



Aberdeen City Council

Outstanding External Audit Recommendations



November 2015

Introduction

This report brings together the issues and risks included in action plans agreed with management as part of the 2014/15 audit. At the request of the Audit, Risk and Scrutiny Committee this will become a standing report on the committee's agenda and actions will be reported upon until they are addressed.

On the whole, target dates in respect of the actions are still some way away. For the purpose of this report, our first such report, an update has only been provided on the actions which should be complete by February 2016, the date of the next committee meeting. As the majority of the actions are linked with significant pieces of work and relate to areas that external audit have an ongoing interest in, I would intend to have a regular update with officers in advance of providing an update on the recommendations. It has not been possible to have that level of contact for this report given other commitments but we will be able to provide an update across all actions from February.

In total, the report includes 19 actions of which 5 are due to be complete by February 2016. An update has been provided in respect of these 5 actions – numbers 1, 2, 4, 7 and 14. We will consider the action taken as part of our planning work for the 2015/16 audit and advise the committee, in February 2016, if we have concluded that these actions are complete.

Anne MacDonald

November 2015

Progress against outstanding recommendations

Action Point	Source Report	Recommendation	Management Action agreed/ Responsible officer	Agreed Target date	Action taken	Outcome
1	Interim	In order to benefit more from the NFI data matching exercise, the council should put plans in place to follow up high risk matches promptly.	The council recognises that the matches have not been reviewed as quickly as they should have been. The Corporate Fraud Team Manager became responsible for NFI in January. Work is underway with services to put new procedures in place to ensure the outstanding matches are reviewed as quickly as possible. Revenues and Benefits Manager	31 October 2015	The high risk cases have been prioritised, the initial investigation has been completed and follow up action where required is in progress. The low risk cases are now being progressed.	Action taken will be considered as part of our planning activities for the 2015/16 audit.
2	Interim	The Fraud and Corruption Strategy should be refreshed and promoted to staff on a regular basis.	Strategy to be approved and promoted. Head of Finance	30 September 2015	The Finance, Policy & Resources Committee on 15 September 2015 considered and approved the "Policy and Strategic Response to Fraud, Bribery & Corruption".	Rollout and promotion of the new policy will be monitored as part of our planning activities for the 2015/16 audit.

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					Planning for the rollout and promotion of this across the organisation is underway.	
3	Interim	As part of the refresh, arrangements should be put in place to provide the ARSC with an annual activity report summarising fraud/suspected fraud cases, whistleblowing cases and breaches of the Bribery Act. This report should also include any lessons learnt and action taken.	Report to be prepared for the ARSC Head of Legal & Democratic Services	31 March 2016		
4	Interim	Risk assessments undertaken in response to the requirements of the Bribery Act should be evaluated and addressed as appropriate.	Risk assessments to be evaluated and any issues highlighted to be addressed as appropriate. Head of Legal & Democratic Services	31 December 2015	Review is in progress and any further action required will be advised.	Action taken will be considered as part of our planning activities for the 2015/16 audit

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5	Interim	Plans should be formalised for the development of a consistent approach for reporting performance information to elected members.	Proposals for implementing a consistent approach will be developed and presented to elected members for approval. Head of IT and Transformation	31 March 2016		
6	Interim	Arrangements for the refresh of 'Aberdeen Performs' should be put in place.	'Aberdeen Performs' is updated when performance data becomes available. A refresh is scheduled for 2015/16 to reappraise the method in which performance information is communicated to the public in light of developing corporate priorities. Head of Communications and Promotion	31 March 2016		

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7	Interim	Property reconciliations between council tax records and Assessors records should be evidenced that they have been reviewed by a second officer.	Property reconciliations to be timetabled (6 months) for August and February. Sign off on exceptions by senior management. Revenues & Benefits Manager	30 September 2015	The second reconciliation for the year has been completed and signed off by a senior manager.	This report will be considered as part of our planning activities for the 2015/16 audit.
8	ICT	A new ICT service strategy needs to be developed and implemented. In due course, delivery should be monitored within the council's PMO arrangements. Risk: until a new strategy is published, a perception could develop that the council is not taking a long-term approach to ICT services.	Following appointment of new Head of Service, IT and Transformation Service in May, a broader review of all relevant strategies has commenced with revision over the next 3-6 months. Thereafter, actions arising from the strategy will be monitored through appropriate governance arrangements. Head of Service (IT and Transformation)	March 2016		

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9	ICT	<p>The council has opted to enter a joint procurement exercise with Aberdeenshire Council for the provision of data centre services by a third party.</p> <p>Risk: delivery of this solution is likely to be complex, with dependency on third parties. This may give rise to delay, the need for an interim data centre and increased costs.</p>	<p>Transition of Data Centre Services from existing contractual arrangements to new operating model underway to meet end of contractual arrangements in January 2016, with transitional activities running until the new service has been operating for a full 3 month period.</p> <p>IT and Technology Services Manager</p>	July 2016		
10	ICT	<p>There is a large portfolio of priority projects which places significant demands on the ICT projects team.</p> <p>Risk: projects could be delayed due to ICT staffing constraints and competing priorities.</p>	<p>The portfolio of projects will be expanded to incorporate resource demands for wider IT and Transformation resources and we will continue to develop our systems, processes and procedures to capture and report on resource demands and capacity.</p> <p>Head of Service (IT and Transformation)</p>	March 2016		

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11	ICT	<p>Two areas of the council's Records Management Plan are under improvement; business classification and the retention schedule. Both of these depend on local adoption by the council's service areas.</p> <p><i>Risk: as with any change process, it may take time to become embedded.</i></p>	<p>This theme will be addressed through the "Information and Records Lifecycle" domain of our Information Management Strategy. A pilot is underway with Education and Children's Services, from which lessons learned will be used to develop a plan for other areas across the council.</p> <p>Records Manager</p>	<p>For initial pilot work: March 2016. Resources and timescales for full roll-out will be calculated on completion of pilot.</p>		
12	ICT	<p>Email and internet borne security incidents highlight the importance of effective refresher training to maintain levels of electronic security awareness in all staff.</p> <p><i>Risk: as people grow increasingly trustful of the performance and convenience of new technology, they may become less cautious in</i></p>	<p>This theme will be addressed through the "Culture, Training & Communications" domain of our Information Management Strategy, which will develop and roll out appropriate information security refresher training as part of a wider information management culture, training and communications programme</p> <p>Records Manager</p>	<p>March 2016</p>		

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		<i>using their electronic equipment.</i>				
13	ICT	<p>When the current data centre arrangements end, and during any transitional period, there will be a need to consider carefully the disaster recovery implications and ensure that a regular testing regime is maintained.</p> <p><i>Risk: during the transitional period between data-centres, there may be a loss of knowledge about configuration and recovery.</i></p>	<p>Disaster Recovery is being considered within transition activities, both to minimise disruption during transition activities and to ensure that end solution is robust and tested at regular intervals after transition</p> <p>IT Technology Services Manager.</p>	July 2016		

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14	Annual Report	<p>Shared Section 95 Officer arrangement</p> <p>The shared arrangement will have operated for 12 months by December 2015. A review of the pilot period is expected at that point.</p> <p>Risk: the review may not cover all the critical factors</p> <p>Recommendation: All aspects of the shared arrangement should be considered across both councils e.g. development opportunities, all costs, geography.</p>	<p>The review will consider the perspectives of both councils and the officers involved, taking account of all relevant aspects, including the extent to which both consider they are deriving value from the arrangement. Initial discussions have taken place with the relevant Director in SIC and this will be followed up as part of the review to be reported to committee in December 2015.</p> <p>Head of Human Resources & Customer Services</p>	31 December 2015	A report is scheduled to go to the Finance, Policy and Resources Committee on 3 December 2015.	This report will be considered as part of our planning activities for the 2015/16 audit.
15	Annual Report	<p>Financial position</p> <p>The council has a significant task ahead in meeting the funding shortfall set out in its 5 year business plan.</p> <p>Risk: the ongoing need</p>	<p>Work is well underway to progress the 2016/17 and indicative 5 year budgets. The council's approach to financial planning, incorporating the Extended Corporate Management Team into the</p>	Update position in February 2016		

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		<p><i>to deliver savings may have an adverse impact on services and the delivery of strategic priorities.</i></p> <p>Recommendation: the council needs to develop its strategy for delivering the savings required over the next 5 year period. This should bring together the different strands of work which are in progress e.g. shared service opportunities, outcome budgeting and service targets.</p>	<p>process, ensures that all options are considered in developing a strategy to deal with future financial pressures. Progress is also being made in the development of an outcome based budgeting approach for future years.</p> <p>Head of Finance, in conjunction with the Corporate Management Team & Extended Management Team</p>			

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16	Annual Report	<p>Long term financial planning</p> <p>Longer term horizon scanning through the development of long term planning will support the strategic infrastructure plan but also give a more rounded view of the financial landscape. In addition, links should be made with workforce plans.</p> <p><i>Risk: financial difficulties arise through unexpected events</i></p> <p>Recommendation: Long term planning continues to be developed.</p>	<p>The importance of long term financial planning is acknowledged and will continue to be developed.</p> <p>Head of Finance, in conjunction with the Corporate Management Team</p>	Update position in February 2016		

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17	Annual Report	<p>ALEOs</p> <p>The first round of hub meetings have now taken place with a plan to meet on a six monthly basis.</p> <p><i>Risk: the bedding in period may be too long and momentum lost so that it is some time before an effective scrutiny routine is in place.</i></p> <p>Recommendation: consider more meetings in the initial period until everybody is up to speed and the initial teething problems have been sorted out.</p>	<p>The first meeting of officers to consider requirements for the next round of hubs will take place by 30 September 2015 so whilst the formal hub meetings may be every 6 months, officers are working in the intervening period on the actions from the previous meetings and developing plans for the next one. Officers are aiming to improve the quality and robustness of the process and the meetings.</p> <p>Head of Democratic Services</p>	Ongoing		

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18	Annual Report	<p>Health and social care integration</p> <p>Preparations are moving apace for the implementation of the integration board with effect from 1 April 2016, including the identification of necessary resources, and discussions are taking place around the scrutiny requirements.</p> <p><i>Risk: the required actions are not completed and the Board is unable to take responsibility from April 2016.</i></p> <p>Recommendation: regular engagement continues between the Shadow Integration Joint Board (sIJB) and officers to ensure that priorities are delivered.</p>	<p>Arrangements have been in place for some time to progress integration which includes regular engagement between the sIJB and officers. This will continue throughout the year to ensure that what is a statutory timescale will be met. A work plan is in place with regular updates on progress being reported to the sIJB. The team are also working closely with the Scottish Government to get approval of the Scheme of Delegation.</p> <p>Chief Officer, Aberdeen Health & Social Care Partnership</p>	1 April 2016		

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19	Annual Report	<p>Marischal Square Development</p> <p>In responding to economic conditions, the council may mitigate risks by providing financial support, for example, rental assistance to encourage city centre investment.</p> <p><i>Risk: the council's rationale for offering support lacks transparency</i></p> <p>Recommendation: The council's should set out a framework which explains the type and level of regeneration investment it wishes to financially support.</p>	<p>Each regeneration investment decision will have a full business case prepared which will examine the case for proceeding with the investment decision and will clearly state the financial implications and risks associated with it.</p> <p>Corporate Management Team</p>	Update by 31 March 2016		