

ABERDEEN CITY COUNCIL

COMMITTEE	Audit, Risk and Scrutiny Committee
DATE	23 February 2017
DIRECTOR	N/A
TITLE OF REPORT	Internal Audit Reports – Follow-up of Agreed Recommendations
REPORT NUMBER	IA/17/003
CHECKLIST COMPLETED	Yes

1. PURPOSE OF REPORT

- 1.1 This report advises the Committee of progress made by Services with implementing recommendations that were agreed in Internal Audit reports issued since April 2015.

2. RECOMMENDATION

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

3. FINANCIAL IMPLICATIONS

- 3.1 There are no financial implications arising as a result of this report.

4. PROGRESS WITH IMPLEMENTING AGREED RECOMMENDATIONS

- 4.1 Appendices A and B 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 2016 have been completed, these are no longer shown in the appendices.
- 4.2 Where recommendations have not been completed by their original due date, reasons are provided along with the grading applied to the recommendation in the original Internal Audit report. An explanation of the gradings used is shown at appendix C.

5. REPORT AUTHOR DETAILS

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APPENDIX A

POSITION WITH AGREED RECOMMENDATIONS AS AT 10 FEBRUARY 2017

SUMMARY

The following table provides a summary of progress being made by Services with completing agreed recommendations. On 24 November 2016, the Committee was advised that, as at 11 November 2016, there were 50 recommendations which were due to have been completed by 30 September 2016 which were not fully complete. This has reduced to 36. The total not fully complete, which had an original due date of before 30 September 2016, is 51. Full details relating to progress, on a report by report basis, are shown in appendix B.

Recommendations							Grading of Overdue Recommendations		
SERVICE	Agreed in reports shown in Appendix B	Due for completion by 30.09.16	Confirmed complete by Service	New in October to December 2016	Confirmed complete by Service	Not fully complete by original due date of 31.12.16	Major	Significant	Important
Cross Service	100	90	78	0	0	12	0	7	5
Communities, Housing and Infrastructure	109	73	61	25	15	22	2	12	8
Corporate Governance	59	26	19	8	6	9	2	4	3
Education and Children's Services	51	46	41	0	0	5	0	4	1
Health and Social Care Partnership	67	4	4	37	34	3	0	2	1
Total	386	239	203	70	545	51	4	29	18

APPENDIX B

POSITION WITH AGREED RECOMMENDATIONS AS AT 10 FEBRUARY 2017

Report Number	Report Title	Date Issued	Number of Recommendations				
			Agreed in Report	Due for implementation by 31.12.16	Confirmed Implemented by Service	Not implemented by original due date	Grading of overdue recommendations

CROSS SERVICE

AC1601	Recruitment Procedures	February 2016	35	35	30	5	5 Important
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The overdue recommendations were due to be implemented by the end of March 2016. The position with these is as follows:

Recommendation	Position
2.1.3 – HR should review and, where applicable, update information in the Managing Recruitment and Selection document, and should consider how often and by whom this document is reviewed in the future (graded “important within audited area”).	As reported previously, HR has advised that it has taken longer than anticipated to undertake the necessary review of guidance. The agreed recommendations have been reflected in a draft of the guidance, however, other updates were required which are being made at the same time but are delaying the process. This was due to be complete by the end of July 2016 and then by the end of November 2016. The latest update from the Service is that this will be complete by June 2017 as there are competing issues that have had to be prioritised.
2.1.4 – Documents being published for use should be dated with an author’s name or post, and the next proposed review date. HR should ensure consistency when classifying documents as policies, procedures, protocols (graded “important within audited area”).	As 2.1.3, above.

Report Number	Report Title	Date Issued	Number of Recommendations				
			Agreed in Report	Due for implementation by 31.12.16	Confirmed Implemented by Service	Not implemented by original due date	Grading of overdue recommendations

CROSS SERVICE (continued)

Recommendation	Position
<i>(AC1601 – Recruitment Procedures – Continued)</i>	
2.3.12 – HR should provide guidance on completion of candidate assessment forms (graded “important within audited area”).	As 2.1.3, above.
2.6.2 – HR should review and, where appropriate, update the Managing and Recruitment Selection document (graded “important within audited area”).	As 2.1.3, above.
2.6.3 – HR should consider whether to enforce the panel composition for primary school teachers or amend it to reflect current practice (graded “important within audited area”).	As 2.1.3, above.

AC1604	Corporate Policies and Procedures	March 2016	2	0	0	0	0
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Report Number	Report Title	Date Issued	Number of Recommendations				
			Agreed in Report	Due for implementation by 31.12.16	Confirmed Implemented by Service	Not implemented by original due date	Grading of overdue recommendations

CROSS SERVICE (continued)

AC1615	Timesheets	January 2016	25	25	22	3	3 Significant
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The position with the overdue recommendations is as follows:

Recommendation	Position
2.4.6 (1c) was due to be implemented in July 2016 – On-line timesheet to be implemented which will have built in rules that will help ensure that payments are made in accordance with the rules and conditions of service (graded “significant within audited area”).	As reported previously, this has been delayed due to competing priorities and because testing identified issues with the formulas. It was anticipated that a pilot would begin in October 2016 with full implementation in January or February 2017. The latest update from the Service is that this was launched in Customer Services in February 2017. It is planned to roll this out across other services once the pilot feedback is fully assessed.
2.4.6 (2) was due to be implemented in July 2016 – Spot checks will be put in place on an ongoing basis to ensure the correct application of guidance in relation to payment for non-standard hours (graded “significant within audited area”).	As reported previously, this is now going to be addressed through the on-line timesheet in Your HR. In view of this, and the issues detailed at 2.4.6 (1c) above, this will now be implemented in January or February 2017
2.4.6 (3) was due to be implemented in August 2016 – Steps should be taken to recover overpayments / pay underpayments made to staff in relation to overtime paid at the wrong rate of pay (2.4) and in relation to additional holiday pay (2.2) (graded “significant within audited area”).	In view of the fact that Financial Regulations require the Head of HR to take all reasonable steps to recover any identified overpayments, it was agreed that Directorates would analyse the findings from the Internal Audit report, relating to specific pay elements, and notify HR / Payroll of any overpayments to be recovered or underpayments due to be paid. HR has been leading on an analysis of the benefits or otherwise of the exercise in view of the volume of work and it has been agreed by the Heads of HR and Finance that, as action has been taken to mitigate against future recurrences of the overpayments, no action will be taken to recover any overpayments or make payment where underpayments have occurred.

Report Number	Report Title	Date Issued	Number of Recommendations				
			Agreed in Report	Due for implementation by 31.12.16	Confirmed Implemented by Service	Not implemented by original due date	Grading of overdue recommendations

CROSS SERVICE (continued)

AC1621	ALEOs	February 2016	10	4	4	0	0
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AC1623	Compliance with Procurement Legislation	June 2016	28	27	23	4	4 Significant
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The position with the overdue recommendations is as follows:

Recommendation	Position
2.1.12 was due to be implemented in June 2016 – C&PS in conjunction with Finance should review Financial Regulations to clarify whether and what exceptions to the requirement to raise a Purchase Order are allowed (graded “significant within audited area”).	As reported previously, Commercial and Procurement Services has advised that a draft list of exceptions has been prepared and requires to be finalised with Finance colleagues. Reference to the list of exceptions will be included in the next update to the Financial Regulations which is currently being prepared. A revised completion date of 31 March 2017 would fit with this review.
2.4.7 was due to be implemented in September 2016 – The Service should ensure that spend on supplies which are likely to be used by more than one school is forecast so that appropriate Committee approval and tendering can be completed for aggregate spend (graded “significant within audited area”).	As reported previously, the Service is in the process of identifying expenditure across the schools. It is anticipated that this will be completed by March 2017 and that expenditure across other Directorates will have to be considered.
2.6.4 was due to be implemented in June 2016 – C&PS in conjunction with Finance should review whether revision and re-authorisation of Purchase Orders is necessary for minor changes to content and value (graded “significant within audited area”).	As 2.1.12 above.

Report Number	Report Title	Date Issued	Number of Recommendations				
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CROSS SERVICE (continued)

Recommendation	Position
<i>(AC1623 – Compliance with Procurement Legislation – Continued)</i>	
2.6.6 was due to be implemented in June 2016 – C&PS will issue guidance clarifying the raising of purchase orders and any exceptions (graded “significant within audited area”).	As 2.1.12 above.

COMMUNITIES, HOUSING AND INFRASTRUCTURE

AC1602 AW	Craft Workers Terms and Conditions	October 2015	9	9	1	8	2 Major 6 Significant
All of the recommendations in this report were due to be implemented by the end of June 2016. The position with the overdue recommendations is as follows:							
Recommendation			Position				
2.2.6 – The Service should renegotiate the Agreement based on current working practice (graded “major at a service level”).			<p>As reported previously, the Service advised that all recommendations are being progressed through discussion and negotiation, and that it was anticipated they will all be resolved by December 2016.</p> <p>The latest update is that the Service is currently discussing a renewed craft agreement with trade workers and unions. Meetings have taken place and others are due in January leading into February. The Service is hopeful that an agreement can be signed as soon as possible in 2017.</p>				

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COMMUNITIES, HOUSING AND INFRASTRUCTURE (continued)

Recommendation	Position
<i>(AC1602AW – Craft Workers Terms and Conditions – Continued)</i>	
2.3.1 – The Service should provide written guidance on the completion of documentation required as part of the pay process (graded “significant within audited area”).	This will form part of the new craft agreement, as per 2.2.6 above.
2.3.13 – The Service should complete the roll out of the hand held system to ensure that periods of stand-by are covered (graded “significant within audited area”).	This has been partially implemented and piloted and will be fully implemented with the new craft agreement.
2.3.14 – The Service should consider whether such payments remain appropriate (graded “significant within audited area”).	This is being reviewed as part of the new craft agreement, as per 2.2.6 above.
2.3.15 – The Service should recharge the cost of such call-outs to the tenant (graded “significant within audited area”).	This is being reviewed as part of the new craft agreement, as per 2.2.6, above, and discussions will take place with housing management.
2.3.16 – The Service should review procedures in place regarding the payment of flexibility allowances, overtime and standby to ensure that staff entitled to the payments are receiving them and, if not entitled, they are stopped and, if appropriate, recovered (graded “significant within audited area”).	This is being reviewed as part of the new craft agreement, as per 2.2.6, above, and discussions will take place with housing management.

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COMMUNITIES, HOUSING AND INFRASTRUCTURE (continued)

Recommendation	Position
<i>(AC1602AW – Craft Workers Terms and Conditions – Continued)</i>	
2.4.5 – The Service should review procedures in place regarding the payment of flexibility allowances, overtime and standby to ensure that staff entitled to the payments are receiving them and, if not entitled, they are stopped and, if appropriate, recovered.	This is being reviewed as part of the new craft agreement, as per 2.2.6 above.
2.5.6 – The Service should review procedures in place to ensure compliance with Working Time Regulations (graded “major at a corporate level”) .	This will be confirmed robustly in the new craft agreement, as per 2.2.6 above.

AC1605 AW	Building Services Recharges	July 2016	11	11	7	4	4 Important
The position with the overdue recommendations is as follows:							
Recommendation			Position				
2.3.9 was due to be implemented in December 2016 – The Service should ensure that non stock items are adequately recorded (graded “important within audited area”) .			The Service has advised Internal Audit that they are trialling a new process to manage this issue and will advise Internal Audit of the outcome.				

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COMMUNITIES, HOUSING AND INFRASTRUCTURE (continued)

(AC1605AW – Building Services Recharges – Continued)

Recommendation	Position
2.3.9 was due to be implemented in December 2016 – The Service should ensure that non stock items are adequately recorded (graded “important within audited area”).	The Service has advised Internal Audit that they are trialling a new process to manage this issue and will advise Internal Audit of the outcome.
2.4.4 was due to be implemented in December 2016 – The Service should ensure that a formal procedure is developed, to provide guidance to staff dealing with enquiries relating to invoices issued (graded “important within audited area”).	The Service has advised that they do not have staffing to implement this at present. Additional staffing resource has been requested and, if approved, will be in place by August 2017.
2.4.6 (i) was due to be implemented in December 2016 – The Service should investigate the reasons for the errors identified in the above paragraph and should ensure that any systematic errors are resolved to reduce future occurrences (graded “important within audited area”).	As per 2.4.4, above.
2.4.6 (ii) was due to be implemented in December 2016 – The Service should ensure that statistics relating to resolved complaints are reported to Management to determine if there are issues which require to be addressed (graded “important within audited area”).	As per 2.4.4, above.

AC1607	Rent Collection and Arrears Management	April 2016	8	8	8	0	0
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COMMUNITIES, HOUSING AND INFRASTRUCTURE (continued)

AC1608	Trade Waste	January 2016	14	14	10	4	2 Significant 2 Important
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The position with the overdue recommendations is as follows:

Recommendation	Position
2.1.9 was due to be implemented in June 2016 – The Service in conjunction with Finance should review the charging system for extraordinary uplifts (graded “important within audited area”).	As reported previously, the Service has advised that it has developed a revised timetable for delivery of this element to dovetail with the introduction of the Council-wide Digital Platform. To proceed with work on the existing system that would quickly be redundant is not considered a good use of resources. The Waste and Recycling Service is one of the first areas for integration with the Digital Platform and it is anticipated that this action will be complete by June 2017.
2.1.10 was due to be implemented in September 2016 – The Service should implement reconciliations between records of work completed, work invoiced, and income received, to ensure that income has been received for the provision of all goods and services (graded “significant within audited area”).	The Service has advised that the Bartec system is being introduced which is designed to resolve the issues. For similar reasons to 2.1.9, this action will now be completed by April 2017.
2.1.12 was due to be implemented in September 2016 – The Service should introduce checks to ensure the accuracy and completeness of all invoices raised (graded “significant within audited area”).	As 2.1.10, above
2.1.13 (a) was due to be implemented in June 2016 – The Service should review the cost of uplifts against charge rates, and determine whether or not it is appropriate for reduced charges to be offered to either attract or retain customers (graded “important within audited area”).	As reported previously, the Service has advised that a review of costs of uplifts cannot be completed until data derived from the Bartec Collective System have been gathered and validated. Use of a non-standard charging rate is rare at this time and therefore the Service considers that the impact of deferring this action until confidence in its outcome can be gained is low. The recommendation will be implemented by the end of March 2017.

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COMMUNITIES, HOUSING AND INFRASTRUCTURE (continued)

AC1618	Vehicle and Driver Records	April 2016	22	22	19	3	2 Significant 1 Important
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The position with the overdue recommendations is as follows:

Recommendation	Position
2.5.7 was due to be implemented in August 2016 – Fleet in conjunction with HR and User Services should maintain a list of Posts with driving duties, and the relevant licence categories required (graded “important within audited area”).	As reported previously, HR advised that the list was almost complete and an action plan detailing driving checks was due to be complete by the end of November 2016. The Service has advised that this will now be complete by the end of March 2017 to allow time for a database to be set up and tested.
2.1.2ii was due to be implemented in November 2016 - Fleet should work with Services to determine their ongoing fleet requirements, in line with these principles, in advance of any further significant procurement exercises (graded “significant within audited area”).	The Service has advised that surveys were sent out to all Services in late 2016 requesting information on vehicle and plant usage. The returns indicated that all Services required their vehicles for the maximum time with no spare capacity. The results of the telematics trial detailed below will help inform decision with initial results anticipated by September 2017.
2.1.2iii was due to be implemented in November 2016 - Fleet should seek to identify ‘excess’ vehicles promptly in order to maximise resale value where vehicles are not required (graded “significant within audited area”).	In January 2017, the Communities, Housing and Infrastructure Committee approved a telematics trail that will take place on 10 vehicles over a 3-6 month period. Should this trial prove successful, Fleet will present the results and seek further approval to implement a telematics system for all fleet vehicles and plant. The results of the trial will demonstrate vehicle performance, driver behaviour and utilisation; the benefits will include increased utilisation and potential fleet reduction saving cost pressures on maintenance, fuel and department budgets. Initial results are anticipated by September 2017.

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			Agreed in Report	Due for implementation by 31.12.16	Confirmed Implemented by Service	Not implemented by original due date	Grading of overdue recommendations

COMMUNITIES, HOUSING AND INFRASTRUCTURE (continued)

AC1702	Building Services Procurement	June 2016	9	9	7	2	1 Significant 1 Important
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The position with the overdue recommendations is as follows:

Recommendation	Position
2.3.1 was due to be implemented in December 2016 – An exercise should be undertaken to improve supplier data and restrict ordering to framework or contract suppliers (graded “important within audited area”).	The Service has advised that work is on-going with this and that some IT changes are necessary along with consultation with other users of the system. This will now be complete by October 2017.
2.3.4 was due to be implemented in December 2016 – The Service should ensure that systems are updated as soon as possible after framework agreements are renewed so that only current framework and contract suppliers are shown (graded “significant within audited area”).	The Service has advised that a strategy has been agreed, but an instance of this transition period (which is unavoidable when new framework agreements are adopted) has not yet come up, in order to test the new process. It has been agreed with Commercial and Procurement Services to use the transition period with the new domestic gas servicing contract in October 2017, so the Service will be able to monitor progress then.

AC1703	Cleaning Payroll	June 2016	14	9	9	0	0
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AC1705	Roads Payroll	August 2016	22	16	15	1	1 Significant
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The overdue recommendation (**graded “significant within audited area”**) was due to be implemented by the end of November 2016 and relates to Payroll ensuring all payments, including those made in arrears, are at the rate applicable on the date the work was carried out. The system provider has implemented a part fix for this and is working on a full resolution which should be complete by the end of February 2017.

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CORPORATE GOVERNANCE

AC1602	Payroll System	October 2015	3	2	2	0	0
AC1610	Budget Monitoring	November 2016	9	0	0	0	0

AC1614	Risk Management	November 2015	10	10	5	5	3 Significant 2 Important
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The position with the overdue recommendations is as follows:

Recommendation	Position
2.1.5 was due to be implemented in October 2016 – In order to meet its intention to monitor progress with the completion of training modules the Council should put arrangements in place to capture and report data as stated (graded “significant within audited area”).	The Service has advised that data on numbers of people completing the risk management training course is available but have yet to be reported. Other training is in progress including the role of the officer in a political environment and third tier manager training on risk and assurance.
2.1.6 was due to be implemented by the end of March 2016 – The Strategic Risk Register should be updated, approved and reported to the Audit, Risk and Scrutiny Committee (graded “significant within audited area”).	As reported previously, there will now be a strategic risk register (SRR) and a corporate operational risk register. The operational one will be drawn from those risks with corporate impact which are recorded in the service risk registers. The corporate operational risk register was to be reported to the Audit, Risk and Scrutiny Committee in June 2016 and the SRR would follow (no timescale yet). The latest update is that the SRR is reported to CMT regularly. CMT have yet to make a decision on reporting to the Audit, Risk and Scrutiny Committee.

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			Agreed in Report	Due for implementation by 31.12.16	Confirmed Implemented by Service	Not implemented by original due date	Grading of overdue recommendations

CORPORATE GOVERNANCE (continued)

Recommendation	Position
<i>(AC1614 – Risk Management – Continued)</i>	
2.1.7 was due to be implemented by the end of March 2016 – Performance Dashboards held on The Zone should be populated with the required data (graded “important within audited area”).	As reported previously, all risk registers will be uploaded to the relevant dashboards once agreed. The latest update from the Services is that performance dashboards are being reviewed as part of the Performance Management Framework Review.
2.1.13 was due to be implemented by the end of March 2016 – The Risk Management Manual should be reviewed and updated where appropriate (graded “important within audited area”).	<p>As reported previously, the strategy will be revised through work with consultants on the governance review and the manual will then need to be revised after that. The strategy was due to be reported to the Audit, Risk and Scrutiny Committee in September 2016 and the manual revision would be complete by September 2016. The revised strategy was to be reported to Committee in November with the manual being revised in 2017.</p> <p>The latest update from the Service, as reported in November 2016, is that the risk system review has concluded and the associated implementation plan is being reported to the Audit, Risk and Scrutiny Committee in November 2016. Work on the revised strategy and manual are about to start and it is expected that the strategy will be reported in the first half of 2017.</p>
2.1.19 was due to be implemented by the end of April 2016 – A Risk Management annual report should be prepared and presented to the Audit, Risk and Scrutiny Committee.	<p>As reported previously, this had been delayed to the September 2016 meeting of the Committee to allow for inclusion of a benchmarking exercise. At that time, the benchmarking exercise had not commenced and it was intended to report to the November 2016 meeting of the Audit, Risk and Scrutiny Committee.</p> <p>The latest update from the Service, as reported in November 2016, is that the benchmarking data has been received in draft form only and, as a result of having not received final data, the exercise has been delayed further.</p>

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CORPORATE GOVERNANCE (continued)

AC1616	Bank Reconciliations	November 2016	3	0	0	0	0
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AC1619	Social Work Tendering	April 2016	14	11	8	3	2 Major 1 Significant
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Progress with the overdue recommendations is as follows:

Recommendation	Position
2.3.6 (i) was due to be implemented in September 2016 – Social Care and Children’s Social Work should ensure that there is an adequate audit trail between the values of contracts in the contracts register and the budget from which they come (graded “significant within audited area”).	As reported previously, the Service has advised arrangements for the future have been established, however, it will take until the end of December 2016 to address current contracts. The Service has advised that this will now be complete by the end of March 2017.
2.5.4 (i) was due to be implemented in June 2016 – The contract management procedure will be reviewed in light of the shared service and a risk based approach adopted. A recharge protocol is also being prepared to manage the use of block funded services by other local authorities. Where double funding has been identified, Services will work together to identify the extent of this , secure repayment where appropriate, and put systems in place to ensure it does not happen again (graded “major at a service level”).	As reported previously, the Service has advised that the contract management framework was rolled out in June 2016, staff have completed training and new procedures have been implemented. The recharge protocol issue has been agreed in principle by the two Councils. The value of the necessary adjustment has to be agreed following which work can begin on a recharging protocol to identify and recover double funding, although this is being held up with complications over resource transfer issues at present. The Service has advised that this will now be complete by the end of March 2017.

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CORPORATE GOVERNANCE (continued)

Recommendation	Position
<i>(AC1619 – Social Work Tendering – Continued)</i>	
2.5.4 (iii) was due to be implemented in June 2016 – Social Work should consider the risks and value for money associated with block-funded care arrangements and report to Committee the number of providers that have been double funded by other local authorities <i>(graded “major at a service level”)</i>	As 2.5.4 (i), above.

AC1626	Council Tax Reduction	April 2016	1	1	1	0	0
AC1704	Following the Public Pound	November 2016	7	0	0	0	0
AC1706	Scottish Welfare Fund	August 2016	3	3	3	0	0

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CORPORATE GOVERNANCE (continued)

AC1708	InfoSmart System	August 2016	7	7	6	1	1 Important
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The position with the overdue recommendation is as follows:

Recommendation	Position
2.2.3 (b) was due to be implemented in December 2016 – CPS should liaise with ICT to identify an individual to act as system owner, who should ensure that performance management reports are provided as required by the contract (graded “important within audited area”).	An individual has been identified to act as system owner and performance reporting is included in the current contract review and will be aligned to C&PS requirements (co-user Planning no longer utilising the system). The review will be complete by the end March 2017

AC1710	Public Records (Scotland) Act	August 2017	2	0	0	0	0
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EDUCATION AND CHILDREN'S SERVICES

AC1604 AW	Payment Controls in Children's Social Work	February 2016	19	14	10	4	3 Significant 1 Important
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Progress with the overdue recommendations is as follows:

Recommendation	Position
2.2.14 (i) was due to be implemented in September 2016 – The Service, in conjunction with Finance, should review the interface from CareFirst to ensure full invoice numbers are transferred to the financial system (graded “significant within audited area”).	The Carefirst system supplier has confirmed that they will be increasing the field length for invoice numbers in the first quarter of 2017 as part of the release of the next version of the system. This will, therefore, be implemented by June 2017.
2.2.15 was due to be implemented in June 2016 – relates to Financial Services reviewing and rationalising supplier numbers to ensure that there are no duplicates (graded “important within audited area”).	As reported previously, implementation of the enhanced reporting tool that would have enabled this recommendation to be completed has been delayed. The Service is working with the provider, Finance and ICT colleagues to resolve the issues and expect that this will be achieved by the end of November 2016. The Service has now advised that this should be complete by the end of February 2017.
2.2.27 (i) was due to be implemented in August 2016 – The Service should review whether block-funded arrangements are necessary and appropriate. Where there are alternative spot purchase arrangements, these should be explored (graded “significant within audited area”).	As reported previously, the Service is in the process of reviewing arrangements and this will be complete by April 2017.
2.2.27 (ii) was due to be implemented in August 2016 – The Service should review controls over payments for block-funded care (graded “significant within audited area”).	As 2.2.27 (i), above.

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EDUCATION AND CHILDREN'S SERVICES (continued)

AC1605	Secondary Schools	April 2016	17	17	16	1	1 Significant
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Progress with the overdue recommendation is as follows:

Recommendation	Position
2.6.7 was due to be implemented in August 2016 – The service should ensure class contributions, and waived charges are consistent across all schools, that calculations supporting the values are retained, and all monies collected are receipted and paid directly into the council bank account timeously (<i>graded "significant within audited area"</i>).	The Service is currently investigating practice in schools and returns received to date suggest that there is diversity in practice. It may require a working group to determine a common approach and this will be resolved by March 2017.

AC1624	Family Centres	July 2016	6	6	6	0	0
AC1625	Teachers Payroll	April 2016	9	9	9	0	0

Report Number	Report Title	Date Issued	Number of Recommendations				
			Agreed in Report	Due for implementation by 31.12.16	Confirmed Implemented by Service	Not implemented by original due date	Grading of overdue recommendations

HEALTH AND SOCIAL CARE PARTNERSHIP

AC1609	Pre-Integration Financial Assurance	January 2016	5	4	4	0	0
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AC1617	Self Directed Support	October 2016	35	29	27	2	1 Significant 1 Important
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Progress with the overdue recommendations is detailed below:

Recommendation	Position
2.1.2 was due to be implemented in October 2016 – The Service should ensure the appropriate Committees are provided with updates on progress with implementing the timetable for Self Directed Support (graded “significant within audited area”).	The Service has advised that this will be completed in January 2017.
2.5.11 was due to be implemented in November 2016 – The Service should consider whether a further layer of approval is necessary for unusual or high value cases (graded “important within audited area”).	The Service has advised that this will be completed in January 2017.

Report Number	Report Title	Date Issued	Number of Recommendations				
			Agreed in Report	Due for implementation by 31.12.16	Confirmed Implemented by Service	Not implemented by original due date	Grading of overdue recommendations

HEALTH AND SOCIAL CARE PARTNERSHIP (continued)

AC1701	Purchasing and Creditors	November 2016	14	2	2	0	0
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AC1709	Care First System	November 2016	13	6	5	1	1 Significant
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Progress with the overdue recommendation is detailed below:

Recommendation	Position
2.5.9 was due to be implemented in December 2016 – IT should ensure that disaster recovery is tested with the new supplier (<i>graded “significant within audited area”</i>).	Internal Audit is awaiting a response from the Service.

APPENDIX C

Grading of Recommendations

GRADE	DEFINITION
Major at a Corporate Level	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, to the Council.
Major at a Service Level / within audited area	<p>The absence of, or failure to comply with, an appropriate internal control which could result in, for example, a material financial loss to the Service/area audited.</p> <p>Financial Regulations have been consistently breached.</p>
Significant within audited area	<p>Addressing this issue will enhance internal controls.</p> <p>An element of control is missing or only partial in nature.</p> <p>The existence of the weakness identified has an impact on a system's adequacy and effectiveness.</p> <p>Financial Regulations have been breached.</p>
Important within audited area	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.