



Aberdeen City Council

Outstanding External Audit Recommendations



February 2016

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 is a standing report on the committee's agenda and actions will be reported upon until they are addressed.

On the whole, we have confirmed with officers that action is progressing in respect of the majority of recommendations including those with target dates still some months away. In most cases, the recommendations relate to significant pieces of work which external audit has an ongoing interest in. Consequently, we have work planned between March and June 2016 (interim audit activity) which will enable us to undertake relevant work (e.g. review of documentation, action plans and/or samples of projects) to confirm that appropriate action has been implemented. Where such further work is planned, we will provide an update for the outstanding recommendation but not close it off until the planned work has been satisfactorily completed.

Anne MacDonald

February 2016

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 National Fraud Initiative (NFI) data matching exercise, the council should put plans in place to follow up high risk matches promptly.	<p>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.</p> <p>Revenues and Benefits Manager</p>	31 October 2015	<p>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. In total, 30% of high risk cases have been progressed and overall, around 20% of recommended matches have been progressed over the 12 months since the data was received.</p> <p>On a more positive note, a single person discount matching exercise has been carried out. This identified 973 errors from 3,200 matches and amounted to £405,759 in financial terms. Plans are in place to issue revised council tax bills.</p>	<p>While the single person discount exercise has proved successful, the council has generally been slow to respond to the NFI data matches. We have just concluded a questionnaire on the council's engagement with the NFI process to inform Audit Scotland's national report due in summer 2016.</p> <p>In view of the mixed results, I would propose a fuller report on the subject to the next meeting of the committee.</p>

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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". Planning for the rollout and promotion of this across the organisation is underway.	Action implemented.
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	We have suggested that this action be implemented as part of the council's annual governance statement which the committee considers in June each year.	Carried forward to June 2016
4	Interim	Risk assessments undertaken in response to the requirements of the Bribery Act should be	Risk assessments to be evaluated and any issues highlighted to be addressed as appropriate.	31 December 2015	Implementation of the council's new response to fraud, bribery and corruption included adoption of the National Fraud	The new fraud, bribery and corruption framework includes the requirements of

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		evaluated and addressed as appropriate.	Head of Legal & Democratic Services		<p>Body's checklist and self-assessment</p> <p>Use of the checklist will further enhance the council's ability to mitigate against the risk of financial or other losses arising from fraud, bribery or corruption</p>	the bribery act and makes provision for appropriate risk assessments to be undertaken. We have yet to sight an action plan setting out the timeline for the different activities identified in the policy and self-evaluation checklist.
5	Interim	Plans should be formalised for the development of a consistent approach for reporting performance information to elected members.	<p>Proposals for implementing a consistent approach will be developed and presented to elected members for approval.</p> <p>Head of IT and Transformation</p>	31 March 2016	The council's refreshed corporate plan was approved by the full council on 26 February 2016. Thereafter, a review of the performance management framework has now commenced. The April/May 2016 committee cycle will see the introduction of a revised framework for performance reporting, with further developments expected to take place throughout 2016.	We will monitor developments during the 2015/16 audit (March to September 2016) and provide further updates.

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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	A report on the arrangements for the refresh of 'Aberdeen Performs' is expected to be presented to the Audit, Risk and Scrutiny Committee in April 2016. Further developments are expected to take place throughout 2016.	We will monitor developments during the 2015/16 audit (March to September 2016) and provide further updates.
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 recommendation will be considered as part of our interim activities for the 2015/16 audit.

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8	ICT	<p>A new ICT service strategy needs to be developed and implemented. In due course, delivery should be monitored within the council's PMO arrangements.</p> <p>Risk: until a new strategy is published, a perception could develop that the council is not taking a long-term approach to ICT services.</p>	<p>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.</p> <p>Head of Service (IT and Transformation)</p>	March 2016	A draft strategy was considered by Management Team in January 2016 and is scheduled to be considered by Finance, Policy and Resources Committee in April 2016.	Strategy will be reviewed as part of our 2015/16 interim audit activity.
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</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>	July 2016	A new datacentre contract has been agreed with Brightsolid with bases in Aberdeen and Dundee. A transition period is now in operation.	Arrangements will be reviewed as part of our 2015/16 interim audit activity.

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		<i>rise to delay, the need for an interim data centre and increased costs.</i>	IT and Technology Services Manager			
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	Fortnightly Programme Board is in place to review projects, priorities and progress.	Our 2015/16 interim audit activity includes a review of the council's project management arrangements for a sample of capital and IT projects.
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>Risk: as with any change process, it may take time</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</p>	For initial pilot work: March 2016. Resources and timescales for full roll-out will be calculated on completion of pilot.	A Master Data Management business case was given approval at Finance, Policy and Resources Committee on 3 December 2015	Progress will be reviewed as part of our 2015/16 interim audit activity

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		<i>to become embedded.</i>	council. Records Manager			
12	ICT	Email and internet borne security incidents highlight the importance of effective refresher training to maintain levels of electronic security awareness in all staff. <i>Risk: as people grow increasingly trustful of the performance and convenience of new technology, they may become less cautious in using their electronic equipment.</i>	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 Records Manager	March 2016	There is a range of information about information security on the council's intranet (the Zone) and regular opportunities are taken to remind staff of the importance of information security.	Ongoing

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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 (DR) 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	<p>As part of the council's transition of assets from Atos to the new Brightsolid Datacentre contract, it has installed production environment in the Aberdeen Data Centre and has physically moved DR equipment to Dundee data centre, although it is not yet configured to meet current requirements. Storage and Backup is provided through the contract and theoretically can be restored to either Aberdeen or Dundee if required at short notice. The next phase of the Datacentre transition is to configure DR at Dundee. This is scheduled for first major testing in June 2016. In the meantime, regular system test restores will be carried out internally.</p>	<p>Arrangements will be reviewed as part of our 2015/16 interim audit activity</p>

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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><i>Risk: the review may not cover all the critical factors</i></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	<p>A report was considered by the Finance, Policy and Resources Committee on 3 December 2015. This set out Shetland's intended plans to recruit a section 95 officer with effect from April 2016. In the interim, Aberdeen would continue to support Shetland through the secondment of an officer,</p>	<p>The recommendation has been overtaken by events.</p> <p>No further action required.</p>

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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><i>Risk: the ongoing need 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>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 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>	Update position in February 2016	On the basis of the Scottish Government's financial settlement announcement, the council in common with others produced a one year budget for 2016/17. Plans are in place to commence work early for the 2017/18 budget.	We will monitor developments and comment in our Annual Audit Report in September 2016.

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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	See Action Point 15	See Action Point 15
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</i></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</p>	Ongoing	Hub meetings will now take place on a 6 monthly basis commencing in May 2016. At that point the hubs will extend to Tier 2 ALEOs.	We are observing hub meetings and will comment on their operation in our Interim Report in June 2016.

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		<p><i>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>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>			
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>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</p>	1 April 2016	<p>The sIJB meets on a regular basis (six times a year).</p> <p>Arrangements have now been put in place for an Audit and Performance Systems Committee which will meet four times a year.</p> <p>Plans are in place to appoint a chief finance officer. In the interim the Director of Finance (NHS Grampian) will take responsibility for the role.</p>	Ongoing monitoring

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		<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>with the Scottish Government to get approval of the Scheme of Delegation.</p> <p>Chief Officer, Aberdeen Health & Social Care Partnership</p>		<p>Internal audit will be provided by David Hughes, Chief internal auditor (Aberdeenshire Council)</p>	
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</i></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	This is incorporated within the council's revised project management framework.	We have plans to review a sample of capital projects against the project management framework as part of 2015/16 audit

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		<p><i>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>				