

ABERDEEN CITY COUNCIL

COMMITTEE	Audit, Risk and Scrutiny Committee
DATE	30 April 2019
REPORT TITLE	Internal Audit Reports – Follow-up of Agreed Recommendations
REPORT NUMBER	IA/19/006
DIRECTOR	N/A
REPORT AUTHOR	David Hughes
TERMS OF REFERENCE	2.3

1. PURPOSE OF REPORT

- 1.1 This report advises the Committee of progress made by Services with implementing recommendations that have been agreed in Internal Audit reports.

2. RECOMMENDATIONS

The Committee is requested to:

- 2.1 Review, discuss and comment on the issues raised within this report and the attached appendices.

3. BACKGROUND / MAIN ISSUES

- 3.1 The Public Sector Internal Audit Standards require that Internal Audit monitors the implementation of agreed recommendations until they are implemented by management. The Corporate Management Team and the Audit, Risk and Scrutiny Committee receive a report from Internal Audit at each of its meeting which shows progress made.

- 3.2 However, circumstances may change following completion of an Internal Audit. Having investigated implementation more fully, a recommendation may, for example, take longer to implement, or the cost of implementation may be higher, than originally anticipated. In these circumstances either more time may be required, or management may conclude, based on the risk to the organisation, that the recommendation should no longer be implemented. Where this is the case, management will make recommendations regarding how the agreed recommendation should be treated.

- 3.3 The attached appendices 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 2018 have been completed, these are no longer shown in the appendices.

- 3.4 Where recommendations have not been completed by their original due date, reasons are provided along with recommendations from management (where appropriate) regarding how and when the agreed Internal Audit recommendation will be concluded or whether it should no longer be implemented.

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. OUTCOMES

- 7.1 There are no direct impacts, as a result of this report, in relation to the Local Outcome Improvement Plan Themes of Prosperous Economy, People or Place, or Enabling Technology, or on the Design Principles of the Target Operating Model.

- 7.2 However, Internal Audit plays a key role in providing assurance over, and helping to improve, the Council's framework of governance, risk management and control. These arrangements, put in place by the Council, help ensure that the Council achieves its strategic objectives in a well-managed and controlled environment.

8. IMPACT ASSESSMENTS

Assessment	Outcome
Equality & Human Rights Impact Assessment	An assessment is not required because the reason for this report is for Committee to review, discuss and comment on the outcome of an internal audit. As a result, there will be no differential impact, as a result of the proposals in this report, on people with

	protected characteristics.
Data Protection Impact Assessment	Not required
Duty of Due Regard / Fairer Scotland Duty	Not applicable

9. APPENDICES

- 9.1 Appendix A – Position with Agreed Recommendations – Summary.
- 9.2 Appendix B – Position with Agreed Recommendations – Cross Service.
- 9.3 Appendix C – Position with Agreed Recommendations – Customer.
- 9.4 Appendix D – Position with Agreed Recommendations – Operations.
- 9.5 Appendix E – Position with Agreed Recommendations – Resources.
- 9.6 Appendix F – Position with Agreed Recommendations – Health and Social Care Partnership.
- 9.7 Appendix G - Governance.

10. REPORT AUTHOR DETAILS

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APPENDIX A – SUMMARY

POSITION WITH AGREED RECOMMENDATIONS AS AT 16 APRIL 2019

The following table provides a summary of progress being made by Services with completing agreed recommendations.

On 14 February 2019, the Committee was advised that, as at 3 February 2019, there were 40 recommendations which were due to have been completed by 31 December 2018 which were not fully complete. This has reduced to 14.

The total not fully complete, which had an original due date of before 28 February 2019, is 14. Full details relating to progress, on a report by report basis, are shown in appendices B to G.

SERVICE	Agreed in reports shown in Appendices B to G	Due for completion by 31.12.18	Confirmed complete by Service	New in January to February 2019	Confirmed complete by Service	Not fully complete by original due date	Major	Significant	Important
Cross Service	17	3	3	2	2	0	0	0	0
Commissioning	0	0	0	0	0	0	0	0	0
Customer	55	23	23	9	9	0	0	0	0
Operations	69	57	56	4	4	1	1	0	0
Resources	55	46	38	2	2	8	0	5	3
Health & Social Care	70	61	56	0	0	5	0	5	0
Governance	11	7	7	2	2	0	0	0	0
Total	277	197	183	19	19	14	1	10	3

KEY TO COLOURING USED IN FOLLOWING APPENDICES

Recommendation Grading:

Grading	Definition
Major	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. Financial Regulations have been consistently breached.
Significant	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	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.

Length of time overdue

Over 12 months
6 to 12 months
Less than 6 months

APPENDIX B

CROSS SERVICE

Report Number	Report Title	Date Issued	Number of Recommendations				Grading of overdue recommendations
			Agreed in Report	Due for implementation by 28.02.19	Confirmed Implemented by Service	Not implemented by original due date	
AC1910	Transformation (Target Operating Model)	September 2018	5	3	3	0	0
AC1918	Health and Safety	February 2019	12	2	2	0	0

APPENDIX C

CUSTOMER

Report Number	Report Title	Date Issued	Number of Recommendations				Grading of overdue recommendations
			Agreed in Report	Due for implementation by 28.02.19	Confirmed Implemented by Service	Not implemented by original due date	
AC1822	YourHR	February 2018	8	6	6	0	0
AC1825	Housing Support Budget	April 2018	8	8	8	0	0
AC1905	Universal Credit and Housing Rent	August 2018	6	5	5	0	0
AC1907	Digital Strategy	February 2019	4	4	4	0	0
AC1909	Timesheets and Allowances	August 2018	7	4	4	0	0
AC1911	Business Rates	November 2018	8	8	8	0	0
AC1917	NPS Housing System	February 2019	14	0	0	0	0

APPENDIX D

OPERATIONS

Report Number	Report Title	Date Issued	Number of Recommendations				Grading of overdue recommendations
			Agreed in Report	Due for implementation by 28.02.19	Confirmed Implemented by Service	Not implemented by original due date	

AC1602 AW	Craft Workers Terms and Conditions	October 2015	9	9	8	1	1 Major
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The position with the overdue recommendations is as follows:

Chief Officer	Recommendation	Grading / Due Date	Position
Operations and Protective Services	The Service should renegotiate the Agreement based on current working practice (2.2.6)	Major June 2016	<ul style="list-style-type: none"> Committee advised on 27 September 2016 that this would be complete by December 2016. Committee advised on 23 February 2017 that this would be complete as soon as possible in 2017. Committee advised on 22 June 2017 that this would be complete in the near future. Committee advised on 26 September 2017 that this would be complete by June 2018. Committee advised on 25 September 2018 that this is to be subject to review and will be included in the work-plan for delivery of the transformation programme. Committee advised on 4 December 2018 that this would be resolved by April 2019. <p>The latest update from the Service is that a business case which outlines alignment between current working practices and the Craft Workers Agreement will be presented to CMT on 25 April 2019 for approval, followed by Staff Governance Committee on 18 June 2019. This will be followed by a period of staff consultation and an expected implementation date of July / August 2019.</p>

Report Number	Report Title	Date Issued	Number of Recommendations				Grading of overdue recommendations
			Agreed in Report	Due for implementation by 28.02.19	Confirmed Implemented by Service	Not implemented by original due date	
AC1705	Roads Payroll	August 2016	22	21	21	0	0
AC1817	Vehicle Usage	January 2018	8	4	4	0	0
AC1826	Out of Authority Placements	April 2018	6	6	6	0	0
AC1829	Stores Purchasing	April 2018	9	9	9	0	0
AC1830	Internal Transport Tendering	October 2018	8	8	8	0	0
AC1903	Devolved School Management	November 2018	7	4	4	0	0

APPENDIX E

RESOURCES

Report Number	Report Title	Date Issued	Number of Recommendations				Grading of overdue recommendations
			Agreed in Report	Due for implementation by 28.02.19	Confirmed Implemented by Service	Not implemented by original due date	

AC1806	Corporate Landlord Responsibilities	September 2017	9	9	6	3	3 Significant
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The position with the overdue recommendations is as follows:

Chief Officer	Recommendation	Grading / Due Date	Position
Corporate Landlord	The Service should formalise the procedures used to demonstrate compliance with its Corporate Landlord Responsibilities and other cyclical maintenance activities (2.2.3)	Significant June 2018	<ul style="list-style-type: none"> Committee advised on 25 September 2018 that this would be complete by October 2018. Committee advised on 14 February 2019 that Internal Audit was awaiting an update on progress from the Service.
Corporate Landlord	The Service should ensure data regarding its Corporate Landlord Responsibilities is maintained centrally, accurately and up to date (2.3.8)	Significant June 2018	<ul style="list-style-type: none"> Committee advised on 25 September 2018 that this would be complete by October 2018. Committee advised on 14 February 2019 that Internal Audit was awaiting an update on progress from the Service.
Corporate Landlord	The Service should ensure it has assurance that all property in which the Council has an interest is statutorily compliant (2.3.13)	Significant June 2018	<ul style="list-style-type: none"> Committee advised on 25 September 2018 that this would be complete by October 2018. Committee advised on 14 February 2019 that Internal Audit was awaiting an update on progress from the Service.

Report Number	Report Title	Date Issued	Number of Recommendations				Grading of overdue recommendations
			Agreed in Report	Due for implementation by 28.02.19	Confirmed Implemented by Service	Not implemented by original due date	
AC1818	Capital Plan	April 2018	7	7	7	0	0
AC1819	Capital Contracts	February 2018	8	6	6	0	0
AC1823	Fixed Asset Register	August 2018	7	3	3	0	0
AC1901	Creditor Interfaces	August 2018	5	5	5	0	0

Report Number	Report Title	Date Issued	Number of Recommendations				Grading of overdue recommendations
			Agreed in Report	Due for implementation by 28.02.19	Confirmed Implemented by Service	Not implemented by original due date	

AC1902	Debtors System	August 2018	14	14	9	5	2 Significant 3 Important
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The position with the overdue recommendations is as follows:

Chief Officer	Recommendation	Grading / Due Date	Position
Finance	Procedures should be updated as required and issued to appropriate staff (2.1.4)	Significant	<ul style="list-style-type: none"> Committee advised on 14 February 2019 that this would be complete by May 2019.
		December 2018	
Finance	The Service should investigate and clear transactions in the Suspense account on a regular basis (2.6.3)	Significant	<ul style="list-style-type: none"> Committee advised on 14 February 2019 that this would be complete by February 2019.
		December 2018	
Finance	The Service should revise aged debt reports to highlight where recovery action is required (2.7.6)	Important	<ul style="list-style-type: none"> Committee advised on 14 February 2019 that this would be complete by June 2019.
		December 2018	

Report Number	Report Title	Date Issued	Number of Recommendations				Grading of overdue recommendations
			Agreed in Report	Due for implementation by 28.02.19	Confirmed Implemented by Service	Not implemented by original due date	

(AC1902 – Debtors System – Continued)

Chief Officer	Recommendation	Grading / Due Date	Position
Customer Experience	Debtors on payment arrangements should be monitored on a regular basis to ensure payments are being made in line with the arrangement (2.7.10)	Important	<ul style="list-style-type: none"> Committee advised on 14 February 2019 that this would be complete by May 2019.
		December 2018	
Finance	The Service should report the amended 2016/17 collection of Sundry Debtors accounts performance indicator to CIPFA as part of the next return (2.8.2)	Important	<ul style="list-style-type: none"> Committee advised on 14 February 2019 that this would be complete by March 2019.
		November 2018	

AC1906	VAT	August 2018	3	2	2	0	0
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AC1913	VSER Scheme	January 2019	2	2	2	0	0
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APPENDIX F

HEALTH AND SOCIAL CARE **PARTNERSHIP**

Report Number	Report Title	Date Issued	Number of Recommendations				Grading of overdue recommendations
			Agreed in Report	Due for implementation by 28.02.19	Confirmed Implemented by Service	Not implemented by original due date	

AC1617	Self-Directed Support	October 2016	21	21	20	1	1 Significant
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Progress with the overdue recommendations is detailed below:

Chief Officer	Recommendation	Grading / Due Date	Position
Head of Strategy and Transformation (ACC H&SCP)	The Service should finalise and implement the Contributing to Your Care and Support Policy and guidance (2.4.2)	Significant March 2017	<ul style="list-style-type: none"> • Committee advised on 22 June 2017 that this would be complete by October 2017. • Committee advised on 23 November 2017 that this would be complete by April 2018. • Committee advised on 8 May 2018 that this would be complete by September 2018. • Committee advised on 25 September 2018 that this would be complete by March 2019. <p>The latest update from the Service is that a Working Group has been taking forward the topic of charging for the Partnership. The Partnership is piloting the equivalency model as a method of resource allocation for self-directed support. The identification of a clients agreed budget allocation via a robust resource allocation system is a pre-requisite to enable the Partnership to move forward with the implementation of the Contributing to Your Care Policy. The policy is now complete and ready to go for committee approval, however, changes to the systems and processes are required to implement the policy which will not be in place until July 2019.</p>

Report Number	Report Title	Date Issued	Number of Recommendations				Grading of overdue recommendations
			Agreed in Report	Due for implementation by 28.02.19	Confirmed Implemented by Service	Not implemented by original due date	
AC1801	Adult Client Transport	September 2017	13	12	12	0	0

AC1813	Financial Assessments	February 2018	15	15	13	2	2 Significant
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The position with the overdue recommendations is as follows:

Chief Officer	Recommendation	Grading / Due Date	Position
Chief Finance Officer (IJB)	The Service should review whether personal allowances and subsequent calculations could be automatically updated each year. The Service agreed that, whilst automation was not currently possible, the CareFirst Team would develop reports to assist the process. (2.2.10a)	Significant	<ul style="list-style-type: none"> Committee advised on 14 February 2019 that this would be complete by March 2020.
		October 2018	
Chief Finance Officer (IJB)	The Service should ensure that up to date benefit figures and allowances are used for all assessments, and a new assessment is completed promptly following known changes (2.2.10b)	Significant	
		October 2018	

Report Number	Report Title	Date Issued	Number of Recommendations				Grading of overdue recommendations
			Agreed in Report	Due for implementation by 28.02.19	Confirmed Implemented by Service	Not implemented by original due date	
AC1828	Care Management	April 2018	13	13	11	2	2 Significant

The position with the overdue recommendations is as follows:

Chief Officer	Recommendation	Grading / Due Date	Position
Chief Finance Officer (IJB)	The Service should ensure arrangements for budgeting, managing payments via CareFirst, and monitoring third party use of funds, are developed for SDS Option 2 (SDS Board action plan) (2.3.5)	Significant September 2018	<ul style="list-style-type: none"> Committee advised on 4 December 2018 that this would be complete by April 2019. <p>The latest update from the Service is that the budget setting progress is discussed at every SDS programme board (held monthly). The next SDS board is on the 29th April and the draft assessment paperwork which feeds into the overall process allowing progress will be discussed. The Individual Budget setting process is dependent on the reconfiguration of the CareFirst system and is inextricably linked to the implementation of the Contributing to Your Care Policy. The CareFirst Team has confirmed that the earliest date the system will be reconfigured is the end of June 2019. On that basis the Policy will be submitted to either the Council meeting or the City Growth Committee in June 2019, with a view to implementation on 1st July 2019</p>

Report Number	Report Title	Date Issued	Number of Recommendations				Grading of overdue recommendations
			Agreed in Report	Due for implementation by 28.02.19	Confirmed Implemented by Service	Not implemented by original due date	

(AC1828 – Care Management – Continued)

Chief Officer	Recommendation	Grading / Due Date	Position
Chief Finance Officer (IJB)	The Service should conclude the review of its residential property portfolio in conjunction with Housing (2.3.14)	Significant September 2018	<ul style="list-style-type: none"> Committee advised on 4 December 2018 that this would be complete by January 2019. Committee advised on 14 February 2019 that this would be complete by March 2019. <p>The latest update from the Service is that The Partnership is working with ACC colleagues (Corporate Landlord and Communities and Housing) to transfer the maintenance of general fund properties to Housing. The Partnership would continue to pay the maintenance costs and pay a management fee to Housing.</p>

AC1920	National Care Home Contract	January 2019	8	0	0	0	0
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APPENDIX G
GOVERNANCE

Report Number	Report Title	Date Issued	Number of Recommendations				Grading of overdue recommendations
			Agreed in Report	Due for implementation by 28.02.19	Confirmed Implemented by Service	Not implemented by original due date	
AC1904	General Data Protection Regulation	September 2018	7	7	7	0	0
AC1916	Prevention of Fraud, Bribery and Corruption	February 2019	3	1	1	0	0
AC1921	Bond Governance	February 2019	1	1	1	0	0