

ABERDEEN CITY COUNCIL

COMMITTEE	Audit, Risk and Scrutiny Committee
DATE	26 September 2017
REPORT TITLE	Internal Audit Reports – Follow-up of Agreed Recommendations
REPORT NUMBER	IA/17/015
LEAD OFFICER	David Hughes
AUTHOR	David Hughes

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. BACKGROUND / MAIN ISSUES

- 3.1 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 2017 have been completed, these are no longer shown in the appendices.
- 3.2 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.

4. FINANCIAL IMPLICATIONS

- 4.1 There are no direct financial implications arising from the recommendations of this report.

5. LEGAL IMPLICATIONS

- 5.1 There are no direct legal implications arising from the recommendations of

this report.

6. MANAGEMENT OF RISK

6.1 The Internal Audit process considers risks involved in the areas subject to review. Any risk implications identified through the Internal Audit process are detailed in the resultant Internal Audit reports. Recommendations are made to address the identified risks and Internal Audit follows up progress with implementing those that are agreed with management. Those not implemented by their agreed due date are detailed in the attached appendices.

7. IMPACT SECTION

7.1 **Economy** – The proposals in this report have no direct impact on the local economy.

7.2 **People** – There will be no differential impact, as a result of the proposals in this report, on people with protected characteristics. An equality impact assessment is not required because the reason for this report is for Committee to review the position with Services implementing agreed Internal Audit recommendations. The proposals in this report will have no impact on improving the staff experience.

7.3 **Place** – The proposals in this report have no direct impact on the environment or how people friendly the place is.

7.4 **Technology** – The proposals in this report do not further advance technology for the improvement of public services and / or the City as a whole.

8. APPENDICES

8.1 Appendix A – Position with Agreed Recommendations as at 9 June 2017 – Summary.

8.2 Appendix B – Position with Agreed Recommendations as at 9 June 2017 – Detail.

8.3 Appendix C – Grading of Recommendations.

9. REPORT AUTHOR DETAILS

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APPENDIX A

POSITION WITH AGREED RECOMMENDATIONS AS AT 13 SEPTEMBER 2017

SUMMARY

The following table provides a summary of progress being made by Services with completing agreed recommendations. On 22 June 2017, the Committee was advised that, as at 9 June 2017, there were 72 recommendations which were due to have been completed by 30 April 2017 which were not fully complete. This has reduced to 50. The total not fully complete, which had an original due date of before 31 July 2017, is 61. 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 30.04.17	Confirmed complete by Service	New in May to July 2017	Confirmed complete by Service	Not fully complete by original due date of 31.07.17	Major	Significant	Important
Cross Service	88	81	70	7	0	18	1	14	3
Communities, Housing and Infrastructure	102	83	69	9	8	15	1	8	6
Corporate Governance	62	51	38	5	3	15	0	7	8
Education and Children's Services	39	37	31	1	0	7	0	6	1
Health and Social Care Partnership	34	34	28	0	0	6	0	5	1
Total	325	286	236	22	11	61	2	40	19

APPENDIX B

POSITION WITH AGREED RECOMMENDATIONS AS AT 13 SEPTEMBER 2017

Report Number	Report Title	Date Issued	Number of Recommendations				Grading of overdue recommendations
			Agreed in Report	Due for implementation by 31.07.17	Confirmed Implemented by Service	Not implemented by original due date	

CROSS SERVICE

AC1604	Corporate Policies and Procedures	March 2016	2	2	0	2	2 Important
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The overdue recommendations were due to be implemented by the end of March 2017. The position with these is as follows:

Recommendation	Position
2.1.4 – The Council should hold a full categorised list of all policies and procedures via which all officers can access relevant information for their role and activities they intend to carry out (graded “important within audited area”).	As reported to Committee in June 2017, a revised corporate template has been agreed and is in use. A number of policies / procedures have been developed into an e-induction module for all new staff. All other policies / procedures are being developed across Services with progress being monitored through the project team. The Governance Review Board agreed to extend this to the end of August 2017. The latest update from the Service is that the Project Team have progressed Phase 1 of Project, the “housekeeping” of policies in the different services is substantially complete. Where new policies have been developed these have been on the revised corporate template. The Project is captured in the overall Transformation Portfolio. An update on Phase 1 of the Project will be presented to the Governance Review Board in September, 2017.
2.1.5 – The Council should ensure a timetable is put in place for implementation of a policy framework for all Council policies (graded “important within audited area”).	As reported to Committee in June 2017, the Governance Review Board is monitoring progress of this project through the wider Governance Review Programme and had agreed to extend the collation / housekeeping aspect to the end of August 2017. The latest update from the Service is that the draft Framework has been developed and is ready to be submitted to the Governance Review Board in September 2017 for consideration.

Report Number	Report Title	Date Issued	Number of Recommendations				Grading of overdue recommendations
			Agreed in Report	Due for implementation by 31.07.17	Confirmed Implemented by Service	Not implemented by original due date	

CROSS SERVICE (continued)

AC1615	Timesheets	January 2016	25	25	23	2	2 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”).	<p>As reported previously, this had 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 Service advised that this was launched in Customer Services in February 2017 and that it was planned to roll this out across other services once the pilot feedback is fully assessed. The Service then advised that the system had been developed, tested and the roll-out had commenced in Corporate Governance. HR would work with Directorates to roll this out further in a phased and systematic way but it would not be completed until at least the end of August 2017.</p> <p>The latest update from IT is that the HR officer progressing YourHR left the Council in June 2017, and in conjunction with the decision at FP&R in December 2016 to proceed with the procurement of a Human Capital Management system, which will replace existing HR and Payroll systems, all work associated with the development and roll-out of YourHR is under review to avoid duplication of effort. Where it is possible to extend the use of YourHR without further development, or with only very minimal development this will be considered, prioritised and resourced along with other workloads. Functionality as described within the audit will be incorporated into requirements specification of the replacement HCM system.</p>

Report Number	Report Title	Date Issued	Number of Recommendations				Grading of overdue recommendations
			Agreed in Report	Due for implementation by 31.07.17	Confirmed Implemented by Service	Not implemented by original due date	

CROSS SERVICE (continued)

Recommendation	Position
<i>(AC1615 – Timesheets – Continued)</i>	
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 was going to be addressed through the on-line timesheet in Your HR. A full update is shown against recommendation 2.4.6 (1c) above.

AC1621	ALEOs	February 2016	10	10	6	4	4 Significant
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The position with the overdue recommendations is as follows:

Recommendation	Position
2.2.6 (a) was due to be implemented in June 2017 – Services should ensure that there is an up to date Service Level Agreement with each ALEO (graded “significant within audited area”).	Commercial and Procurement Services have stated that it is anticipated it will take around 12 months to get new agreements in place. Implementation of this recommendation will, therefore, be delayed until August 2018.
2.2.6 (b) was due to be implemented in June 2017 – Services should ensure all ALEO SLAs confirm performance reporting requirements, and state that ongoing funding is subject to evidenced satisfactory performance (graded “significant within audited area”).	As for 2.2.6 (a) above.

Report Number	Report Title	Date Issued	Number of Recommendations				Grading of overdue recommendations
			Agreed in Report	Due for implementation by 31.07.17	Confirmed Implemented by Service	Not implemented by original due date	

CROSS SERVICE (continued)

Recommendation	Position
<i>(AC1621 – ALEOs – Continued)</i>	
2.4.9 (i) was due to be implemented in June 2017 – Services should ensure financial clauses in all SLAs accurately reflect the partners’ intentions (graded “significant within audited area”).	As for 2.2.6 (a) above.
2.4.11 was due to be implemented in June 2017 – Services should ensure all material ALEO SLAs contain a requirement for Internal Audit arrangements, and facilitate reporting of assurance gained through these arrangements to the Council (graded “significant within audited area”).	As for 2.2.6 (a) above.

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

AC1623	Compliance with Procurement Legislation	June 2016	28	28	23	5	5 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”).	<p>As reported previously, Commercial and Procurement Services had advised that a draft list of exceptions had been prepared and required to be discussed with Finance colleagues. Reference to the list of exceptions was to be included in the next update to the Financial Regulations which was being prepared. A revised completion date of 31 March 2017 was anticipated to fit with this review. C&PS subsequently advised that this remained in progress as part of the review of Financial Regulations. Governance colleagues had advised that these were scheduled to be reported to the Finance Policy and Resources Committee in September 2017.</p> <p>The latest update from the Service is that the review of Financial Regulations will be delayed in light of the work on the Target Operating Model to ensure that updates comply with the TOM. Revised Financial Regulations and other governance documentation will be presented to Council in March 2018.</p>

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

Recommendation	Position
<i>(AC1623 – Compliance with Procurement Legislation – Continued)</i>	
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”).	<p>As reported previously, the Service was in the process of identifying expenditure across the schools. It was anticipated that this would be completed by March 2017 and that expenditure across other Directorates would have to be considered. The Service then advised that, as there is currently no system to allow identification of collected spend on an item by item basis, it was more appropriate at that time to adopt a common sense approach to tackling the issue of compliance in overall school spend. The Service was therefore targeting the commodities that all schools would have a requirement for, eg transport for school trips. In the case of school trips, there is significant spend not currently covered by contract and the creation of a contract would significantly reduce the time taken by schools when seeking quotes for transport.</p> <p>The Service anticipates that it will take until March 2018 to address this one issue.</p>
2.5.4 was due to be implemented in March 2017 – C&PS should review the status of implied contracts, determine appropriate actions with the Service, and seek Committee approval (graded “significant within audited area”).	<p>As reported previously, Commercial and Procurement Services advised that this would be complete in September 2017 as Service reviews are required to be completed first.</p> <p>The latest update from the Service is that this will now take until the end of December 2017.</p>

Report Number	Report Title	Date Issued	Number of Recommendations				Grading of overdue recommendations
			Agreed in Report	Due for implementation by 31.07.17	Confirmed Implemented by Service	Not implemented by original due date	

CROSS SERVICE (continued)

Recommendation	Position
<i>(AC1623 – Compliance with Procurement Legislation – Continued)</i>	
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.
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.

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

AC1712	Agency Staff	February 2017	14	14	12	2	1 Major 1 Significant
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The position with the overdue recommendations is as follows:

Recommendation	Position
2.2.4 was due to be implemented in June 2017 – Services should ensure Standing Orders, Financial Regulations and EU Tendering legislation are complied with (<i>graded “major at a Service level”</i>).	<p>The Service response to the recommendation was “The responsibility of adhering to Standing Orders and Procurement Regulations is for the hiring manager responsible for the budget. The Corporate Procurement Steering Group, with involvement from each Directorate is working to establish a ‘gatekeeper’ role for the commission of agency staff going forward.”</p> <p>As part of the Transformation Portfolio an Establishment Control Board has been created to monitor the council’s establishment and a report will be taken to the Board to agree the ‘gatekeeper’ role by October 2017.</p>
2.3.4 was due to be implemented in June 2017 – All agency worker procurement should be processed through PECOS by Service contacts designated in established procedures (<i>graded “significant within audited area”</i>).	As for 2.2.4, above.

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

AC1716	Timesheets and Allowances	February 2017	9	9	6	3	2 Significant 1 Important
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Progress with implementing the four recommendations that are overdue is as detailed below.

Recommendation	Position
2.3.5 (2) was due to be implemented by the end of July 2017 – Where it is agreed that breaks will be paid, a register should be maintained of agreements providing details of the staff groups affected (graded “significant within audited area”)	HR has advised that, due to the nature of work being undertaken in the area identified, there will be no deduction of unpaid break and risk assessments will be carried out for working over 6 hours with no break. Work is underway to seek approval for an amendment to the collective agreement the Council has with the Trade Unions for this group of staff. It is anticipated that this will take until the end of December 2017 to resolve.
2.4.6 (1) was due to be implemented by the end of February 2017 – HR should determine the best approach to ensuring that additional holiday pay is only claimed when eligible hours have been worked (graded “significant within audited area”).	<p>The Service response in the audit report was as follows: Within YourHR a button has been set up with definition of regular, this has to be chosen for the additional holiday payment to be made. This will be in place when the first group of staff are introduced to electronic timesheets.</p> <p>As reported previously, the Service stated that this is included in the design and roll-out of the overtime module. HR is working with Directorates to roll this out further in a phased and systematic way but it would not be completed until at least the end of August 2017.</p> <p><i>(continued over page)</i></p>

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

Recommendation	Position
<i>(AC1716 – Timesheets and Allowances – Continued)</i>	
2.4.6 (1) (continued)	The latest update from IT is that the HR officer progressing YourHR left the Council in June 2017, and in conjunction with the decision at FP&R in December 2016 to proceed with the procurement of a Human Capital Management system, which will replace existing HR and Payroll systems, all work associated with the development and roll-out of YourHR is under review to avoid duplication of effort. Where it is possible to extend the use of YourHR without further development, or with only very minimal development this will be considered, prioritised and resourced along with other workloads. Functionality as described within the audit will be incorporated into requirements specification of the replacement HCM system.
2.8.2 was due to be implemented by the end of April 2017 - HR should consider designating specific periods as annual leave for term-time staff in order to provide greater clarity (graded “important within audited area”).	As reported previously, HR has been leading on a project dealing with this issue and a proposal was issued to relevant managers and Trade Union colleagues in April 2017. It has been agreed that the recommended course of action will be implemented and this was to be finalised by the end of June 2017 for implementation in the 2017/18 academic year. The latest update is that consultation with the Trade Unions will take place when schools return after the summer break and the recommendation should be implemented by the end of September 2017.

Report Number	Report Title	Date Issued	Number of Recommendations				Grading of overdue recommendations
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COMMUNITIES, HOUSING AND INFRASTRUCTURE

AC1602 AW	Craft Workers Terms and Conditions	October 2015	9	9	5	4	1 Major 3 Significant
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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 (<i>graded “major at a service level”</i>).	<p>As reported previously, the Service advised that all recommendations were being progressed through discussion and negotiation, and that it was anticipated they would all be resolved by December 2016. The Service then advised that they were discussing a renewed craft agreement with trade workers and unions. Meetings had taken place and others were due in January leading into February 2017. The Service was hopeful that an agreement could be signed as soon as possible in 2017. The June 2017 meeting of the Committee was advised that the craft agreement had to be agreed at a regional level by the unions. At that stage, until other union matters are resolved, progress had stalled but it was hoped that discussions would resume in the near future.</p> <p>Internal Audit is awaiting an update from the Service.</p>

Report Number	Report Title	Date Issued	Number of Recommendations				Grading of overdue recommendations
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COMMUNITIES, HOUSING AND INFRASTRUCTURE (continued)

Recommendation	Position
<i>(AC1602AW – Craft Workers Terms and Conditions – Continued)</i>	
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”).	As reported previously, this had been partially implemented and piloted and would be fully implemented with the new craft agreement. The June 2017 meeting of the Committee was advised that the craft agreement had to be agreed at a regional level by the unions. At that stage, until other union matters are resolved, progress had stalled but it was hoped that discussions would resume in the near future. Internal Audit is awaiting an update from the Service.
2.3.14 – The Service should consider whether such payments remain appropriate (graded “significant within audited area”).	As reported previously, this is being reviewed as part of the new craft agreement, as per 2.2.6 above.
2.3.16 – The Service should consider whether calls that have been cancelled within a short period of having been lodged should be verified to confirm the identity of the caller (graded “significant within audited area”).	As reported previously, this was being reviewed as part of the new craft agreement, as per 2.2.6, above, and discussions will take place with housing management. The June 2017 meeting of the Committee was advised that this will be addressed when additional IT is introduced to the call out service.

Report Number	Report Title	Date Issued	Number of Recommendations				Grading of overdue recommendations
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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 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 was anticipated that this action would be complete by June 2017, but is now due by the end of September 2017 to tie in with the implementation of other recommendations.
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”).	As reported previously, the Service advised that the Bartec system is being introduced which is designed to resolve the issues. For similar reasons to 2.1.9, this action would be complete by April 2017. However, the Service advised that delays to completing this action had been encountered due to resource availability as a result of the roll out of the waste changes, software updates and the knock on impact of the Council’s digital platform project delays. It was anticipated that the action will be completed by September 2017 subject to the Council’s digital platform project remaining on schedule. The Service is working closely with the digital platform project team to complete this work.
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

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COMMUNITIES, HOUSING AND INFRASTRUCTURE (continued)

Recommendation	Position
<i>(AC1608 – Trade Waste – Continued)</i>	
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 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 considered that the impact of deferring this action until confidence in its outcome can be gained is low. The recommendation was to be implemented by the end of March 2017. However, the Service then advised of further delays to completing this action linked to the response to recommendation 2.1.10 above.

AC1618	Vehicle and Driver Records	April 2016	22	22	20	2	2 Significant
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The position with the overdue recommendations is as follows:

Recommendation	Position
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”).	As reported previously, the Service 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 decisions with initial results anticipated by September 2017.

Report Number	Report Title	Date Issued	Number of Recommendations				Grading of overdue recommendations
			Agreed in Report	Due for implementation by 31.07.17	Confirmed Implemented by Service	Not implemented by original due date	

COMMUNITIES, HOUSING AND INFRASTRUCTURE (continued)

Recommendation	Position
<i>(AC1618 – Vehicle and Driver Records – Continued)</i>	
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").	As reported previously, in January 2017, the Communities, Housing and Infrastructure Committee approved a telematics trial that would take place on 10 vehicles over a 3-6 month period. Should this trial prove successful, Fleet would 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.

Report Number	Report Title	Date Issued	Number of Recommendations				Grading of overdue recommendations
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COMMUNITIES, HOUSING AND INFRASTRUCTURE (continued)

AC1703	Cleaning Payroll	June 2016	14	14	12	2	2 Important
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The position with the overdue recommendations, which were due to be implemented by the end of January 2017, is as follows:

Recommendation	Position
2.4.5 (b) - The Cleaning Service in conjunction with HR should undertake a review of the overtime rates payable to all staff, with a view to matching the rate payable to the job covered rather than the employees' regular hourly rate (graded "important within audited area")	<p>Management response in IA report - The Service (HR) currently has a number of projects that will be looking further at overtime analysis and multiple contracts and it is anticipated that these issues will be picked up as a result. These are due to commence in June 2016.</p> <p>As reported previously, HR advised that YourHR had recently been rolled out in Corporate Governance and the Office of the Chief Executive, and would be rolled out further in June assuming that no issues are identified. It is anticipated that this will be complete by December 2017.</p> <p>The latest update from IT is that the HR officer progressing YourHR left the Council in June 2017, and in conjunction with the decision at FP&R in December 2016 to proceed with the procurement of a Human Capital Management system, which will replace existing HR and Payroll systems, all work associated with the development and roll-out of YourHR is under review to avoid duplication of effort. Where it is possible to extend the use of YourHR without further development, or with only very minimal development this will be considered, prioritised and resourced along with other workloads. Functionality as described within the audit will be incorporated into requirements specification of the replacement HCM system.</p>

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COMMUNITIES, HOUSING AND INFRASTRUCTURE (continued)

Recommendation	Position
<i>(AC1703 – Cleaning Payroll – Continued)</i>	
2.5.3 – HR will explore possibility of using YourHR to monitor staff contracted hours and rotas, create a database of employees available to work extra hours and when, record the team extra hours are worked in and provide data to cleaning management (graded “important within audited area”)	As reported previously, the Service had determined that a database won't be suitable, but other functionalities within the recommendation would be considered after the Overtime Module was rolled out. A full update is shown against recommendation 2.4.5 (b) above.

AC1705	Roads Payroll	August 2016	22	21	19	2	1 Significant 1 Important
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The position with the overdue recommendations is as follows:

Recommendation	Position
2.2.19 (1a) was due to be implemented in March 2017 - Payroll should ensure all payments, including those made in arrears, are at the rate applicable on the date the work was carried out (graded “significant within audited area”)	As reported previously, HR advised that overtime claims are planned to go through YourHR in the next few months and this will resolve the issue. It was anticipated that this is likely to happen by the end of August 2017. The latest update from IT is that the HR officer progressing YourHR left the Council in June 2017, and in conjunction with the decision at FP&R in December 2016 to proceed with the procurement of a Human Capital Management system, which will replace existing HR and Payroll systems, all work associated with the development and roll-out of YourHR is under review to avoid duplication of effort. Where it is possible to extend the use of YourHR without further development, or with only very minimal development this will be considered, prioritised and resourced along with other workloads. Functionality as described within the audit will be incorporated into requirements specification of the replacement HCM system.

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COMMUNITIES, HOUSING AND INFRASTRUCTURE (continued)

Recommendation	Position
<i>(AC1705 – Roads Payroll – Continued)</i>	
2.2.13 was due to be implemented in February 2017 - The Service should review options to ensure all relevant duties (including supervision, administration and vehicle checks) can be completed within contractual hours (graded "important within audited area")	As reported previously, the Service advised that this will now form part of a wide restructure of the Roads Service which was underway. Once the two senior posts are recruited to, the working patterns will be part of the formal review for the remainder of the Service. It is anticipated that this will take to the end of December 2017 to complete.

AC1714	Land and Buildings	February 2017	9	0	0	0	0
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AC1720	Vehicle and Driver Records	March 2017	12	12	11	1	1 Important
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Progress with the overdue recommendation is detailed below:

Recommendation	Position
2.6.5 (iii) was due to be implemented in June 2017 – Fleet should consider randomly inspecting Tachograph Infringement Letters to ensure that Services can evidence that management are taking appropriate action to highlight infringements to Drivers (graded "important within audited area")	The Service has advised that a Fleet Compliance Assistant is due to start in August 2017 and this recommendation will be part of the tasks of that post. It is anticipated that checks will start taking place by the end of September 2017.

Report Number	Report Title	Date Issued	Number of Recommendations				Grading of overdue recommendations
			Agreed in Report	Due for implementation by 31.07.17	Confirmed Implemented by Service	Not implemented by original due date	

CORPORATE GOVERNANCE

AC1610	Budget Monitoring	November 2016	9	8	8	0	0
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AC1614	Risk Management	November 2015	10	10	6	4	2 Significant 2 Important
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The position with the overdue recommendations is as follows:

Recommendation	Position
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 (<i>graded “significant within audited area”</i>).	<p>As reported previously, there was to be a strategic risk register (SRR) and a corporate operational risk register. The operational register would 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 was to follow. The SRR is now reported to CMT regularly although CMT had yet to make a decision on reporting to the Audit, Risk and Scrutiny Committee.</p> <p>The June 2017 meeting of the Committee was advised that the position had changed with this recommendation. In February 2017, CMT approved 2017 the completion of a single corporate risk register at the top tier of management, to be considered and reviewed by CMT (stewardship) monthly. This had been in place since February. No decision had been taken on reporting the register into the public domain due to the sensitive nature of the content including commercial sensitivity. Legal advice has been obtained to support the non-disclosure of the register beyond CMT at the current time.</p> <p>The latest update from the Service is that the Corporate Risk Register will be reported to Committee in September 2017.</p>

Report Number	Report Title	Date Issued	Number of Recommendations				Grading of overdue recommendations
			Agreed in Report	Due for implementation by 31.07.17	Confirmed Implemented by Service	Not implemented by original due date	

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”).	<p>As reported previously, all risk registers will be uploaded to the relevant dashboards once agreed. Performance dashboards are being reviewed as part of the Performance Management Framework Review. The June 2017 meeting of the Committee was advised that the Corporate Governance Risk Register continues to be reported on the directorate’s performance dashboard. The register is reviewed regularly and following each review, the new version is uploaded. The next review will take place in June. Dashboard development more widely is subject to the Performance, Risk and Improvement Programme which had its inaugural meeting in April 2017.</p> <p>The latest update is that Education and Children’s Services have a dashboard that links to their risk register. Communities Housing and Infrastructure have no active dashboard through which to report their risk register.</p>
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 was to be revised through work with consultants on the governance review and the manual would 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 then to be reported to Committee in November with the manual being revised in 2017. The Audit, Risk and Scrutiny Committee was advised in November 2016 that the risk system review had concluded and the associated implementation plan was being reported to the Audit, Risk and Scrutiny Committee in November 2016. Work on the revised strategy and manual were about to start and it was expected that the strategy would be reported in the first half of 2017. <i>(continued over page)</i></p>

Report Number	Report Title	Date Issued	Number of Recommendations				Grading of overdue recommendations
			Agreed in Report	Due for implementation by 31.07.17	Confirmed Implemented by Service	Not implemented by original due date	

CORPORATE GOVERNANCE (continued)

Recommendation	Position
<i>(AC1614 – Risk Management – Continued)</i>	
2.1.13 continued	<p>The June 2017 meeting of the Committee was advised that the risk and assurance review identified confusion over some risk terminology and there have also been significant developments in the risk management software. Guidance is now being prepared to cover both of these areas and will be made available in June to all officers involved in risk management and will replace the existing manual on the Council's intranet. The Risk Management Strategy will be prepared in late summer 2017, in order to take account of the development required post council elections including the agreement of a risk appetite statement for ACC.</p> <p>The latest update is that work has begun to revise the strategy. The manual is being replaced with a suite of individual guidance documents. One has already been produced and distributed. The revised strategy will; be reported to the Audit, Risk and Scrutiny Committee in February 2018, with the manual be completed at the same time.</p>

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CORPORATE GOVERNANCE (continued)

Recommendation	Position
<i>(AC1614 – Risk Management – Continued)</i>	
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 (graded “significant within audited area”).	<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. The Committee was advised in November 2016 that the benchmarking data had been received in draft form only and, as a result of having not received final data, the exercise has been delayed further.</p> <p>The June 2017 meeting of the Committee was advised that the output of the benchmarking exercise has been aligned with the priorities in the risk and assurance review project which is under way. The project was previously reported to Audit, Risk & Scrutiny Committee before the output was received and it was agreed that updates would be provided to future meetings as the project progressed. This will still be the case. The project is now part of the wider Performance, Risk and Improvement Programme.</p> <p>The latest update is that an annual risk management report will be presented to the Audit, Risk and Scrutiny Committee in alignment with the Annual Governance Statement in June 2018.</p>

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CORPORATE GOVERNANCE (continued)

AC1619	Social Work Tendering	April 2016	14	13	12	1	1 Significant
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Progress with the overdue recommendation is as follows:

Recommendation	Position
2.2.3 (i) was due to be implemented in March 2017 – Social Work should ensure that a commissioning strategy is in place in all areas and that procurement plans are robust (graded “significant within audited area”).	As reported previously, the Service has advised that a draft commissioning plan was expected to be available for public consultation by the end of July 2017. The latest update from the Service is that this will now be presented to an Integration Joint Board meeting in December 2017.

Report Number	Report Title	Date Issued	Number of Recommendations				Grading of overdue recommendations
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CORPORATE GOVERNANCE (continued)

AC1707	Data Protection	September 2016	14	13	6	7	3 Significant 4 Important
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The position with the overdue recommendations is as follows:

Recommendation	Position
2.5.6 (a) due March 2017 - The SIRO should work with all relevant Services to develop and deliver all appropriate Council staff with refresher training which includes the areas of Data Protection related information security and information management standards, on a three yearly basis (graded "significant within audited area")	<p>As reported previously, the Information Governance Group were developing a training & awareness campaign, which was expected to be piloted in July 2017. The campaign will be testing a new approach to the delivery of training & awareness activity, and as such will supplement, and not replace existing mandatory training until the effectiveness of this approach is measured and evaluated. It remains the case in the meantime that staff are expected to refresh their data protection training by completing appropriate existing OIL training.</p> <p>The latest update from the Service is that Information Matters training and awareness campaign will start in September 2017 to align with the date that revised Information & ICT policies are submitted for approval at FP&R. It is anticipated that this will now be completed by January 2018.</p>

Report Number	Report Title	Date Issued	Number of Recommendations				Grading of overdue recommendations
			Agreed in Report	Due for implementation by 31.07.17	Confirmed Implemented by Service	Not implemented by original due date	

CORPORATE GOVERNANCE (continued)

Recommendation	Position
<i>(AC1707 – Data Protection – Continued)</i>	
<p>2.5.6 (b) due March 2017 - The SIRO should consider what appropriate measures should be implemented to measure all forms of Data Protection training. As per the recommendation made by the ICO in its 2013 Report, formal KPIs, overseen by CMT, should be introduced to measure mandatory Data Protection training completion. Additionally, this should also include how instances of non-compliance shall be dealt with (<i>graded “significant within audited area”</i>)</p>	<p>As reported previously, the Information Governance Group were developing a training & awareness campaign, which was expected to be piloted in July 2017. The campaign will be testing a new approach to the delivery of training & awareness activity, and as such will supplement, and not replace existing mandatory training until the effectiveness of this approach is measured and evaluated. Progress including uptake was to be reported quarterly by the Information Governance Group through the Governance Review Board to CMT, from the meeting on 29 June 2017 onwards.</p> <p>The latest update from the Service is that Information Matters training and awareness campaign will start in September 2017 to align with the date that revised Information & ICT policies are submitted for approval at FP&R. It is anticipated that this will now be completed by January 2018.</p>

Report Number	Report Title	Date Issued	Number of Recommendations				Grading of overdue recommendations
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CORPORATE GOVERNANCE (continued)

Recommendation	Position
<i>(AC1707 – Data Protection – Continued)</i>	
2.8.4, due March 2017 - Consideration should be given to using the Corporate Asset Register to track IT equipment throughout its life, recording current status, owner and location. Where the name of the end user or location is not known, notes explaining the situation should be recorded in the Register (graded “significant within audited area”)	As reported previously, assets are still being managed through IT Asset DB and Infrastructure. A project is underway to import and manage asset lifecycle this year. The implementation date has been extended to December 2017.
2.11.1 due December 2016 - Consideration should be given to updating the ICT Acceptable Use Policy to include links to other ICT procedures (graded “important within audited area”)	As reported previously, the Service had advised that the policies had been updated and were due for submission to CMT on 29 June 2017 as part of the Information Management Policies review of the Information Governance programme work. The latest update from the Service is that policies have been updated and will be submitted to the Finance, Policy and Resources Committee on 20 September 2017 for approval.
2.12.6 (a) due March 2017 - Work should not be carried out with a third party without a valid, signed contract in place. Services should be advised to seek the advice of the Legal Team within CPS, when engaging with a new supplier to ensure appropriate Data Protection clauses are included in the contract (graded “important within audited area”) .	As reported previously, Commercial and Procurement Services advised that guidance notes had been published and training was being prepared for delivery which will cover these points. This will be done by the end of September 2017.

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CORPORATE GOVERNANCE (continued)

Recommendation	Position
<i>(AC1707 – Data Protection – Continued)</i>	
2.12.6 (b) due April 2017 - The Council should exercise their contractual rights to carry out contract compliance audits to provide assurance of Data Protection Act compliance (graded “important within audited area”).	As for 2.12.6 (a) above.
2.15.6 due March 2017 - Clear guidance should be introduced surrounding charging fees for Subject Access Requests. As per the ICO recommendation, the Council should consider implementing a central log of Subject Access Requests (graded “important within audited area”).	As reported previously, the Service advised that, as part of the Council’s broader transformation programme, complaints and information request handling (including subject access) will be consolidated into a central team, and processing will be managed through the Council’s customer experience platform, which will provide a central log of subject access requests. This is expected to be implemented by the end of December 2017.

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”).	As reported previously, an individual had been identified to act as system owner and performance reporting was included in the contract review and will be aligned to C&PS requirements (co-user Planning no longer utilising the system). The review was to be complete by the end March 2017. At the June 2017 meeting the Committee was advised that the review of the contract remained on-going and was due to be completed by July 2017. Internal Audit is awaiting an update from the Service.

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CORPORATE GOVERNANCE (continued)

AC1715	Treasury Management	February 2017	4	2	2	0	0
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AC1719	Revenue Budget Setting	May 2017	4	3	1	2	1 Significant 1 Important
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The position with the overdue recommendations is as follows:

Recommendation	Position
2.1.7 was due to be implemented by the end of June 2016 – More targeted guidance on the budget process for budget holders and team members should be created (Head of Policy, Performance and Resources (E&CS), Head of Legal and Democratic Services, Head of Land and Property Assets, Head of Public Infrastructure and Environment, and the Acting Head of Planning and Sustainable Development) (graded “important within audited area”).	Finance has advised that the budget process has been subject to review during May and June 2017. This makes a number of proposed changes to the process and is being taken to CMT for approval on 31 August 2017. Further to that approval, revised detailed guidance will be drawn up by 1 October 2017.
2.3.8 was due to be implemented by the end of July 2017 – Finance should ensure there is a clear audit trail to show that all budget adjustments agreed through the budget process have been applied, and disclosed, appropriately (graded “significant within audited area”).	Finance has advised that, as part of the revised process, new documentation is being prepared to record the full documented audit trail and meet the requirements of the audit recommendation. These will be implemented as at 1 September 2017.

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EDUCATION AND CHILDREN'S SERVICES

AC1604 AW	Payment Controls in Children's Social Work	February 2016	19	19	14	5	4 Significant 1 Important
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Progress with the overdue recommendations is as follows:

Recommendation	Position
2.2.11 was due to be implemented by the end of July 2017 – The Service should ensure that appropriate, consistent authorisation levels are established for approval of care packages and invoices, that officers are aware of them and that they are imposed by relevant systems (graded "important within audited area").	Progress with implementing this is being discussed between Internal Audit and the Service.
2.2.15 was due to be implemented in June 2016 – relates to C&PS 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 was working with the provider, C&PS and ICT colleagues to resolve the issues and expected that this would be achieved by the end of November 2016. The Service then advised that this should be complete by the end of February 2017. In June 2017 the Committee was advised that implementation of the reporting tool remained ongoing and it was anticipated that this would be in place by the end of September 2017. In the interim, duplicate suppliers are being identified and dealt with as they come to light as part of normal monitoring.
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 reported previously, progress with implementing this is being discussed between Internal Audit and the Service.

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EDUCATION AND CHILDREN'S SERVICES

Recommendation	Position
<i>(AC1604AW – Payment Controls in Children's Social Work – Continued)</i>	
2.2.30 (i) was due to be implemented in April 2017 – The Service should set up service agreements and pay invoices for all Fostering and Residential Care through CareFirst (graded "significant within audited area").	As reported previously, the Service implemented a system via CareFirst which manages payments to ACC foster carers. Further work was ongoing to develop the system to other ACC carers (adopters and kinship carers). The development of CareFirst to manage payments to external fostering agencies was ongoing and was due to be completed by end of December 2017.
2.2.30 (ii) was due to be implemented in April 2017 – The Service should review options for improving control and assurance over payments to fostering agencies (graded "significant within audited area").	As for 2.2.30 (i) above

Report Number	Report Title	Date Issued	Number of Recommendations				Grading of overdue recommendations
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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>).	<p>As reported previously, 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.</p> <p>As reported to Committee in June 2017, the latest update from the Service is that a circular was issued to all schools in June 2016 in relation to the collection of income and this covered receipting of income and payment into bank accounts. This was reinforced by the training sessions held for school staff between August 2016 and January 2017. However, consistency in charges for class contributions remains outstanding. The outcome of the working group may well be a Policy document which would need to be considered at Committee thereby extending the timescales for completion of this recommendation to October 2017.</p>

Report Number	Report Title	Date Issued	Number of Recommendations				Grading of overdue recommendations
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EDUCATION AND CHILDREN'S SERVICES (continued)

AC1718	Primary Schools	February 2017	3	2	1	1	1 Significant
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The overdue recommendation was due to be implemented by the end of March 2017:

Recommendation	Position
2.3.1 – The Service should reregister with the Nursery Milk Reimbursement Unit and claim grant monies available (<i>graded "significant within audited area"</i>)	<p>As reported previously, the Service re-registered with the Nursery Milk Unit in relation to both school nurseries and day care provision and were developing the claims procedure for individual schools that will enable the Service to claim the subsidy from June 2017.</p> <p>The latest update from the Service is that a circular will be issued to schools in August 2017 with documents to enable claims from August. Training will be provided in the autumn, with the first four-monthly claims being submitted in December 2017.</p>

Report Number	Report Title	Date Issued	Number of Recommendations				Grading of overdue recommendations
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HEALTH AND SOCIAL CARE PARTNERSHIP

AC1617	Self-Directed Support	October 2016	21	21	19	2	2 Significant
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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”).	As reported previously, the Service advised that this would be completed in January 2017. As reported to Committee in June 2017, the latest update from the Service is that a workshop had to be held with the Integration Joint Board and, following the Council elections, there are other training priorities for the Board members. In view of this, updates on progress will not now be provided to the appropriate Committees until December 2017. A report has been discussed by Education & Children’s Services Committee on Self Direct Support.
2.4.2 was due to be implemented by the end of March 2017 - The Service should finalise and implement the Contributing to Your Care and Support Policy and guidance (graded “significant within audited area”).	As reported previously, the Service advised that draft guidance has been produced and was being reviewed. The policy and guidance will not be implemented until the end of October 2017.

Report Number	Report Title	Date Issued	Number of Recommendations				Grading of overdue recommendations
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HEALTH AND SOCIAL CARE PARTNERSHIP (continued)

AC1709	Care First System	November 2016	13	13	9	4	3 Significant 1 Important
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Progress with the overdue recommendations is detailed below:

Recommendation	Position
2.1.4 was due to be implemented in April 2017 – The CareFirst Team should ensure that it complies with Standing Orders and procurement regulations in terms of the Service’s Case Recording System for Social Care Clients (graded “significant within audited area”).	<p>As reported previously, the Service advised that terms for an extension to the contract for three years to March 2020 have been agreed and Committee approval will be sought for this in September 2017.</p> <p>The latest update from the Service is that a report has been drafted and will be discussed at the Education and Children’s Services Committee on 16 November 2017.</p>
2.4.11 was due to be implemented in April 2017 – The Service should establish a written protocol to demonstrate where amendments and deletions requested in the CareFirst system require authorisation or supporting detail (graded “important within audited area”).	<p>As reported previously, the Service advised that this will now be complete by the end of September 2017 as the CareFirst team has been prioritised on other tasks.</p> <p>The latest update from the Service is that the current policy and procedures are still in place, however, the document needs to be updated to reflect the creation of the Education & Children’s Services directorate and the Health and Social Care Partnership. A working group has been created to move this forward.</p>

Report Number	Report Title	Date Issued	Number of Recommendations				Grading of overdue recommendations
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HEALTH AND SOCIAL CARE PARTNERSHIP (continued)

Recommendation	Position
<i>(AC1709 – Care First System – Continued)</i>	
2.5.6 (ii) was due to be implemented in March 2017 – Finance should review the instances where service users have not been reassessed and charged correctly. (graded “significant within audited area”) .	As reported previously, the Service advised that further investigation of the work required in order to complete this action has identified that there is considerably more involved than was first anticipated. A significant project is now underway involving Housing, Social Care and Finance to address the past issues and streamline the process to ensure that every applicant is charged accordingly under a set of procedures with specific timelines. The first draft of the Project plan was approved at CMT in April 2017 and further work is ongoing. It is likely that this will not be completed before 30 June 2018.
2.7.4 were due to be implemented in April 2017 – The Service should ensure that Business Continuity Plans adequately reference how activities will continue to operate in the event of loss of CareFirst access (graded “significant within audited area”) .	As reported previously, the Service advised that this will now be complete by the end of September 2017 as the CareFirst team has been prioritised on other tasks.

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	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. Financial Regulations have been consistently breached.
Significant within audited area	Addressing this issue will enhance internal controls. An element of control is missing or only partial in nature. The existence of the weakness identified has an impact on a system's adequacy and effectiveness. Financial Regulations have been breached.
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.