

Aberdeen City Council

Outstanding External Audit Recommendations

April 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 April 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

April 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>In our February 2016 report, we reported that the council had undertaken a successful data matching exercise in relation to Single Person Discounts - 973 errors were identified from 3,200 matches which equated to £405,759 in financial terms. Revised council tax bills have been issued.</p> <p>However, there had been less activity than anticipated on NFI matches as only around 20% of recommended matches had been progressed over the 12 months since the data matches were received by the council.</p> <p>In view of the mixed results, we agreed to bring a report on NFI activity to the next meeting of the committee.</p>	<p>The council's Fraud Annual Report covering all fraud related activity for 2015/16 including the council's response to the NFI is included on the April agenda for ARSC.</p> <p>It therefore made sense to include our report on the NFI with the Fraud Annual Report.</p> <p>We note that the council has revised plans in place to respond to the NFI and is bringing an update report to Committee in September 2016.</p> <p>Action completed.</p>

Action Point	Source Report	Recommendation	Management Action agreed/ Responsible officer	Agreed Target date	Action taken	Outcome
					against loss from fraud, bribery or corruption. The team intends to refresh and strengthen the arrangements for risk assessments in response to the Bribery Act to ensure that regular reviews are undertaken and monitored.	Completion and review of service risk assessments by 30 September 2016 Corporate Investigation Manager
4	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	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/June 2016 committee cycle will see the introduction of a revised framework for performance reporting. This will commence with a new Corporate Governance pack being submitted to the Finance, Policy and Resources Committee. Depending on feedback, the new format will be rolled out to other	We will monitor developments during the 2015/16 audit (April to September 2016) and provide further updates.

Action Point	Source Report	Recommendation	Management Action agreed/ Responsible officer	Agreed Target date	Action taken	Outcome
					committees in subsequent cycles.	
5	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 council's arrangements for public performance reporting including the refresh of 'Aberdeen Performs' is expected to be presented to the Audit, Risk and Scrutiny Committee in April 2016.	We will monitor developments during the 2015/16 audit (April to September 2016) and provide further updates.
6	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	Reconciliations have been completed and have evidence of review.	Action completed.

Action Point	Source Report	Recommendation	Management Action agreed/ Responsible officer	Agreed Target date	Action taken	Outcome
7	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><i>Risk: until a new strategy is published, a perception could develop that the council is not taking a long-term approach to ICT services.</i></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.
8	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><i>Risk: delivery of this solution is likely to be complex, with dependency on third parties. This may give</i></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	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.

Action Point	Source Report	Recommendation	Management Action agreed/ Responsible officer	Agreed Target date	Action taken	Outcome
		<i>rise to delay, the need for an interim data centre and increased costs.</i>				
9	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.
10	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 to become embedded.</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>	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

Action Point	Source Report	Recommendation	Management Action agreed/ Responsible officer	Agreed Target date	Action taken	Outcome
11	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
12	ICT	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. <i>Risk: during the transitional period</i>	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 IT Technology Services Manager.	July 2016	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	Arrangements will be reviewed as part of our 2015/16 interim audit activity

Action Point	Source Report	Recommendation	Management Action agreed/ Responsible officer	Agreed Target date	Action taken	Outcome
		<i>between data-centres, there may be a loss of knowledge about configuration and recovery.</i>			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.	
13	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</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</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.

Action Point	Source Report	Recommendation	Management Action agreed/ Responsible officer	Agreed Target date	Action taken	Outcome
		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.	Management Team & Extended Management Team			
14	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</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 13	See Action Point 13

Action Point	Source Report	Recommendation	Management Action agreed/ Responsible officer	Agreed Target date	Action taken	Outcome
		term planning continues to be developed.				
15	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	Hub meetings will now take place on a quarterly basis commencing in May 2016. At that point the hubs will extend to Tier 2 ALEOs.	<p>This specific action is complete</p> <p>Note - We are observing hub meetings and will comment on their operation in our Interim Report in June 2016.</p>

Action Point	Source Report	Recommendation	Management Action agreed/ Responsible officer	Agreed Target date	Action taken	Outcome
16	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	This is incorporated within the council's revised project management framework.	We are currently examining a sample of capital projects as part of our 2015/16 audit activity. Where relevant, these will be checked against the council's project management framework