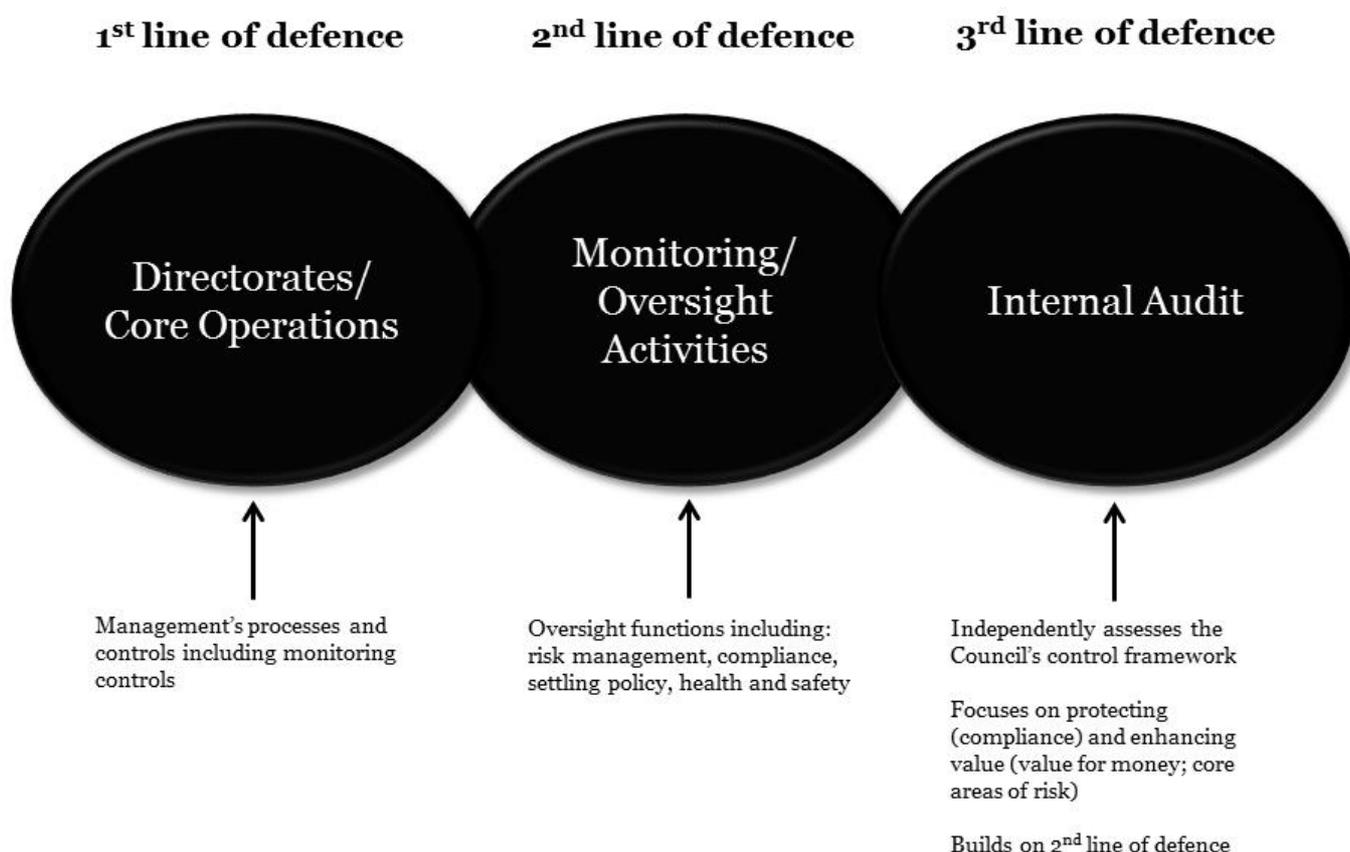
This document sets out the risk assessment and our internal audit plan for Aberdeen City Council.

## Approach

The internal audit service will be delivered in accordance with the Internal Audit Charter. A summary of our approach to undertaking the risk assessment and preparing the internal audit plan is set out below. The internal audit plan is driven by Aberdeen City Council's organisational objectives and priorities, and the risks that may prevent Aberdeen City Council from meeting those objectives. A more detailed description of our approach can be found in Appendix 1 and 2.



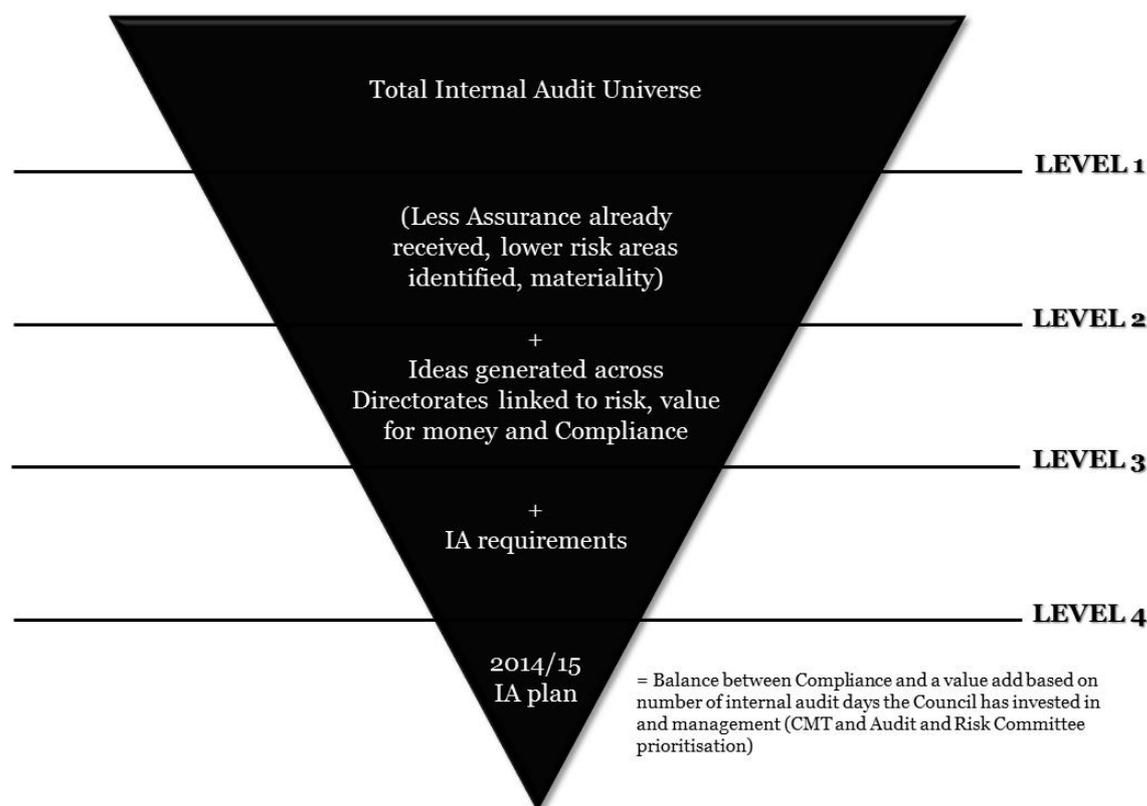
This approach takes into account the role of Internal Audit, as one of the Council's assurance providers from the 3rd line of defence:



### *Basis of our plan*

In order to carry out the level of work that our risk assessment indicates is appropriate, we estimate that the resource requirement for Aberdeen City Council's internal audit service is 957 days. Based on our risk assessment, this is the level of resource that we believe would be necessary to evaluate the effectiveness of risk management, control and governance processes. The level of agreed resources for the internal audit service for 1 April 2014 to 31 March 2015 is limited to £400,000, and therefore the plan does not purport to address all key risks identified across the audit universe as part of the risk assessment process. Accordingly, the level of internal audit activity represents a deployment of limited internal audit resources and in approving the risk assessment and internal audit plan, the Audit and Risk Committee recognises this limitation.

Taking into account the above, the plan is drafted as follows:



## *Basis of our annual internal audit conclusion*

Internal audit work will be performed in accordance with PwC's Internal Audit methodology which is aligned to the Public Sector Internal Audit Standards. As a result, our work and deliverables are not designed or intended to comply with the International Auditing and Assurance Standards Board (IAASB), International Framework for Assurance Engagements (IFAE) and International Standard on Assurance Engagements (ISAE) 3000.

Our annual internal audit opinion will be based on and limited to the internal audits we have completed over the year and the control objectives agreed for each individual internal audit. The agreed control objectives will be reported within our final individual internal audit reports.

In developing our internal audit risk assessment and plan we have taken into account the requirement to produce an annual internal audit opinion by determining the level of internal audit coverage over the audit universe and key risks. We do not believe that the level of agreed resources will impact adversely on the provision of the annual internal audit opinion.

## *Other sources of assurance*

In developing our internal audit risk assessment and plan we have taken into account other sources of assurance and have considered the extent to which reliance can be placed upon these other sources.

The other sources of assurance for Aberdeen City Council include:

- External inspections such as those undertaken by the Care Inspectorate, Child Protection Inspection Unit, Education Scotland and Audit Scotland.
- External audit
- Information Commissioner reviews and inspections

In order to assess whether we can place reliance on these other sources of assurance we will undertake a controls assurance mapping exercise as part of the 2014/15 internal audit plan. This will involve mapping the sources of assurance against key activities of the Council and assessing the strength of this assurance through reviewing their methodology, staff skills, work plan, terms of reference and reporting.

### *Key contacts*

Meetings have been held with the following key personnel during the planning process:

***Valerie Watts***

Chief Executive

***Angela Scott***

Director Corporate Governance

***Pete Leonard***

Director of Housing and Environment

***Liz Taylor***

Director Social Care and Wellbeing

***Gordon McIntosh***

Director of Enterprise, Infrastructure and Planning

***Gayle Gorman***

Director of Education, Culture and Sport

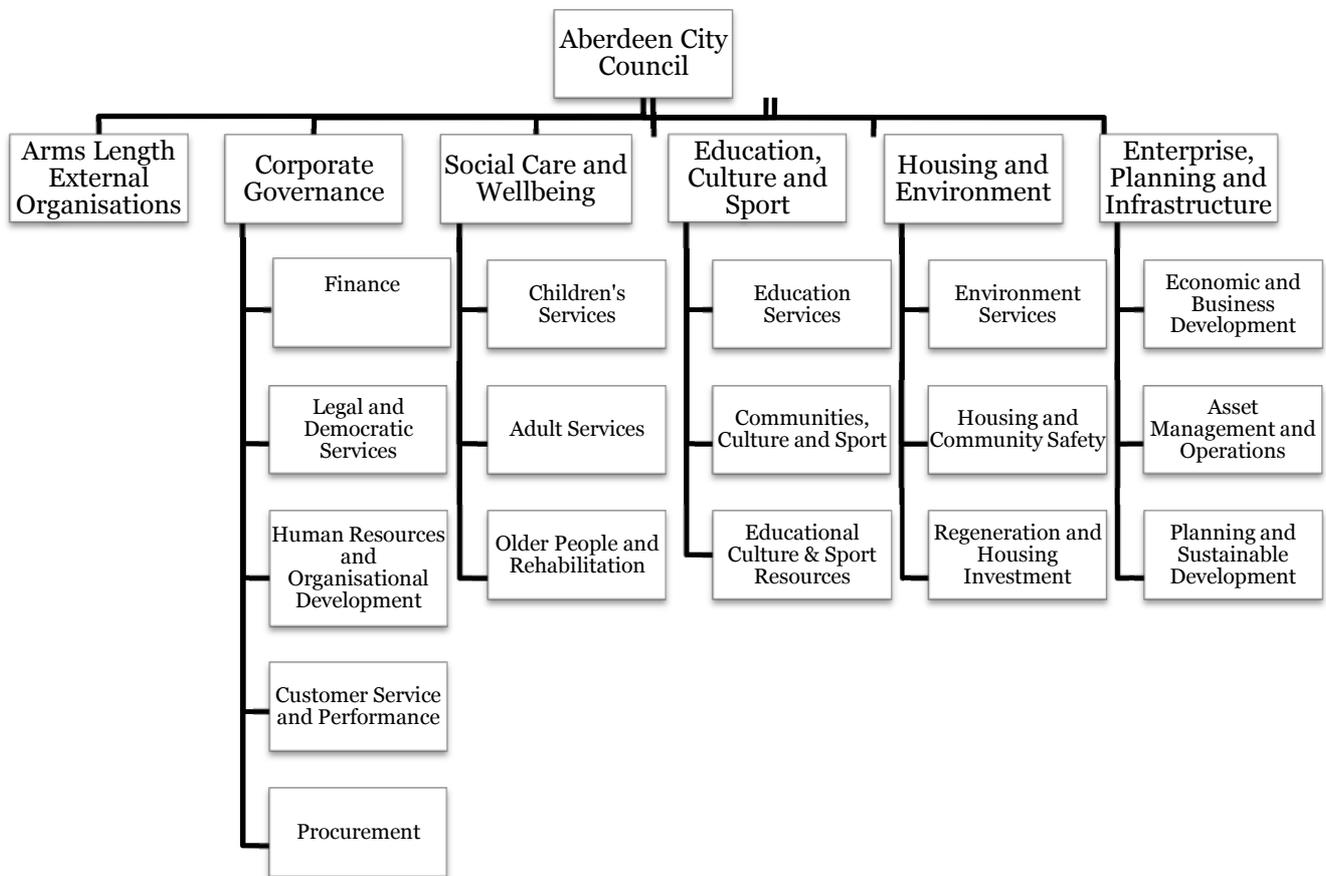
***Martin Murchie***

Community Planning and Corporate Performance  
Manager

## 2. Audit universe, corporate objectives and risks

### Audit universe

The diagram below represents the high level auditable units within the audit universe of Aberdeen City Council. These units form the basis of the internal audit plan.



### Corporate objectives and risks

Included at Appendix 4 are the corporate risks as identified by Aberdeen City Council. The service level risks are shown within Appendix 5. The planned internal audit reviews for 2014/15 have been cross referenced to these risks within Section 4.

## 3. Risk assessment

### Risk assessment results

Each auditable unit has been assessed for inherent risk and the strength of the control environment, in accordance with the methodology set out in Appendix 1 and 2. The results are summarised in the table below.

Ref	Auditable Unit	Inherent Risk Rating	Control Environment Indicator	Audit Requirement Rating	Rating*	Frequency
<b>A</b>	<b>Corporate Governance</b>					
A.1	Finance	5	3	4	C	Annual
A.2	Legal and Democratic Services	4	4	2	M	Every 3 years
A.3	Human Resources and Organisational Development	5	2	4	C	Annual
A.4	Customer Services and Performance	6	3	5	C	Annual
A.5	Procurement	5	3	4	C	Annual
<b>B</b>	<b>Enterprise Planning and Infrastructure</b>					
B.1.	Asset Management and Operations	4	4	2	M	Every 3 years
B.2	Planning and Sustainable Development	4	2	3	H	Every 2 years
B.3	Economic and Business Development	5	3	4	C	Annual
<b>C</b>	<b>Education, Culture and Sport</b>					
C.1	Communities, Culture and Sport	4	4	2	M	Every 3 years
C.2	Schools and Education Establishments	5	2	4	C	Annual
C.3	Educational Development, Policy and Performance	4	4	2	M	Every 3 years
<b>D</b>	<b>Housing and Environment</b>					
D.1	Regeneration and Housing Investment	5	5	3	H	Every 2 years
D.2	Housing and community safety	3	3	2	M	Every 3 years
D.3	Environmental Services	3	2	2	M	Every 3 years
<b>E</b>	<b>Social Care and Wellbeing</b>					
E.1.	Adult Services	6	4	4	C	Annual
E.2	Children Services	6	4	4	C	Annual
E.3	Older people and rehabilitation	5	5	3	H	Every 2 years

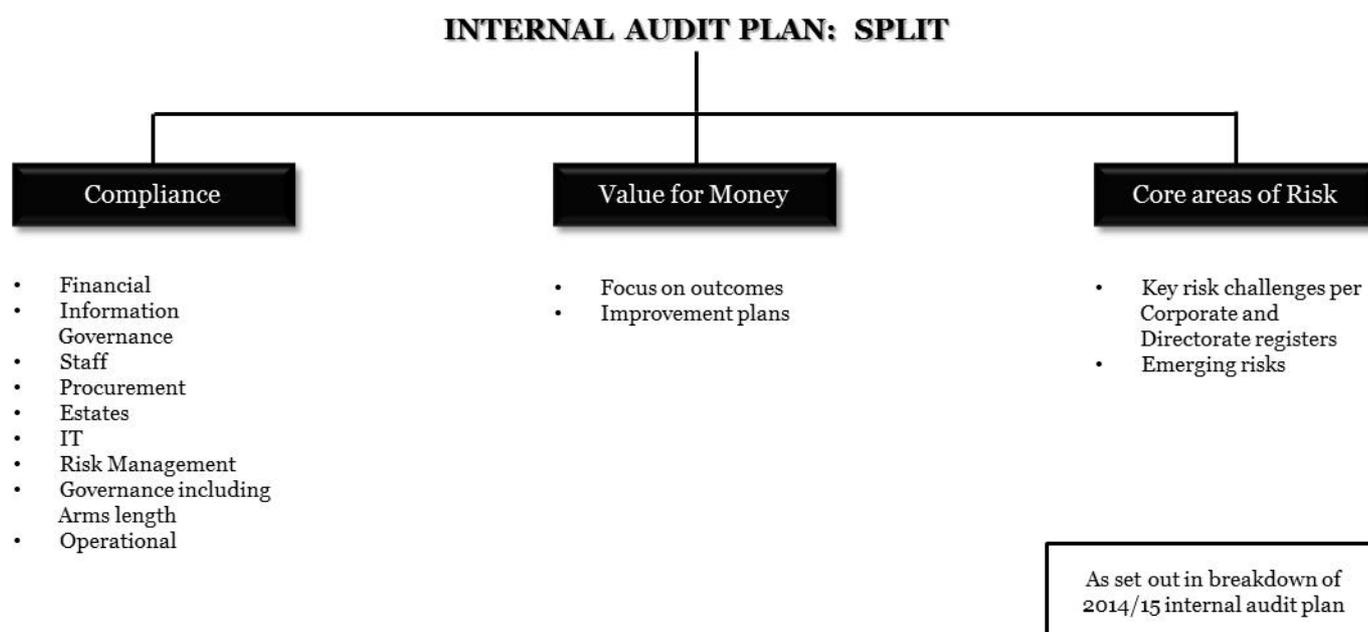
*Key to frequency of audit work*

<b>Audit Requirement Rating</b>	<b>Frequency – PwC standard approach</b>	<b>Rating</b>
<b>6</b>	Annual	Critical (C)
<b>5</b>	Annual	Critical (C)
<b>4</b>	Annual	Critical (C)
<b>3</b>	Every two years	High (H)
<b>2</b>	Every three years	Medium (M)
<b>1</b>	No further work	Low (L)

## 4. Annual plan and internal audit performance

### Annual plan and indicative timeline

The internal audit plan has been split out as shown below to reflect the core areas of our Internal Audit programme and the balance between compliance, value for money and risk based internal audits, determined either by Council Management; risk registers; corporate priorities and Internal Audit standards.



Through discussions with Heads of Service and Directors, we developed a full suite of potential internal audit reviews based on our risk assessment and suggestions provided by each service.

This was then presented to the CMT to determine the reviews of highest priority and to help finalise the planned reviews, which are presented to the Audit and Risk Committee on the following pages.

Each proposed review has been cross referenced to corporate and service level risks, which are included within Appendix 4 and 5.

Review	Description	Area	Contact	Days	Link to Risks
<b>Compliance</b>					
<b>Financial Governance</b>					
<b>Continuous Controls</b>  Start date: 6 October 2014  Reporting to ARC: February 2015  Start date: 6 April 2015  Reporting to ARC: June 2015	Six monthly Financial Controls Assessment - Testing of key controls within the Council's key financial systems using continuous auditing techniques and data techniques to interrogate complete populations of data where controls are automated. Testing will cover compliance with processes and production of an internal audit report on a six monthly cycle, allowing for the identification of trends.  Systems / processes to review include: - Housing Benefits; - Fixed Assets; - Council Tax; - NNDR; - Main Accounting System (Accounts Payable, Accounts Receivable, Cash & Bank, Treasury Management); and Payroll.	Corporate Governance	Steve Whyte	75	CG9
<b>Car Parking</b>  Start date: 28 April 2014  Reporting to ARC: September 2014	Review into compliance of financial controls in relation to car parking - including cash collection, parking fines and bad debt management. Also to ensure that clear criteria are in place for the issue of Penalty Change Notices and to ensure that non-standard signage is appropriately approved.	Corporate Governance	Steve Whyte	12	CG3, CG9
<b>School Amenity Funds</b>  Start date: 4 August 2014  Reporting to ARC: November 2014	Review of financial controls in place for school and amenity funds, including compliance with these controls and fair use of funds.	Education Culture and Sport	Gayle Gorman	12	ECS3, ECS11
<b>Total internal audit days - financial controls:</b>				<b>99</b>	

Review	Description	Area	Contact	Days	Link to Risks
<b>Compliance</b>					
<b>Information Governance</b>					
<b>Early years provision</b>  Start date: 6 October 2014  Reporting to ARC: February 2015	Review to assess the controls and procedures in place surrounding the management information that is used to assist in planning for early years provision, including forecasting staff and nursery facility capacity.	Education Culture and Sport	Gayle Gorman	15	CR6, ECS13 ECS18
<b>Disaster recovery</b>  Start date: 10 November 2014  Reporting to ARC: February 2015	Review of disaster recovery strategies and plans to ensure they are aligned with business continuity requirements, are fit for purpose (i.e. no critical single points of failure) and tested appropriately.	Corporate Governance	Paul Fleming	15	CR12, CR19, CR21, CG2 SC18 SC19
<b>Security Review</b>  Start date: 12 January 2015  Reporting to ARC: April 2015	Review of threat and vulnerability management processes and security / identity management controls (will include specialist involvement, which is reflected in higher number of days).	Corporate Governance	Paul Fleming	20	CG15 ECS12
<b>Asset management</b>  Start date: 3 November 2014  Reporting to ARC: February 2015	Review of processes and controls management have implemented to ensure they have complete and accurate records of all IT assets.	Corporate Governance	Paul Fleming	15	CG15
<b>Compliance with the Public Records (Scotland) Act</b>  Start date: 15 September 2014  Reporting to ARC: February 2015	Review to assess controls and procedures, focussing on staff engagement, in place to ensure the Council is compliant with the Public Records (Scotland) Act 2011.	Cross-Cutting	Paul Fleming	20	CR6, CG5 SC12
<b>Management Information</b>  Start date: 20 October 2014  Reporting to ARC: February 2015	This review will examine the adequacy of management information (including data quality) for decision making purposes within defined committees/areas. The key linkages with other relevant work streams will be considered as part of this review.	Cross-Cutting	Paul Fleming	20	CR1, CR6, CG5 EPI2 SC15
<b>Total internal audit days – information governance:</b>				<b>105</b>	

Review	Description	Area	Contact	Days	Link to Risks
<b>Staff Governance</b>					
<b>Sourcing and Management of Agency Staff</b>  Start date: 19 May 2014  Reporting to ARC: September 2014	The review is to assess the Council's compliance with statutory requirements and guidance; due diligence on use of agencies and agency workers; and recording and analysis of data on agency workers.	Corporate Governance	Ewan Sutherland	15	CR7 CR11 CR15
<b>Total internal audit days - staff:</b>				<b>15</b>	
<b>Procurement Governance</b>					
<b>Procurement in Construction</b>  Start date: 23 June 2014  Reporting to ARC: 20 November 2014	The Scottish Public Sector Procurement in Construction review was released by the Scottish Government in October 2013. This IA review will assess the Council's appliance of the recommendations and actions coming out of the SG review.	Enterprise, Planning and Infrastructure /Corporate Governance	Maggie Bochel and Craig Innes	15	CG12 EPI8
<b>Use of PECOS</b>  Start date: 18 August 2014  Reporting to ARC: 20 November 2014	Review into the use of PECOS and a value for money assessment into areas where PECOS has not been used.	CG	Craig Innes	25	ECS3
<b>Total internal audit days - procurement:</b>				<b>40</b>	
<b>Governance of Assets</b>					
<b>New Schools Programme</b>  Start date: 15 September 2014  Reporting to ARC: February 2015	The Council has an asset management plan to build new schools to meet increasing demand. This review will assess the controls and processes surrounding the approval process for new schools, including the controls surrounding data integrity of management information such as demographics. This will involve a post implementation review of previously submitted plans for school builds.	Enterprise, Planning and Infrastructure and Education, Culture and Sport	Maggie Bochel and Charlie Penman	20	ECS6, ECS9 EPI7

Review	Description	Area	Contact	Days	Link to Risks
<b>Governance of Assets</b>					
<b>Corporate Landlord responsibilities (Asset Management)</b>  Start date: 5 January 2015  Reporting to ARC: April 2015	This review will look at whether the Council is meeting its legislative requirements around landlord responsibilities, for example, whether gas certificates and appropriate health and safety checks are in place.	Enterprise Planning & Infrastructure	Hugh Murdoch	15	HE3
<b>Structures, Flooding and Coastal Risk Management</b>  Start date: 2 February 2015  Reporting to ARC: May 2015	This review will look at the Council's arrangements to meet its responsibilities in respect of flooding and coastal risks.	Enterprise Planning & Infrastructure	Hugh Murdoch	10	EPI11
	<b>Total internal audit days - estates:</b>			<b>45</b>	
<b>Corporate Governance</b>					
<b>Policy and Procedure Development</b>  Start date: 24 November 2014  Reporting to ARC: February 2015	Review to assess key controls used to devise and approve policies and procedures, including how compliance is demonstrated, process for development, implementation and review of policies including the reporting to committees and effectiveness of communications to staff about policies.	Cross-Cutting	Tbc	12	CR6 CR18 SC17
<b>ALEO review</b>  Start date: 13 October 2014  Reporting to ARC: February 2015	Rolling programme of reviews of whole control environment of ALEO "family" within each Service.	Corporate Governance	Angela Scott	25	CR10, CR11, CG3
<b>Controls Assurance Mapping</b>  Start date: 11 August 2014  Reporting to ARC: November 2014	Controls assurance mapping exercise to assess the level of assurance each service receives. This will include gaining a better understanding of activities within the second line of defence and where ACC get assurance on the organisational culture from external (third party) assurance providers.	Cross-Cutting	Angela Scott	20	CR17

<b>Review</b>	<b>Description</b>	<b>Area</b>	<b>Contact</b>	<b>Days</b>	<b>Link to Risks</b>
<b>Complaints Handling Process</b>  Start date: 12 May 2014  Reporting to ARC: 23 September 2014	Review to assess compliance with the Council's complaints handling procedure and whether this follows best practice guidance issued by the Scottish Public Services Ombudsman in 2011.	Corporate Governance	Neil Buck	12	CR4, CG7 SC11
<b>Total internal audit days –governance:</b>				<b>69</b>	
<b>Operational</b>					
<b>Legal Services</b>  Start date: 2 June 2014  Reporting to ARC: September 2014	Review of controls and processes which give assurance of legal compliance.	Corporate Governance	Jane MacEachran	15	CG12
<b>Library Services</b>  Start date: 2 March 2015  Reporting to ARC: June 2015	Review into the decision making process surrounding library services and the use of community centres to manage this service provision and associated opening hours.	Education Culture and Sport	Gayle Gorman	15	CR4, CR15, ECS15 ECS19
<b>Fraud governance within housing and environment</b>  Start date: 4 August 2014  Reporting to ARC: November 2014	Review into the integrity of processes and systems, including those under development, to ensure that controls offer adequate protection against fraud and loss of all kinds within housing and community safety; and process aligns with Council's strategic goals: Relating to welfare reform, e.g. benefits, discretionary payments, referrals to food banks etc.	Housing and Environment	Pete Leonard	15	CR2 HE1
<b>Service reviews</b>  Start date: 14 July 2014  Reporting to ARC: November 2014	Compliance with service reviews for care users.	Social Care and Wellbeing	Liz Taylor	15	CR9, CR15 SC09
<b>Roads</b>  Start date: 7 April 2014  Reporting to ARC: September 2014	Review into the Roads Construction Consent Process	Enterprise, Planning and Infrastructure	Gordon McIntosh	15	CR15 EPI10

<b>Review</b>	<b>Description</b>	<b>Area</b>	<b>Contact</b>	<b>Days</b>	<b>Link to Risks</b>
<b>Care First budgetary control and forecasting</b>  Start date: 27 October 2014  Reporting to ARC: February 2015	Review of the arrangements to record care packages on care 1 <sup>st</sup> and the budgetary control and forecasting arrangements to ensure controls in place to give complete and accurate data.	Social Care and Wellbeing	Liz Taylor	20	CR6
<b>Total internal audit days –operational:</b>				<b>95</b>	
<b>Value for Money</b>					
<b>Music Services</b>  Start date: 20 October 2014  Reporting to ARC: February 2015	A value for money review into the music service and the music school.	Education Culture and Sport	Gayle Gorman	15	ECS3
<b>Taxi Contracts</b>  Start date: 18 August 2014  Reporting to ARC: November 2014	Review into the value for money aspect of taxi contracts.	Corporate Governance	Craig Innes	20	ECS3
<b>Total internal audit days –value for money:</b>				<b>35</b>	
<b>Follow Up</b>  Throughout: To go to ARC each meeting	Follow up of agreed action points from previous reports that have fallen due in the quarter. This will be reported at each Audit Committee.  This will also include a review of the system of follow up applied by Services and Committees in relation to improvement recommendations and actions agreed with external inspection and regulation bodies.		Martin Murchie	25	
<b>Contingency Days</b>				50	
<b>Total internal audit days</b>				<b>578</b>	

In addition, we will also perform a review in relation to the North East of Scotland Pension Fund (NESPF) to satisfy a request from external audit:

Review	Description	Area	Contact	Days	Link to Risks
Pension Fund	Review of the key financial controls in operation within the pension fund.	Corporate Governance	Steve Whyte	30	CG9
<b>Total internal audit days including NESPF</b>				<b>608</b>	

The following potential reviews have been identified. They are not included in the Annual Plan, but can be brought forward for the Committee's consideration and use of contingency days, or in the event of the other agreed areas not proceeding due to changed circumstances and reduction in risk.

Review	Description	Area	Contact	Days	Link to Risks
Fraud Prevention and Detection	Potential use of tools for examination of the system of fraud prevention and detection as well as the analysis of transactions.	Corporate Governance	Steve Whyte	20	CR17
Reliability of benchmarked data	Potential review to examine the reliability and comparability of data used for benchmarking through the Local Government Benchmarking Project. This will require discussion and agreement with benchmark comparators.	Corporate Governance	Paul Fleming	15	CR6
Customer Service	Potential review of processes and controls to support "whole customer journeys".	Corporate Governance	Paul Fleming	15	CR4 CR15
Governance arrangements from joint venture structures	Review of governance arrangements within Housing Investment and Regeneration into construction/maintenance joint ventures and 1000 houses development Joint Venture.	Housing and Environment	Pete Leonard	20	HE1
<b>Total potential reviews</b>				<b>70</b>	

# Appendix 1: Detailed methodology

## Step 1 - Understand corporate objectives and risks

In developing our understanding of your corporate objectives and risks, we have:

- Reviewed your strategy, organisational structure and corporate risk register;
- Drawn on our knowledge of the local government; and
- Met with a number senior management and non-executive members.

## Step 2 - Define the Audit Universe

In order that the internal audit plan reflects your management and operating structure we have identified the audit universe for Aberdeen City Council made up of a number of auditable units. Auditable units include functions, processes, systems, products or locations. Any processes or systems which cover multiple locations are separated into their own distinct cross cutting auditable unit.

## Step 3 - Assess the inherent risk

The internal audit plan should focus on the most risky areas of the business. As a result each auditable unit is allocated an inherent risk rating i.e. how risky the auditable unit is to the overall organisation and how likely the risks are to arise. The criteria used to rate impact and likelihood are recorded in Appendix 2.

The inherent risk assessment is determined by:

- Mapping the corporate risks to the auditable units;
- Our knowledge of your business and its sector; and
- Discussions with management.

Impact Rating	Likelihood Rating					
	6	5	4	3	2	1
6	6	6	5	5	4	4
5	6	5	5	4	4	3
4	5	5	4	4	3	3
3	5	4	4	3	3	2
2	4	4	3	3	2	2
1	4	3	3	2	2	1

## Step 4 - Assess the strength of the control environment

In order to effectively allocate internal audit resources we also need to understand the strength of the control environment within each auditable unit. This is assessed based on:

- Our knowledge of your internal control environment;
- Information obtained from other assurance providers; and
- The outcomes of previous internal audits.

### *Step 5 -Calculate the audit requirement rating*

The inherent risk and the control environment indicator are used to calculate the audit requirement rating. The formula ensures that our audit work is focused on areas with high reliance on controls or a high residual risk.

<b>Inherent Risk Rating</b>	<b>Control design indicator</b>					
	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>
<b>6</b>	6	5	5	4	4	3
<b>5</b>	5	4	4	3	3	n/a
<b>4</b>	4	3	3	2	n/a	n/a
<b>3</b>	3	2	2	n/a	n/a	n/a
<b>2</b>	2	1	n/a	n/a	n/a	n/a
<b>1</b>	1	n/a	n/a	n/a	n/a	n/a

### *Step 6 -Determine the audit plan*

Your risk appetite determines the frequency of internal audit work at each level of audit requirement. Auditable units may be reviewed annually, every two years or every three years.

In some cases it may be possible to isolate the sub-process (es) within an auditable unit which are driving the audit requirement. For example, an auditable unit has been given an audit requirement rating of 5 because of inherent risks with one particular sub-process, but the rest of the sub-processes are lower risk. In these cases it may be appropriate for the less risky sub-processes to have a lower audit requirement rating be subject to reduced frequency of audit work. These sub-processes driving the audit requirement areas are highlighted in the plan as key sub-process audits.

### *Step 7 -Other considerations*

In addition to the audit work defined through the risk assessment process described above, we may be requested to undertake a number of other internal audit reviews such as regulatory driven audits, value enhancement or consulting reviews. These have been identified separately in the annual plan.

# Appendix 2: Risk assessment criteria

## Determination of Inherent Risk

We determine inherent risk as a function of the estimated **impact** and **likelihood** for each auditable unit within the audit universe as set out in the tables below.

<b>Impact rating</b>	<b>Assessment rationale</b>
6	Critical impact on operational performance; or Critical monetary or financial statement impact; or Critical breach in laws and regulations that could result in material fines or consequences; or Critical impact on the reputation or brand of the organisation which could threaten its future viability.
5	Significant impact on operational performance; or Significant monetary or financial statement impact; or Significant breach in laws and regulations resulting in large fines and consequences; or Significant impact on the reputation or brand of the organisation.
4	Major impact on operational performance; or Major monetary or financial statement impact; or Major breach in laws and regulations resulting in significant fines and consequences; or Major impact on the reputation or brand of the organisation.
3	Moderate impact on the organisation's operational performance; or Moderate monetary or financial statement impact; or Moderate breach in laws and regulations with moderate consequences; or Moderate impact on the reputation of the organisation.
2	Minor impact on the organisation's operational performance; or Minor monetary or financial statement impact; or Minor breach in laws and regulations with limited consequences; or Minor impact on the reputation of the organisation.
1	Insignificant impact on the organisation's operational performance; or Insignificant monetary or financial statement impact; or Insignificant breach in laws and regulations with little consequence; or Insignificant impact on the reputation of the organisation.

<b><i>Likelihood rating</i></b>	<b><i>Assessment rationale</i></b>
6	Has occurred or probable in the near future
5	Possible in the next 12 months
4	Possible in the next 1-2 years
3	Possible in the medium term (2-5 years)
2	Possible in the long term (5-10 years)
1	Unlikely in the foreseeable future

# Appendix 3: Key performance indicators

## Key performance indicators

To ensure your internal audit service is accountable to the Audit and Risk Committee and management, we have proposed the following key performance indicators.

Key Performance Indicator	Target
Internal Audit Plan presented to Audit and Risk Committee in advance of the financial year commencing	100%
Actual reviews completed compared with planned number of reviews (per approved plan)	100%
Planned indicative days compared to actual number of days taken per internal audit review	100%
For each audit, planned deadline compared to actual date achieved for:- <ul style="list-style-type: none"> <li>• Agreeing terms of reference (4 weeks prior to fieldwork);</li> <li>• Issuing draft reports for management comments (2 weeks after fieldwork complete and a close out meeting held at end of fieldwork);</li> <li>• Receiving management comments (2 weeks after issuing draft report);</li> <li>• Issuing finalised reports to Director, Head of Service, Director of Corporate Governance and Community Planning and Corporate Performance Manager (within 1 week of receiving final management response)</li> </ul>	95%
Proportion of recommendations agreed with management	100%
Final reports presented to the Audit and Risk Committee in accordance with pre-agreed timetable (as set out in approved Internal Audit Plan)	95%
Follow up review will take place within 4 months of the audit recommendations being due	100%
Annual Internal Audit Report presented to Committee on completion of work, no later than the June Committee on an annual basis	100%
Use of the calibre of audit staff and specialists agreed as appropriate both within the contract and identified for each audit within the Annual Audit plan	95%
Internal Audit feedback results collated from each review – Target score of 4 or more for each review	95%
Client Satisfaction survey issued annually to the Director of Corporate Governance and Community Planning and Corporate Performance Manager	100%
Responses to review points raised by the Contract Manager, or identified subordinate, made within 3 working days.	100%
Provision of performance against agreed key performance indicators reported to each Audit and Risk Committee	100%
Agreed reliance on internal audit by external audit	Yes

# Appendix 4: Corporate risks

Corporate level objectives and risks have been determined by Aberdeen City Council. These are recorded in the table below and have been considered when preparing the internal audit plan. The internal audit plan within Section 4 details how each of the planned reviews can be cross referenced to a related risk for the Council.

<i>Ref</i>	<i>Corporate Risk</i>	<i>Included in current year internal audit plan</i>	<i>Included in internal audit plan of prior 2 years</i>
CR1	Risk that services do not deliver the 5 year business plan priorities.	✓	✓
CR2	Risk that planned welfare reform will negatively impact on the council and its communities.	✓	✓
CR3	Risk of Community Planning failing to deliver city wide projects/opportunities and associated funding.	×	✓
CR4	Risk that an adequate and consistent quality of service is not defined and delivered and keeps pace with changing internal and external customer expectations and technological change.	✓	✓
CR5	Risk that culture of council does not support an entrepreneurial operational approach to opportunities.	×	×
CR6	Risk that information is not managed effectively to support policy and decision making and statutory requirements.	✓	×
CR7	Risk of inadequate resourcing, including skills shortages and recruiting people with the wrong cultural / behavioural fit.	✓	✓
CR8	Risk that the aspirations of the city are not met in the delivery of the Strategic Development Plan.	✓	×
CR9	Risk that those in need are not protected.	✓	✓
CR10	Risk of market failure in commissioned services.	✓	✓
CR11	Risk of underperformance by suppliers of commissioned services.	✓	✓
CR12	Risk of not planning for (or having the trained staff to deal with) emergencies (as defined by the Civil Contingencies Act 2004) which may affect Aberdeen City and/or an incident having a significant adverse effect on the operations of ACC.	✓	✓
CR13	Risk of lower than anticipated income (national and local).	✓	✓
CR14	Risk that business rates collection in future years fall below anticipated levels impacting on funding from Scottish Government encompassing combined impact of TIF and BRIS.	✓	×
CR15	Risk that statutory obligations are not met.	✓	✓
CR16	Risk that the council does not fully comply with Health & Safety obligations.	×	✓
CR17	Risk that we do not demonstrate that the expectations of regulatory bodies are being met.	✓	✓

<i>Ref</i>	<i>Corporate Risk</i>	<i>Included in current year internal audit plan</i>	<i>Included in internal audit plan of prior 2 years</i>
CR18	Risk that the ability of the Council's workforce to deliver improved business performance is compromised due to a disengaged workforce with people who are not committed to the organisation's goals and values.	✓	×
CR19	Risk that the Council suffers loss of building facilities.	✓	✓
CR20	Risk of changes to national or local policies which impact on the Council's objectives and Corporate Business Plan.	×	×
CR21	Risk of major business systems failure.	✓	✓

# Appendix 5: Service level risks

Service level objectives and risks have been determined by Aberdeen City Council. These are recorded in the tables below and have been considered when preparing the internal audit plan. The internal audit plan within Section 4 details how each of the planned reviews can be cross referenced to a related risk for the Council.

## Corporate Governance

<i>Ref</i>	<i>Corporate Governance Risk</i>	<i>Included in current year internal audit plan</i>	<i>Included in internal audit plan of prior 2 years</i>
CG1	Risk that major projects are not effectively delivered.	✓	✓
CG2	Risk that effective business continuity and disaster recovery arrangements are not in place.	✓	✓
CG3	Risk of poor or inadequate management of contracts and contractors.	✓	✓
CG4	Risk that the needs of scrutiny and regulatory bodies are not met.	✓	✓
CG5	Risk that inadequate information management processes create inaccuracies and uncertainty over compliance with statutory obligations and lead to under-informed decision making	✓	×
CG6	Risk of not meeting Service Option/Targets	✓	×
CG7	Risk that the needs of our customers are not understood and met.	✓	✓
CG8	Risk of failing to fully engage with citizens during transformation process	✓	×
CG9	Risk of poor financial management and decision making.	✓	✓
CG10	Risk of collection levels deteriorating	✓	✓
CG11	Risk of poor or inadequate Health and Safety arrangements.	×	✓
CG12	Risk that legislative changes are not effectively planned for.	✓	✓
CG13	Risk of low levels of employee engagement	×	✓
CG14	Risk that workforce planning, recruitment, retention, training and development are not aligned to business and financial planning and the requirements of new technology	✓	✓
CG15	Risk of poor ICT security and operational arrangements	✓	✓

**Education, Culture and Sport**

<b>Ref</b>	<b>Education, Culture and Sport Risk</b>	<b>Included in current year internal audit plan</b>	<b>Included in internal audit plan of prior 2 years</b>
ECS1	Failure to deliver Directorate commitments in the 5 year Business Plan	✓	✓
ECS2	Failure to deliver commitments in the Directorate Service Plan	✓	✓
ECS3	Failure to deliver services within agreed budget	✓	✓
ECS4	Failure to take account of national, regional and local policies which impact upon Directorate services	✓	✓
ECS5	Failure to meet our statutory and regulatory obligations	✓	✓
ECS6	Failure to plan service delivery in the light of demographic demands	✓	✓
ECS7	Failure to ensure that effective business continuity and disaster recovery arrangements are in place	✓	✓
ECS8	Failure to deliver the Directorate Quality Improvement Framework	×	×
ECS9	Failure to deliver the Directorate Asset Management Plan	✓	×
ECS10	Failure to implement recommendations from inspecting/regulatory bodies	✓	×
ECS11	Failure to exercise effective management of grants and commissioned services	✓	✓
ECS12	Failure of ICT infrastructure across the Education, Culture and Sport network	✓	✓
ECS13	Failure to develop and retain our workforce	✓	✓
ECS14	Failure to exercise effective change management	✓	×
ECS15	Failure to work in partnership with key stakeholders	✓	✓
ECS16	Failure to maintain effective working relationships with elected members	×	✓
ECS17	Failure to maintain effective two-way communication with our stakeholders	×	✓
ECS18	Schools and Educational Establishments Risks	✓	✓
ECS19	Communities, Culture and Sport Risks	✓	✓
ECS20	Educational Development, Policy and Performance Risks	✓	✓

### ***Enterprise, Planning and Infrastructure***

<b><i>Ref</i></b>	<b><i>Enterprise, Planning and Infrastructure Risk</i></b>	<b><i>Included in current year internal audit plan</i></b>	<b><i>Included in internal audit plan of prior 2 years</i></b>
EPI1	Asset Management and Operations Risk Register	✓	✓
EPI2	Failure to provide the E,P& I Service with a robust system of Performance Management	✓	×
EPI3	Failure to comply with requirement to ensure quality assured systems are in place, incorporating new technologies and new ways of working	✓	×
EPI4	Failure to fulfil obligation to provide and deliver support across the Service	×	✓
EPI5	Failure to implement Council policies, procedures and strategy across the Service	✓	✓
EPI6	Failure to oversee Health & Safety related matters on behalf of the Service	×	✓
EPI7	Enterprise Planning and Infrastructure Risk Register	✓	✓
EPI8	Property Estates Risk Register	✓	✓
EPI9	Property Investment Risk Register	✓	×
EPI10	Roads Operations Risk Register	✓	×
EPI11	Structures, Flooding and Coastal Risk Register	✓	×
EPI12	Traffic Management Risk Register	✓	×

### ***Housing and Environment***

<b><i>Ref</i></b>	<b><i>Housing and Environment Risk</i></b>	<b><i>Included in current year internal audit plan</i></b>	<b><i>Included in internal audit plan of prior 2 years</i></b>
HE1	Risk of not delivering our Directorate priorities and meeting the needs of our tenants and customers	✓	✓
HE2	Risk of poor budget monitoring and decision making	✓	✓
HE3	Risk poor health and safety management	✓	✓
HE4	Risk of poor asset management	✓	×
HE5	Risk of welfare reform impact on our services	✓	✓
HE6	Risk of not delivering the waste strategy	×	×
HE7	Risk that we do not effectively communicate and engage with our staff and external stakeholders/customers	×	×
HE8	Risk of poor workforce planning and morale	×	✓
HE9	Risk of that effective business continuity and disaster recovery arrangements are not in place	✓	✓

## Social Care and Wellbeing

<i>Ref</i>	<i>Social Care and Wellbeing Risk</i>	<i>Included in current year internal audit plan</i>	<i>Included in internal audit plan of prior 2 years</i>
SC1	Maintain adequate staffing resource	×	×
SC2	Consult with internal/external partners and stakeholders	✓	✓
SC3&4	Dealing with unexpected increase in demand for social care and wellbeing services	✓	×
SC5	Managing FOI requests <sup>i</sup>	×	×
SC6&7	Carrying out appropriate background checks on relevant staff	×	×
SC8	Protection of staff	×	✓
SC9	Protecting those in need	✓	✓
SC10	Managing the implementation of recommendations / findings of SWIA, HMIE, Scottish Commission of the Regulation of Care following inspections	✓	×
SC11	Responding to complaints	✓	×
SC12	Keep / maintain / store accurate client records / information (Legislative)	✓	×
SC13	Identify potential clients (referral processes ease of access to services)	×	×
SC14	Report on Statutory Performance Indicators and meet Performance Management targets	✓	×
SC15	Report and record unmet need	✓	×
SC16	Implement national strategies, policies including new legislation on both a local and national level	✓	✓
SC17	Policies and procedures in place to govern service delivery	✓	✓
SC18	IT System failure due to disaster external or internal incapacitated by fire, flood etc.	✓	✓
SC19	Ineffective business continuity planning	✓	✓
SC20	Management of Offenders Act (Scotland) 2005 and associated MAPPA Guidance	×	×

<sup>i</sup> External assurance has been provided through review by the Office of the Scottish Information Commissioner



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