Aberdeen City Council
Library Services (Self-service machines)

Internal Audit Report 2014/2015 for Aberdeen City Council

April 2015

Internal Audit KPIs	Target Dates	Actual Dates	Red/Amber/Green	Commentary where applicable
Terms or reference agreed 4 weeks prior to fieldwork	06.10.2014	02.03.2015	**Green**	
Planned fieldwork start date	02.03.2015	02.03.2015	**Green**	
Fieldwork completion date	13.03.2015	13.03.2015	**Green**	
Draft report issued for Management comment	07.04.2015	30.03.2015	**Amber**	Delayed due to annual leave of IA manager.
Management Comments received	21.04.2015	20.04.2015	**Green**	
Report finalised	28.04.2015	24.04.2015	**Green**	
Submitted to Audit and Risk Committee	June 2015	June 2015	**Green**	

pwc

Contents

Section	Page

1. Executive Summary

Report classification	Total number of findings				← Section 3 →	
		Critical	**High**	**Medium**	**Low**	**Advisory**
	Control design	-	-	-	3	-
Low Risk	Operating effectiveness	-	-	-	-	-
	Total	**-**	**-**	**-**	**3**	**-**

Summary of findings

1.01   The self-service machines within Aberdeen City Council Library and Information Services were initially installed in 2012 with two pilot machines in Aberdeen Central Library, and a further eight for community libraries over the following year. The scope of our review was to assess the key controls in place over the roll out of these self-service machines. In the course of our review we have identified areas of good practice as outlined in paragraph 1.02 below; however, we have also highlighted three low risk findings concerning areas of weakness in the processes and controls.

1.02   Areas of good practice identified in the roll out of the project included:

- Staff training was provided on how to use the new machines as they were introduced, with the installation engineer carrying out basic training and the Library and Services Team then following up with further advanced training. Training materials were also made available to staff to use as required.

- Feedback was collected from stakeholders with feedback forms being freely available alongside the machines for customers and staff to complete. Staff could also formally record issues through the fault logs.

1.03   The three low risk findings concerned the failure to fully engage stakeholders during the initiation of the project; no evidence of a post implementation review; and a lack of clarity in the initial business case as to how the benefits of the project would be measured.

Management Comments

We agree that the findings on the initial implementation of self-service are fair. We are also pleased to see examples of good practice included in the report. We have already identified areas for improvement and have put in place various mechanisms and tools to refine the process, which was demonstrated recently when a review of the self –issue machines led to a recent upgrade to RFID capability in 2014. This was managed through a more robust process, addressing many of the weaknesses identified in the initial implementation process.

2. Background and scope

Background

2.01 The self-service machines were introduced to ten locations throughout 2012 and 2013 in a bid to seek a more efficient way of using Library and Information Services resources by Aberdeen City Council. The scope of this audit was to review the design and operating effectiveness of the key controls in place over the roll out of self-service machines within Library and Information Services.

2.02 **Sub-Process**

Project Management and Implementation

2.03 The project was supported by the wider Library and Information Services through the approval of the project, this was evident in its selection from the various 'Revenue Growth Bid' options, along with the initial business case that outlined the proposed benefits of the project. Aberdeen Central Library was chosen to pilot the project with two initial self-service machines bought, later eight other sites across Aberdeen were chosen based on variables such as footfall. Library staff were given training by the external engineer who installed the self-service machines at each site, as well as additional training from the Library Systems Team in order to make sure staff were competent in using the machines.

Post Implementation Review

2.04 The Library Systems Team collates and distributes a monthly KPI document that shows the level of use of self-service machines at each site. This, combined with feedback obtained from both staff and customers at all sites, contributed to the proposal of the RFID upgrade. The RFID upgrade has since followed and was intended to address issues identified through the stakeholder feedback process.

Scope and limitations of scope

2.05 The detailed scope of this review is set out in Appendix 2 in the Terms of Reference. We have undertaken a review of the design and operating effectiveness of the Council's controls in the areas contained within this Terms of Reference. Our work was undertaken using a sample based approach.

3. Detailed findings and recommendations

3.01   Stakeholders were not considered prior to the project being implemented – Control Design

Findings
Aberdeen City Council Library Services Team did not engage with either library users or staff prior to the roll out of the self-service machines to obtain their views on the proposed project. The project was one of several options to reduce costs of the libraries and this option was chosen by the Education, Culture and Sport Department as the one to pursue. By not engaging key stakeholders, such as customers and staff, in the project initiation process, there is a risk that the proposed project may not achieve its objectives. Engagement with key stakeholders in any project is critical to achieving 'buy-in' and ensuring that the project will actually deliver benefits for those that it impacts.

Risks
The project outcomes or benefits are not aligned to the needs of key stakeholders impacting the overall success of the project.

Action plan		
Finding rating	**Agreed action**	**Responsible person / title**
Low	For future projects, key stakeholders should be identified and engaged with at the initiation phase when developing the initial business case. The business case should consider the impact of the project and its proposed outcomes on key stakeholder groups.	Library and Services Team
		Target date: N/A

3.02 A Post Implementation Review was not completed – Control Design

Finding
The Library Systems Team analysed the usage data and feedback collected throughout the roll out of the project and could use this to measure the success of the project in relation to its set objectives and benefits. This information would have been sufficient to produce a Post Implementation Review ('PIR'), however no such PIR was produced following the initial roll out of the self-service machines. Performing a PIR is considered good practice following the completion of any project as it can help in improving performance and sharing lessons learned for future projects. A review has since been produced for the subsequent RFID upgrade. This review has been rolled together into the same document as the initial business case for the RFID upgrade, a practice which should be avoided as it means the original Initial Business Case for the roll out of the self-service machines no longer exists.

Risks
The outcomes of the project are not captured and therefore it is not possible to determine whether the project deliver on the initial business case. Key lessons learned and performance improvement are not captured and therefore not considered for future projects.

Action plan

Finding rating	Agreed action	Responsible person / title
Low	For future projects a Post Implementation Review will be produced within a reasonable time frame after the project completion. It will be used to evaluate the outcomes of the project and to capture performance improvements and lessons learned.	Library Services Team
		Target date: N/A

3.03 No baseline measurement in place

Finding
The objectives stated in the initial business case detailed the benefits to be achieved from the project, but how those benefits were to be measured was unclear. As a result, when the project was complete, the Library and Service Team were uncertain of how to measure the benefits in order to distinguish the level of success attained by the project. This was due to a combination two factors: • Data for the period before the project began, which could have been used as a baseline measurement for the final project results, was not collected. It was therefore not possible to effectively measure whether some of the proposed efficiency benefits had accrued from the roll out of the self-service machines; and • The Project Manager left the Library and Services Team midway through the project without properly documenting the processes that had been, and were still to be, carried out leaving a lack of clarity in how the benefits of the project were to be measured.

Risks
Where benefits are not measurable it is not possible to determine whether the project achieved its objectives and therefore delivered value for money.

Action plan

Finding rating	Agreed action	Responsible person / title
Low	For future projects, project objectives will be SMART (specific, measurable, achievable, realistic and timely) and the initial business case will include a section that clearly documents roles, responsibilities and the monitoring processes that will be applied to the project. Throughout the project, results to be measured will be documented to a standard that would allow others to clearly understand work completed to date for continuity.	Library and Services Team
		Target date: N/A

Appendix 1 – Agreed Terms of reference

Background

Aberdeen City Council continues to seek more efficient ways of working and using technology to streamline processes, and reduce the burden on existing resources within Library and Information Services. To assist with this, self-service machines were introduced across 10 locations between April and December 2012.

Self-service machines facilitate the issue and return of books and other items, and can be used to pay fines and other charges. Whilst benefits of introducing the machines include a reduction in staffing costs, the Council's other aims included:

- Freeing staff from routine and time consuming tasks, allowing them to spend more time engaging fully with customers;

- Minimising queues;

- Offering more privacy for transactions to customers;

- Making libraries more attractive to young people; and

- Creating more space as they reduce the need for large counters.

Customers at libraries with self-service machines still have the option of taking their books to the library counter and being served by a member of staff.

The project was led by the Library Systems Team and involved staff consultation and training, as well as the development of FAQs and guidance for users. Since the roll out, usage has been monitored, faults logged and regular meetings held with staff to deal with any issues raised. A review at the end of the first 12 months of operation instigated an investigation into the possibility of introducing Radio Frequency IDentification (RFID) to streamline the process further. Funding was secured and RFID was implemented in 2014.

Scope

We will review the design and operating effectiveness of the key controls in place over the roll out of self-service machines within Library and Information Services. The sub-processes included in this review are:

Sub-process	Objectives
Project management and implementation	• The project was supported by the wider Library and Information Services development plan and service level objectives; • The expected benefits and outcomes of the project were outlined in the initial objectives and business case; • Roles and responsibilities for the management and delivery of the project were assigned and understood; • A detailed project plan (including project deliverables and deadlines) was in place and implemented as expected; • There was a clear methodology for selecting which sites were to be included; and • Staff were provided with appropriate training and support during implementation.
Post implementation review	• Management have in place a clear mechanism for determining whether benefits have been achieved post implementation; • The monitoring of realisation of benefits can be supported by relevant evidence and appropriate data collection methods; and • Management have in place a clear process for monitoring usage and appropriate action is taken to resolve issues identified; • Feedback has been gathered from staff and users. Feedback has been used to inform future phases of the development.

Limitations of scope

The scope of our review is outlined above and will be undertaken on a sample basis.

Internal control, no matter how well designed and operated, can provide only reasonable and not absolute assurance regarding achievement of an organisation's objectives. The likelihood of achievement is affected by limitations inherent in all internal control systems. These include the possibility of poor judgment in decision-making, human error, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances.

Audit approach

Our audit approach is as follows:

- Obtain an understanding of the procedures in place through discussion with key personnel, review of documentation and walkthrough tests where appropriate.
- Identify the key risks in respect of the project.
- Evaluate the design of the controls in place to address the key risks.
- Test the operating effectiveness of the key controls on a sample basis.

Appendix 2 – Limitations and responsibilities

Limitations inherent to the internal auditor's work

We have undertaken a review of Self-service machines within Library and Information Services, subject to the limitations outlined below.

Internal control

Internal control, no matter how well designed and operated, can provide only reasonable and not absolute assurance regarding achievement of an organisation's objectives. The likelihood of achievement is affected by limitations inherent in all internal control systems. These include the possibility of poor judgment in decision-making, human error, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances.

Future periods

Our assessment of controls relating to Self-service machines within Library and Information Services is as at 13 March 2015. Historic evaluation of effectiveness is not relevant to future periods due to the risk that:

- The design of controls may become inadequate because of changes in operating environment, law, regulation or other; or

- The degree of compliance with policies and procedures may deteriorate.

Responsibilities of management and internal auditors

It is management's responsibility to develop and maintain sound systems of risk management, internal control and governance and for the prevention and detection of irregularities and fraud. Internal audit work should not be seen as a substitute for management's responsibilities for the design and operation of these systems.

We endeavour to plan our work so that we have a reasonable expectation of detecting significant control weaknesses and, if detected, we shall carry out additional work directed towards identification of consequent fraud or other irregularities. However, internal audit procedures alone, even when carried out with due professional care, do not guarantee that fraud will be detected.

Accordingly, our examinations as internal auditors should not be relied upon solely to disclose fraud, defalcations or other irregularities which may exist.