

ABERDEEN CITY COUNCIL

COMMITTEE	Audit, Risk and Scrutiny Committee
DATE	12 February 2020
EXEMPT	No
CONFIDENTIAL	No
REPORT TITLE	Internal Audit Reports – Follow-up of Agreed Recommendations
REPORT NUMBER	IA/20/002
DIRECTOR	N/A
REPORT AUTHOR	David Hughes
TERMS OF REFERENCE	2.3

1. PURPOSE OF REPORT

- 1.1 This report advises the Committee of progress made by Services with implementing recommendations that have been agreed in Internal Audit reports.

2. RECOMMENDATIONS

- 2.1 The Committee is requested to review, discuss and comment on the issues raised within this report and the attached appendices.

3. BACKGROUND / MAIN ISSUES

- 3.1 The Public Sector Internal Audit Standards require that Internal Audit monitors the implementation of agreed recommendations until they are implemented by management. The Corporate Management Team and the Audit, Risk and Scrutiny Committee receive a report from Internal Audit at each of its meeting which shows progress made.
- 3.2 However, circumstances may change following completion of an Internal Audit. Having investigated implementation more fully, a recommendation may, for example, take longer to implement, or the cost of implementation may be higher, than originally anticipated. In these circumstances either more time may be required, or management may conclude, based on the risk to the organisation, that the recommendation should no longer be implemented. Where this is the case, management will make recommendations regarding how the agreed recommendation should be treated.
- 3.3 The attached appendices show progress made by Services with completing

agreed Internal Audit recommendations, based on assurances received from officers tasked with their implementation and independent checks where appropriate. Where all recommendations contained in individual reports issued before 1 April 2019 have been completed, these are no longer shown in the appendices.

- 3.4 Where recommendations have not been completed by their original due date, reasons are provided along with recommendations from management (where appropriate) regarding how and when the agreed Internal Audit recommendation will be concluded or whether it should no longer be implemented.

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. Recommendations 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.

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 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.
Data Protection Impact Assessment	Not required
Duty of Due Regard / Fairer Scotland Duty	Not applicable

9. APPENDICES

- 9.1 Appendix A – Position with Agreed Recommendations – Summary.
- 9.2 Appendix B – Position with Agreed Recommendations – Cross Service.
- 9.3 Appendix C – Position with Agreed Recommendations – Customer.
- 9.4 Appendix D – Position with Agreed Recommendations – Operations.
- 9.5 Appendix E – Position with Agreed Recommendations – Resources.
- 9.6 Appendix F – Position with Agreed Recommendations – Health and Social Care Partnership.
- 9.7 Appendix G – Position with Agreed Recommendations – Governance.

10. REPORT AUTHOR DETAILS

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APPENDIX A – SUMMARY

POSITION WITH AGREED RECOMMENDATIONS AS AT 30 JANUARY 2020

The following table provides a summary of progress being made by Services with completing agreed recommendations.

On 4 December 2019, the Committee was advised that, as at 21 November 2019, there were 13 recommendations which were due to have been completed by 30 September 2019 which were not fully complete. This has now reduced to 9.

The total not fully complete, which had an original due date of before 31 December 2019, is shown in the following table. Full details relating to progress, on a report by report basis, are shown in appendices B to G.

FUNCTION	Agreed in reports shown in Appendices B to G	Due for completion by 30.09.19	Confirmed complete by Service	New in October to December 2019	Confirmed complete by Service	Not fully complete by original due date	Major	Significant	Important
Cross Service	27	22	22	3	1	2	0	2	0
Customer	39	28	27	8	3	6	0	5	1
Operations	68	34	29	14	7	12	1	9	2
Resources	16	9	6	7	7	3	0	3	0
Health & Social Care	22	14	14	4	4	0	0	0	0
Governance	6	0	0	5	5	0	0	0	0
Total	178	107	98	41	27	23	1	19	3

KEY TO COLOURING USED IN FOLLOWING APPENDICES

Recommendation Grading:

Grading	Definition
Major	The absence of, or failure to comply with, an appropriate internal control which could result in, for example, a material financial loss, or loss of reputation. Financial Regulations have been consistently breached.
Significant	Addressing this issue will enhance internal controls. An element of control is missing or only partial in nature. The existence of the weakness identified has an impact on a system's adequacy and effectiveness. Financial Regulations have been breached.
Important	Although the element of internal control is satisfactory, a control weakness was identified, the existence of the weakness, taken independently or with other findings does not impair the overall system of internal control.

Length of time overdue

Over 12 months
6 to 12 months
Less than 6 months

APPENDIX B

CROSS SERVICE

Report Number	Report Title	Date Issued	Number of Recommendations				Grading of overdue recommendations
			Agreed in Report	Due for implementation by 31.12.19	Confirmed Implemented by Service	Not implemented by original due date	
AC1914	Procurement Compliance	April 2019	15	15	15	0	0

AC1918	Health and Safety	February 2019	12	10	8	2	2 Significant
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The position with the overdue recommendation is as follows:

Chief Officer	Recommendation	Grading / Due Date	Position
Governance	The identified policies and procedures should be updated, approved and made available to staff and the Health and Safety Committee web page should be updated (2.1.17a)	Significant December 2019	The Service has advised that policies and procedures have been draft and will be presented to the Staff Governance Committee in February 2020.
Governance	A system should be put in place to ensure all staff responsible for carrying out risk assessments and for reporting and investigating incidents, undertake the relevant training (2.2.12)	Significant October 2019	The Service has advised that a training needs analysis has been completed and this recommendation will be fully implemented by the end of February 2020 once CMT has had the opportunity to consider the requirement for mandatory risk assessment and incident investigation training.

APPENDIX C

CUSTOMER

Report Number	Report Title	Date Issued	Number of Recommendations				Grading of overdue recommendations
			Agreed in Report	Due for implementation by 31.12.19	Confirmed Implemented by Service	Not implemented by original due date	

AC1909	Timesheets and Allowances	August 2018	7	6	5	1	1 Significant
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The position with the overdue recommendation is as follows:

Chief Officer	Recommendation	Grading / Due Date	Position
Customer Experience	Non-Standard Working Week Allowances should be set up on the new Payroll System based on current rotas provided by employees' line managers (2.7.6a)	Significant December 2019	The Service has advised that it is currently exploring all options to allow managers to review employee rotas and to determine if this can be undertaken in February. A full updated response will be provided for the final version of this report.

Report Number	Report Title	Date Issued	Number of Recommendations				Grading of overdue recommendations
			Agreed in Report	Due for implementation by 31.12.19	Confirmed Implemented by Service	Not implemented by original due date	

AC1912	Data Security in a Cloud- Based Environment	May 2019	14	14	12	2	2 Significant
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The position with the overdue recommendations is as follows:

Chief Officer	Recommendation	Grading / Due Date	Position
Digital and Technology	Information Governance should liaise with D&T to establish a revised Information Asset Register that reflects all Council systems, describing the nature of the data held in Council systems and the adequacy of technical and physical measures to secure that data (2.3.14)	Significant	The Service has advised that the revised IAR now reflects all Council systems and contains information that describes the nature of data held in Council systems. The data on the adequacy of technical and physical measures to secure the data held in Council Systems has still to be integrated with this and the target completion date is end of February 2020. The Service is also investigating more efficient ways of updating and maintaining this data.
		December 2019	
Digital and Technology	Disaster recovery testing should be scheduled with the Council's data centre provider for business-critical systems. (Child protection register and Carefirst booked for Nov 19) (2.5.7a)	Significant	No update has been provided to Internal Audit.
		November 2019	

Report Number	Report Title	Date Issued	Number of Recommendations				Grading of overdue recommendations
			Agreed in Report	Due for implementation by 31.12.19	Confirmed Implemented by Service	Not implemented by original due date	

AC1917	NPS Housing System	February 2019	14	12	10	2	1 Significant 1 Important
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The position with the overdue recommendation is as follows:

Chief Officer	Recommendation	Grading / Due Date	Position
Early Intervention and Community Empowerment	The Service should carry out an annual review of users and amend access accordingly (2.4.7b)	Important	The Service has advised that progress is being made with this and a test file has been provided by payroll. At present, this contains insufficient data for the required purpose and work continues to make improvements. This will be resolved by the end of February 2020.
		October 2019	
Digital and Technology	System recovery testing should be scheduled for the housing system and outcomes of testing documented (2.10.2)	Significant	No update has been provided to Internal Audit.
		December 2019	

Report Number	Report Title	Date Issued	Number of Recommendations				Grading of overdue recommendations
			Agreed in Report	Due for implementation by 31.12.19	Confirmed Implemented by Service	Not implemented by original due date	

AC2006	Housing Rent Collection & Arrears Management	September 2019	4	4	3	1	1 Significant
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The position with the overdue recommendations is as follows:

Chief Officer	Recommendation	Grading / Due Date	Position
Early Intervention and Community Empowerment	Former tenant write offs should be reported to City Growth and Resources Committee (2.6.3)	Significant September 2019	<ul style="list-style-type: none"> Committee advised on 4 December 2019 that this would be complete by February 2020.

APPENDIX D

OPERATIONS

Report Number	Report Title	Date Issued	Number of Recommendations				Grading of overdue recommendations
			Agreed in Report	Due for implementation by 31.12.19	Confirmed Implemented by Service	Not implemented by original due date	

AC1602 AW	Craft Workers Terms and Conditions	October 2015	9	9	8	1	1 Major
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The position with the overdue recommendation is as follows:			
Chief Officer	Recommendation	Grading / Due Date	Position
Operations and Protective Services	The Service should renegotiate the Agreement based on current working practice (2.2.6)	Major June 2016	See below:

- Committee advised on 27 September 2016 that this would be complete by December 2016.
 - Committee advised on 23 February 2017 that this would be complete as soon as possible in 2017.
 - Committee advised on 22 June 2017 that this would be complete in the near future.
 - Committee advised on 26 September 2017 that this would be complete by June 2018.
 - Committee advised on 25 September 2018 that this is to be subject to review and will be included in the work-plan for delivery of the transformation programme.
 - Committee advised on 4 December 2018 that this would be resolved by April 2019
 - Committee advised on 30 April 2019 that this would be resolved by August 2019.
 - Committee advised on 26 June 2019 that consultation on the proposed agreement, with Unions and employees, will commence in June 2019. Subject to the success of these negotiations it is intended that a report will be submitted to the 1 October 2019 meeting of the Staff Governance Committee for approval. The Service has stated that progress with this action has been delayed on several occasions due to circumstances out with its control, and it is anticipated that the current actions will resolve the outstanding action.
- Continued over page*

Report Number	Report Title	Date Issued	Number of Recommendations				Grading of overdue recommendations
			Agreed in Report	Due for implementation by 31.12.19	Confirmed Implemented by Service	Not implemented by original due date	

(AC1602AW – Craft Workers Terms and Conditions – Continued)

In December 2019, the Committee was advised that the latest update from the Service is that a report has been submitted to the meeting to be held on the 1 October 2019 of the Staff Governance Committee. This report details the progress to resolve the audit recommendation. During the summer of 2019 there have been several informal meetings between management and unions to resolve the outstanding audit recommendation. This is to ensure that the Service can deliver 24/7 whilst being fully compliant with the “Working Time Directive”. The Service has been working to the following timeline:

- i. Week Commencing 30 September 2019 - Meetings (6) with affected staff groups.
- ii. Monday 7 October 2019 - Paper sent to unions for formal consultation.
- iii. Friday 18 October 2019 - End of formal consultation period.
- iv. Week commencing 21 October 2019 - Outcome of consultation and implementation details shared with affected staff.

The meetings with staff have taken place and the management proposal has been put forward to staff. Staff have been invited to come forward with their proposals in conjunction with their Trade Unions. At the Staff Governance Committee on the 1 October the Committee resolved that “there would be a degree of flexibility in terms of the timescales for the formal consultation period”. Meetings with the TU’s are ongoing, and it is anticipated that the formal consultation period can be commenced following Trade Union meeting on 30 October 2019.

Update 25 November 2019 – Meetings between management and TU’s are ongoing. Staff were invited to come forward with an alternative proposal to that put forward by management. Although staff and TU had been working together on an alternative proposal, the TU requested additional time so that they could consult with their own legal team on the working time directive. A meeting is now scheduled for 27 November 2019 for the TU to present their legal advice. There are currently now two options on the table, one from management and one from staff, both working time directive compliant. It is hoped that, following on from meetings scheduled in the week commencing 25 November 2019, the Service shall meet with the affected staff group, agree on a preferred option, then enter into formal consultation in the week commencing 9 December 2019.

Update 16 December 2019 – Meaningful discussions with staff and TU’s is ongoing, the two options were presented to staff and it was agreed that the preferred option would be to go forward with the option proposed by staff. There will be further discussions with staff and TU’s to agree any changes to the proposal and these meetings will be arranged for January. It is anticipated that the formal consultation period will commence at the beginning of February 2020.

Report Number	Report Title	Date Issued	Number of Recommendations				Grading of overdue recommendations
			Agreed in Report	Due for implementation by 31.12.19	Confirmed Implemented by Service	Not implemented by original due date	
AC1817	Vehicle Usage	January 2018	8	8	6	2	2 Significant

The position with the overdue recommendations is as follows:

Chief Officer	Recommendation	Grading / Due Date	Position
Operations and Protective Services	Fleet should ensure that all Services have access to regular reports on vehicle use, know how to check these and what issues to consider (2.2.7)	Significant	<ul style="list-style-type: none"> Committee advised on 26 June 2019 that these recommendations would be complete by October 2019. Committee advised on 4 December 2019 that these recommendations would be complete by December 2019. <p>The latest update from the Service is that the procurement of a Telematics recording system was put out for tender using the YPO framework. There has been delay to the original timescale because a number of matters required to be resolved during tender evaluation. This included alignment of the contract with Scots' Law, clarifications and agreement of items given in the submissions. The tender will be awarded in February 2020. It is expected that implementation will start in March 2020.</p>
		April 2019	
Operations and Protective Services	Fleet utilisation should be reviewed corporately to maximise efficiency (2.2.14)	Significant	
		April 2019	

Report Number	Report Title	Date Issued	Number of Recommendations				Grading of overdue recommendations
			Agreed in Report	Due for implementation by 31.12.19	Confirmed Implemented by Service	Not implemented by original due date	

AC1903	Devolved School Management	November 2018	7	7	5	2	2 Significant
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The position with the overdue recommendations is as follows:

Chief Officer	Recommendation	Grading / Due Date	Position
Corporate Landlord	The DSM framework should be updated to reflect current arrangements, finalised and approved by Committee (2.1.5)	Significant	<ul style="list-style-type: none"> Committee advised on 25 September 2019 that this would be complete by October 2019. Committee advised on 4 December 2019 that this would be complete by May 2020.
		June 2019	
Corporate Landlord	The DSM Budget Allocation Formulae and Operational procedure and Quality Assurance Framework - Financial Management schools procedure should be updated to reflect current devolved budget arrangements (2.1.8)	Significant	<ul style="list-style-type: none"> The Committee was advised on 26 June 2019 that Internal Audit was awaiting an update from the Service. Committee advised on 4 December 2019 that this would be complete by May 2020.
		March 2019	

Report Number	Report Title	Date Issued	Number of Recommendations				Grading of overdue recommendations
			Agreed in Report	Due for implementation by 31.12.19	Confirmed Implemented by Service	Not implemented by original due date	
AC1922	Pupil Equity Fund	April 2019	6	6	6	0	0

AC1925	Music Service	May 2019	22	18	11	7	5 Significant 2 Important
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The position with the overdue recommendations is as follows:

Chief Officer	Recommendation	Grading / Due Date	Position
Integrated Children's and Family Services	The spreadsheet should record the actual fee due per term (2.5.4b)	Significant	The Service has advised that, due to limitations with the digital system and a change in staff, they have revised the completion status of some recommendations and are working to ensure that they are complete as soon as possible. In view of this, the recommendations will be complete by August 2020.
		October 2019	
Integrated Children's and Family Services	A reconciliation between the attendance and payments records should be carried out before the issue of the termly payment request (2.5.4d)	Significant	
		October 2019	

Report Number	Report Title	Date Issued	Number of Recommendations				Grading of overdue recommendations
			Agreed in Report	Due for implementation by 31.12.19	Confirmed Implemented by Service	Not implemented by original due date	

(AC1925 – Music Service – Continued)

Chief Officer	Recommendation	Grading / Due Date	Position
Integrated Children's and Family Services	Differences in payments made compared to fees due should be investigated (2.5.4e)	Significant	The Service has advised that, due to limitations with the digital system and a change in staff, they have revised the completion status of some recommendations and are working to ensure that they are complete as soon as possible. In view of this, the recommendations will be complete by August 2020.
		October 2019	
Integrated Children's and Family Services	A termly reconciliation between the cash receipting system and the pupil spreadsheet should be carried out and any differences timeously investigated and corrected (2.6.3)	Significant	
		October 2019	
Integrated Children's and Family Services	The pupil spreadsheet should be updated to capture the outstanding debt balance for each pupil / parent (2.8.4)	Significant	
		October 2019	

Report Number	Report Title	Date Issued	Number of Recommendations				Grading of overdue recommendations
			Agreed in Report	Due for implementation by 31.12.19	Confirmed Implemented by Service	Not implemented by original due date	

(AC1925 – Music Service – Continued)

Chief Officer	Recommendation	Grading / Due Date	Position
Integrated Children's and Family Services	The Service should introduce a process whereby the transfer of instruments between staff and pupils is fully documented (2.10.7)	Important	The Service has advised that, due to limitations with the digital system and a change in staff, they have revised the completion status of some recommendations and are working to ensure that they are complete as soon as possible. In view of this, the recommendations will be complete by August 2020.
		December 2019	
Integrated Children's and Family Services	The system in place for managing the new annual hire charges should address all the weaknesses of the current tuition fees payment system (2.10.8)	Important	
		October 2019	

AC2007	Stock Control	November 2019	16	0	0	0	0
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APPENDIX E

RESOURCES

Report Number	Report Title	Date Issued	Number of Recommendations				Grading of overdue recommendations
			Agreed in Report	Due for implementation by 31.12.19	Confirmed Implemented by Service	Not implemented by original due date	

AC1806	Corporate Landlord Responsibilities	September 2017	9	9	6	3	3 Significant
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The position with the overdue recommendations is as follows:

Chief Officer	Recommendation	Grading / Due Date	Position
Corporate Landlord	The Service should formalise the procedures used to demonstrate compliance with its Corporate Landlord Responsibilities and other cyclical maintenance activities (2.2.3)	Significant June 2018	<ul style="list-style-type: none"> • Committee advised on 25 September 2018 that this would be complete by October 2018. • Committee advised on 14 February 2019 that Internal Audit was awaiting an update on progress from the Service. • Committee advised on 26 June 2019 that Internal Audit was awaiting a copy of the completed procedure before marking the recommendation off as complete. <p>The latest update from the Service is that a matrix of responsibilities has been agreed with other Services who undertake cyclical maintenance activities. This identifies all activities required, extent of works required, duty holder, contract manager, contractor and location of supporting information. Internal Audit has requested sight of the matrix before marking the recommendation off as complete.</p> <p>Progress with this recommendation is being discussed between the Service and Internal Audit.</p>

Report Number	Report Title	Date Issued	Number of Recommendations				Grading of overdue recommendations
			Agreed in Report	Due for implementation by 31.12.19	Confirmed Implemented by Service	Not implemented by original due date	

(AC1806 – Corporate Landlord – Continued)

Chief Officer	Recommendation	Grading / Due Date	Position
Corporate Landlord	The Service should ensure data regarding its Corporate Landlord Responsibilities is maintained centrally, accurately and up to date (2.3.8)	<p>Significant</p> <p>June 2018</p>	<ul style="list-style-type: none"> • Committee advised on 25 September 2018 that this would be complete by October 2018. • Committee advised on 14 February 2019 that Internal Audit was awaiting an update on progress from the Service. • Committee advised on 26 June 2019 that a solution to this recommendation would be piloted in July 2019. <p>The latest update from the Service is that this has been addressed as part of matrix referred to against recommendation 2.2.3. Internal Audit has requested sight of the matrix before marking the recommendation off as complete.</p> <p>Progress with this recommendation is being discussed between the Service and Internal Audit.</p>

Report Number	Report Title	Date Issued	Number of Recommendations				Grading of overdue recommendations
			Agreed in Report	Due for implementation by 31.12.19	Confirmed Implemented by Service	Not implemented by original due date	

(AC1806 – Corporate Landlord – Continued)

Chief Officer	Recommendation	Grading / Due Date	Position
Corporate Landlord	The Service should ensure it has assurance that all property in which the Council has an interest is statutorily compliant (2.3.13)	Significant June 2018	<ul style="list-style-type: none"> Committee advised on 25 September 2018 that this would be complete by October 2018. Committee advised on 14 February 2019 that Internal Audit was awaiting an update on progress from the Service. Committee advised on 26 June 2019 that a solution to this recommendation would be piloted in July 2019. <p>The latest update from the Service is that a formal reporting system has been developed for assurance (live from December 2019) until such times as a technical solution can be introduced. This will be supported by evidence of compliance being undertaken within future Fire Risk Assessments. Internal Audit has requested details of the system before marking this recommendation off as complete.</p> <p>Progress with this recommendation is being discussed between the Service and Internal Audit.</p>

AC1926	Capital Contract Management	November 2019	7	7	7	0	0
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APPENDIX F

HEALTH AND SOCIAL CARE **PARTNERSHIP**

Report Number	Report Title	Date Issued	Number of Recommendations				Grading of overdue recommendations
			Agreed in Report	Due for implementation by 31.12.19	Confirmed Implemented by Service	Not implemented by original due date	
AC1908	Non-Residential Care Charging Policy	June 2019	6	3	3	0	0
AC1919	Criminal Justice	April 2019	8	8	8	0	0
AC1920	National Care Home Contract	January 2019	8	6	6	0	0

APPENDIX G

GOVERNANCE

Report Number	Report Title	Date Issued	Number of Recommendations				Grading of overdue recommendations
			Agreed in Report	Due for implementation by 31.12.19	Confirmed Implemented by Service	Not implemented by original due date	
AC2004	Risk Management	August 2019	6	5	5	0	0