

REPORT TO THE AUDIT COMMITTEE – 14 DECEMBER 2017

INTERNAL AUDIT REPORTS

1. Recommendation

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

2. Discussion

2.1 This report advises the Committee of completed audits (section 4), and of progress with implementing agreed recommendations (section 5 and Appendices A and B).

2.2 Appropriate officers agreed the factual accuracy of the Internal Audit reports prior to issue and action has been agreed to address the issues identified. Assurances have been sought from officers regarding the implementation of agreed recommendations. Service Directors have had an opportunity to comment on the data included in Appendices A and B.

2.3 The Head of Finance and Monitoring Officer within Business Services have been consulted in the preparation of this report. Any comments made have been incorporated within the report and they are satisfied that the report complies with the Scheme of Governance and relevant legislation.

3. Scheme of Governance

3.1 The Committee is able to discuss this item in terms of Sections G.1.1.d and G.1.4 of the List of Committee Powers in Part 2A of the Scheme of Governance as the Committee is responsible for Internal Audit matters and reviewing the activities of Internal Audit.

4. Internal Audit Reports

4.1 Payroll System and Processes (Internal Audit Report 1745 – October 2017)

4.1.1 The objective of this audit was to consider whether appropriate control is being exercised over the payroll system, including contingency planning, disaster recovery and interfaces, and that payments made by the system are accurate.

4.1.2 In January 2010, the Strategic Management Team (SMT) agreed to the implementation of a fully integrated HR & Payroll solution and an employee service centre in the Council, now known as the Employee Relationship Management (ERM) Project. In April 2011, SMT approved the business case for a new system to replace the EMIS payroll system.

- 4.1.3 The payroll element of the system was implemented with effect from April 2016, and during 2016/17, it was used to pay approximately 17,500 individuals, including Council employees, Councillors, election staff, Neustrans staff and pensioners, with total payroll costs of £300.7 million. The ERM Project Staffing Budget for 2017/18 is £434,000 which includes 14.5 full-time equivalent members of staff from HR and Payroll.
- 4.1.4 The ERM project was approved by the Policy and Resources Committee in February 2012 with estimated project costs of £2.26 million and projected savings over a 5 year period of £3.638 million, resulting in a net saving by 2016/17 of £1.378 million. There have been delays in system implementation as reported to both the Policy and Resources and Audit Committees. As at March 2017, total costs incurred were £3.03 million, plus a further £80,000 in licensing costs for existing systems, with potential savings anticipated to start being realised when the self-service aspects of the project are implemented, currently expected to be June 2018.
- 4.1.5 In December 2016, consultants were commissioned, at a cost of £15,000, to assess the Council's current position and provide recommendations in three key areas: suitability of current implementation; best practice in future usage of the system; and achievement of return on investment. To address the lack of technical knowledge and resources within the Council, the consultants recommended they be commissioned to act as Project lead and to provide technical consultancy support. They were subsequently engaged at a cost of £103,500. Although the Head of Commercial and Procurement Services authorised the related direct awards as required by Financial Regulations, approval of the related expenditure has not been approved by Committee as required by Financial Regulations. The Service has agreed to report the related expenditure in the next Business Services work plan.
- 4.1.6 In March 2017, ERM governance arrangements were reviewed and formalised. The ERM Programme Governance Brief details the responsibilities of each level within the governance structure. However, there is no timetable of reporting requirements to the Steering Group, Strategic Leadership Team (SLT) and Committee. The Service has agreed to review the Brief to include frequency of reporting.
- 4.1.7 An implementation plan was provided to Internal Audit, including a number of project areas and responsible teams. However, this lacked implementation dates which were dependent on the results of testing by the consultants referred to above. A detailed project plan has since been developed setting out the rest of the project, with implementation dates. This was considered by the ERM Project Steering Group prior to a report being presented to SLT on the future of the ERM Project in October 2017.
- 4.1.8 Arrangements made in relation to system access and security were reviewed during the audit. System access was found to be excessive in a number of instances, potentially compromising the Council's compliance with the third principle of the Data Protection Act 1998. In addition, there is no review of activity relating to "superusers" who have significant access to

the system along with the ability to delete audit logs. Levels of authority given to some officers were in excess of those individual officers' delegated authorisation levels.

- 4.1.9 The Service has agreed to address these issues through implementation of an annual user audit, finalising procedures relating to audit data, as a priority, and ensuring user activity, including that of superusers, is pro-actively monitored. In addition, the minimum length of passwords and the length of time taken to inactivate a user's current session when no activity has occurred will be reviewed with the system suppliers.
- 4.1.10 Payroll and HR Support procedures are being updated as the system is amended to meet the needs of the Council. Whilst the procedures are listed as an item within the iTrent implementation plan, there is no control document in place detailing what stage each process / procedure is at, which could result in required steps being missed. The Service has agreed to develop procedures control documents for their respective teams to ensure comprehensive written procedures are completed.
- 4.1.11 Testing of the calculation of net pay for a sample of employees showed that the system is, in most cases, calculating this correctly. Issues were identified in relation to pension contributions which included employee and employer pension contributions not being paid as required on back pay for an employee and overpayments of contributions relating to employees on sick and parental leave. The Service has agreed to correct pension contributions for the employees concerned and undertake additional checks to identify any similar instances, ensuring corrections are made as part of year-end processes. The Service has attributed these issues to manual errors, the risk of which will be reduced when the absence functionality in iTrent goes live.
- 4.1.12 Employee and employer pension contributions were not advised to the North East Scotland Pension Fund (NESPF) between April 2016 and December 2016, with the data being provided along with that for January 2017. Annual pensionable salary was reported incorrectly for seven out of thirty employees sampled by Internal Audit and the contributions for one employee had been reported incorrectly due to the employee changing jobs part way through the month. The Service has agreed to identify the reasons for the inconsistencies and to rectify them, as well as report pension contributions correctly for the employee concerned.
- 4.1.13 To allow for timely budget monitoring, the payroll files should be sent to the Financial Systems Team on the final working day of the month. There have been delays with this, due to the way in which iTrent combines all pay runs for a period which have impacted on Finance staffing resources. The Service has updated procedures to ensure that data is provided in a timely manner.
- 4.1.14 Once all processing is complete, each payroll is run and a number of error reports are checked to identify any anomalies, such as potential overpayments. A control document is in place which is printed for each pay

period and shows which reports are to be checked for each pay run. In order to improve the process the Service has agreed that the checks undertaken will be independent of the payroll team that did the processing, and a report will be developed to show differences over a certain value between current and previous pay.

- 4.1.15 Prior to the rollout of iTrent, reports were issued to Head Teachers which showed staffing costs charged to their establishments. This allowed any errors related to payroll costs to be notified to Payroll promptly. These reports stopped when iTrent was rolled out. HR will work with ICT to determine the best approach to developing a report showing all staffing costs being charged to individual schools, or other establishments as deemed appropriate, and to schedule the report to be issued to establishments on a monthly basis.
- 4.1.16 As iTrent is a fully hosted system, responsibility for data back up and disaster recovery sits with the supplier. According to the contract with the supplier, nightly backups are completed and data is retained for 5 days. The contract also states that the supplier should be undertaking risk assessments on a six monthly basis or more frequently and provide the Council with the results. These were not available during the audit and the Service advised they had not received any during the time of the contract. The Service has subsequently raised this with the supplier who arranged for the last risk assessment, undertaken in November 2016, to be provided along with confirmation they would be provided in future.

4.2 Proposed Sport and Culture Trust (Internal Audit Report 1807 – November 2017)

- 4.2.1 Culture, Sport and Community Learning Development (CLD) Services include libraries, museums, sports facilities, swimming pools and community centres. The combined budget for 2017/18 is £16.7million.
- 4.2.2 The Service has recently revisited preliminary investigations first instigated in 2009/10 into running services through an Arms Length External Organisation (ALEO) in order to determine whether financial and operational benefits could be derived from such an arrangement. If charitable status could be achieved for the organisation, estimates obtained by the Service suggest this could potentially realise financial benefits, primarily through savings of up to £1 million per annum in Non Domestic Rates (NDR) Relief.
- 4.2.3 Following workshop activities in December 2015 a decision was made in March 2016 by the Education, Learning & Leisure (ELL) (now Education & Children's Services (E&CS)) Committee to proceed to receive an Outline Business Case on the potential benefits of services being delivered by an ALEO. A report was commissioned from Ernst & Young and presented to the ELL Committee in October 2016 for comment prior to the Outline Business Case being presented to Full Council in November 2016. Agreement to proceed to the development of a Full Business Case was given by Full Council in January 2017, and CLD services were removed

from the scope of the project at this time. The Full Business case will be compiled in-house, with appropriate external expertise as required. It was anticipated this would be complete for Council approval by September 2017, however it was then delayed to November 2017, to allow time to consider the implications of the Barclay Report.

- 4.2.4 The objective of this audit was to ensure that figures and assumptions presented in the 2016 Outline Business Case were robust and supported by appropriate data. This involved an examination of the Outline Business Case, examination of financial accounting data, and discussions with key individuals from the Service in May and June 2017. The Service provided additional information and a draft of the Full Business Case in August 2017.
- 4.2.5 It was not possible to verify all of the figures used within the Outline Business Case. Re-performance of the calculations by Internal Audit identified unexplained variances of 6.5% from actual expenditure on services according to the 2015/16 year end accounts. The majority of this related to CLD services, which are no longer in the project scope. In addition, the Outline Business Case stated savings of 95% of current NDR costs could be achieved, but later factored in savings of 104% of actual 2015/16 costs. The Service, in conjunction with Finance, committed to ensuring data supporting the Full Business Case was verified prior to publication.
- 4.2.6 A number of key elements were not part of the scope of the Outline Business Case commissioned from Ernst & Young, including the effect of removing CLD services from the scope of the project, the impact on central and professional support services within the Council of undertaking the change and thereafter supporting two separate organisations, the governance, funding and gain share mechanisms to be applied, details of management structures and associated costs, and asset management and maintenance arrangements. In addition, baselines had still to be set in order to measure benefits realised should the project go ahead.
- 4.2.7 Although there are some potential quantifiable financial benefits associated with the proposal, the Outline Business Case included a number of assumptions about the anticipated impact on cost and quality of decisions not yet made, and outcomes which had yet to be confirmed. This included assumptions about income growth, service quality, investment, and the applicability and extent of VAT and NDR relief which may be available. VAT savings cannot be ascertained until any new arrangements are finalised and put in place. Although further work was being undertaken to confirm potential NDR savings, the implications of the Barclay Review, which recommended a change in the NDR relief available to ALEOs, could have a substantial impact on the availability of savings in this respect in future years. Assertions were also made that other local authorities have taken similar steps to those proposed, and have obtained benefits as a result, however there was no available data on the level of benefits realised. The Service agreed to ensure that these elements would be explored more thoroughly and assumptions made clear in the Full Business Case, though this had not been fully developed in a draft provided to

Internal Audit for review in August 2017.

4.2.8 The Scrutiny and Audit Committee reviewed Alternative Delivery Models in June 2015, and produced a report and toolkit to be used when considering such options. This stated that every effort should be made to secure the maximum level of efficiency in-house in the first instance, and that the most appropriate model must be determined through a rigorous options appraisal and development of the business case. Whilst development of the business case is evident, the options appraisal undertaken did not include the costs and benefits of each and every option – as the Service ruled out a number of options after considering the qualitative benefits.

4.2.9 The Service believes the options appraisal process undertaken by Ernst & Young provided Councillors with the information with which to take a decision to commission further investigation of their preferred option; and that the costs of repeating the exercise outweigh the increased risks. In addition, the Service has further explored each of the options in an appendix to the draft Full Business Case, though had not reviewed the full benefits and costs of every option where this would require further investigation (e.g. market analysis). Internal Audit considers that without detailed information and analysis of each and every option, the appraisal cannot be considered rigorous. Whilst development of a Full Business Case provides opportunity for the Service to clarify its assumptions and enhance the evidence base, other options will not have been as thoroughly explored.

4.3 EAFRD Grant Claim (Internal Audit Report 1813 – October 2017)

4.3.1 The objective of this audit was to perform the annual audit of European Agricultural Fund for Rural Development grants to support reporting to The Scottish Government Rural Payments and Inspections Directorate. The Council's European Policy & Programmes Team provides administrative support to LEADER and Fisheries Fund grant funding streams and the Local Action Groups which set strategy and approve projects.

4.3.2 There are clear processes in place, however new recording systems provided by the Scottish Government have resulted in changes in practice since this area was last audited. Improvements to written procedures to capture changes and clarifications to programme requirements have been recommended and will be progressed by the Service.

4.3.3 Not all supporting evidence required to substantiate projects' costs, value for money, and viability has been logged on the system. The Service will ensure further payments are not made until this has been obtained and uploaded. For future rounds of grant funding the Service will also seek to reinforce the requirements by ensuring applicants set out specific cost lines within the project milestones against which they report and draw down funding.

4.4 Social Work Tendering (Internal Audit Report 1814 – November 2017)

- 4.4.1 Social Care Services are delivered to people in need of support in order to lead safe, independent, healthy lives. This includes provision for children, adults with learning disabilities and mental health issues, and older people, delivered both in-house and via external providers. In 2016/17 approximately £94 million of payments were made to external agencies.
- 4.4.2 The commissioning of care is complex and has changed regularly in recent years. It is subject to Scottish Government guidance on Procurement of Care and Support Services (2016) as well as standard guidance and legislation covering all public sector procurement, including: The Procurement Reform (Scotland) Act 2014, Public Contracts (Scotland) Regulations 2015, Procurement Scotland (Regulations) 2016, Public Bodies (Joint Working) (Scotland) Act 2014, along with other guidance from EU directives. Within the Council, the Scheme of Governance, incorporating Financial Regulations, also applies.
- 4.4.3 Due to the complex nature of Health and Social Care Services, Procurement and Contract Management is carried out by a Commissioning, Procurement and Contracts (Social Care) Team, which is shared with Aberdeen City Council. Collaboration has extended to NHS Grampian via the Aberdeenshire Health and Social Care Partnership which seeks to integrate adult community health and social care services in accordance with the Public Bodies (Joint Working) (Scotland) Act 2014.
- 4.4.4 The objective of this audit was to consider whether robust, documented procedures were in place to adequately control tendering and selection processes and that Commissioning plans are in place based on identified need.
- 4.4.5 In general procedures are robust, however actions have been agreed with the Service to improve procedures and to ensure all records are complete, accurate and up to date. Breaches of Financial Regulations were also identified in respect of evidencing Head of Procurement approval for use of Framework Agreements and a Direct Award without competition. The Service will improve documentation of approvals, and review relevant sections of the Financial Regulations with Finance to determine whether social care commissioning requirements could be better reflected.
- 4.4.6 Although there are medium term strategies and annual work plans in place for procurement across the Health and Social Care Partnership, Education and Children's Services and Housing, 3-5 year plans detailing planned procurement activity are still under development. The contracts register for social care is maintained separately to the corporate register, and does not contain all of the elements required under the Procurement Reform (Scotland) Act 2014. The Service is reviewing options as the existing system, under contract to February 2019 cannot hold this data or easily integrate with the corporate register.

4.4.7 In addition the system is not regularly compared with data from the CareFirst system to ensure every service being used has been appropriately commissioned. The Service will review how this can be implemented with the CareFirst team.

4.5 Compliance with Procurement Related Legislation and Council Regulations (Internal Audit Report 1824 – October 2017)

4.5.1 In January 2017, the Council approved a new Scheme of Governance which incorporated a refreshed set of Financial Regulations. The Scheme of Governance delegates procurement authority to the Council's four policy committees and Chief Officers based on defined criteria. Financial Regulations provide more specific rules.

4.5.2 The objective of this audit was to ensure that the new governance arrangements have been implemented as far as practical in view of the timescale since implementation and, for a sample of suppliers, appropriate arrangements are in place for commodities procured. Issues identified in previous audits relating to procurement compliance were also examined.

4.5.3 In view of the high level of omission noted in previous audits of this area, the sample of contractors tested as part of the 2016/17 review was re-examined. This showed that progress had been made, with contracts either having been put in place or the requirement for a contract being detailed in the relevant Service's work plan approved by Committee between April and June 2017. A number of existing contracts that were not recorded in the Council's Contracts Register have now been recorded whilst others have not.

4.5.4 Compliance with the requirements of the new governance arrangements, in respect of work plans, and otherwise in relation to Financial Regulations was found to be mixed. Services stated that there is a lack of clarity over the purpose of work plans and what should be included, when procurement business cases are required, and how these should be approved. Whilst these issues are covered in the Scheme of Governance and Financial Regulations, clear guidance and training is needed to ensure that Services all have the same understanding. Without clarity there is a risk that the new arrangements will fail to improve governance over procurement.

4.5.5 Following the 2016/17 audit of compliance with procurement related legislation and Financial Regulations, Strategic Leadership Team developed a Creditors Payments Action Plan. Updates on progress with the Plan were reported to the Audit Committee in February and June 2017. The findings of this audit show that the desired level of progress has not been made and improvements are required. Guidance regarding work plan and contracts register inclusions, the process for updating the contracts register, monitoring whether contract reference numbers are included in purchase orders before approval as required by Financial Regulations, monitoring the level of retrospectively raised purchase orders, and providing training for procuring officers have not yet been put in place. Recommendations made in relation to these issues have been agreed with

implementation dates ranging from November 2017 to March 2018.

- 4.5.6 The level of retrospectively raised purchase orders has remained static over the last two years, at around 4,000 compared to 280,000 invoices paid. As a method for monitoring these and identifying problem areas has not been put in place, it is unlikely that improvements in compliance rates will be realised.
- 4.5.7 Financial Regulations require that purchase orders contain a relevant contract reference number. Orders for £50,000 and over can only be approved by officers at Head of Service level or above and it was agreed previously that such orders would not be approved if they did not contain the contract reference or details of Committee approval. There were 117 orders for £50,000 and over raised during 2016/17 through the iProcurement system and 85 of these had neither.

4.6 Education Maintenance Allowances (Internal Audit Report 1825 – October 2017)

- 4.6.1 Education Maintenance Allowances (EMAs) are a means tested weekly allowance that provides financial support to eligible young people who wish to participate in approved full-time non advanced education courses. A young person / school pupil may be eligible for EMAs for three years (if 'vulnerable' 4 years) provided they are within the stipulated age range, they meet the residency criteria set out in the Education Maintenance Allowances (Scotland) Regulations 2007 and they qualify on the grounds of their household income. A new application must be submitted and a new Learning or Activity Agreement made for each academic year. Annual payments amount to approximately £350,000 which are recoverable from the Scottish Government on a monthly basis.
- 4.6.2 The objective of the audit was to consider whether appropriate control is being exercised over assessing entitlement and confirming attendance, and to assess controls over making payments.
- 4.6.3 The results of testing confirmed that the majority of applications for EMAs were adequately completed and supported, Learning or Activity Agreements were in place, the majority of payments made were appropriate, reconciliations are being completed, and claims made from the Scottish Government were accurate and timely.
- 4.6.4 However, a number of recommendations have been made for improvement. As a result of these, management has agreed to: prepare and issue procedures describing the tasks undertaken by and responsibilities of the EMA Team, and on the use of the SEEMIS EMA module by schools; clarify checks to be undertaken regarding residency and proof of age; ensure the accuracy and completeness of applications; ensure that requirements relating to Learning and Activity Agreements are complied with and where this is not the case ensure that they are returned to originating schools; and ensure that payments are not made where there are unauthorised absences in the payment period. All of these will be fully

implemented by the end of March 2018.

4.7 PFI / PPP Schools (Internal Audit Report 1827 – November 2017)

- 4.7.1 Public Private Partnership (PPP) / Public Finance Initiative (PFI), agreements are joint working relationships between public and private sector organisations. The Council has outsourced the design, build and facility management of schools under two such agreements. At the conclusion of the contracts, the responsibility for the school buildings and facilities management revert to the Council.
- 4.7.2 The Council currently has two PPP/PFI agreements for seven primary schools and two academies. The first commenced in July 2002 and covers Meldrum Primary, Meldrum Academy and Banff Primary. The second has been in existence since July 2006 and covers Kintore Primary, Hill of Banchory Primary, Rothienorman Primary, Rosehearty Primary, Longside Primary and Portlethen Academy.
- 4.7.3 The total unitary charge for 2016/17 was £13,986,000 and the 2017/18 forecast is £14,541,000. The objective of the audit was to confirm whether adequate control is being exercised over the charges being made. In general, this was found to be the case with a small number of recommendations made to and agreed with management including preparation and completion of an invoice payment checklist, maintaining a log of disputed matters and their resolution, and completion of a regular review both PPP/PFI contracts to identify whether early contract termination savings could be realised.

4.8 Vehicle Usage (Internal Audit Report 1828 – November 2017)

- 4.8.1 The Council owns 782 vehicles, which are provided to Services through Fleet. All vehicles are recorded on the TRANMAN system, which contains a database of vehicle details, ownership and fuel card data, all of which is updated regularly.
- 4.8.2 Services and managers currently receive reports of vehicle usage either from their drivers or from Fleet, which they can use to monitor their vehicles' use. Fleet is currently in the process of tendering for a telematics system for all Council vehicles to record and provide management information on vehicle utilisation. Services and Fleet are also responsible for checking driver licences, ensuring appropriate training is completed, and records are kept up to date.
- 4.8.3 The objective of this audit was to ensure that adequate procedures are in place to ensure that vehicles are being used effectively for business purposes and any non-business use is appropriately reported. Procedures and data are currently varied across different Council services, therefore although Fleet provides support there is a risk that not all Services will be able to manage vehicles optimally. Fleet anticipates that the telematics system will provide suitable data to meet Services' needs, however the system will take approximately 9 months to roll out, and a further year to

establish baseline data which can be reported and acted upon.

- 4.8.4 From a small sample of drivers in one Service which records individual trips in detail, Internal Audit identified three whose commuting mileage in Council provided vans was at least equivalent to the number of business miles travelled – indicating that the vehicles may be used as much or more for personal than for business benefit – though Services indicated that there were business reasons for employees taking vehicles home. If similar patterns of use are replicated across the Council, commuting could cost the Council in excess of £100,000. Dependent on actual use and corporate policy there could be tax and insurance implications in addition to the direct cost. Installation of telematics will assist in determining the extent, and Fleet in conjunction with HR and the Insurance Officer will develop a corporate policy on commuting, personal use, and carriage of passengers, in Council vehicles.

5. Progress with agreed recommendations

- 5.1.1 Appendices A and B show progress made by Services with completing agreed Internal Audit recommendations. Where these 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.
- 5.1.2 Where it has been confirmed that all actions contained in reports issued before April 2017 have been fully completed, these reports are no longer shown.

6. Implications and Risk

- 6.1 An equality impact assessment is not required because the reason for this report is for Committee to discuss and comment on the findings of Internal Audit work and there will be no differential impact, as a result of this report, on people with protected characteristics.
- 6.2 There are no staffing or financial implications arising directly from this report other than those implicit in the tightening of internal controls recommended in the Internal Audit reports.
- 6.3 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.

CHIEF INTERNAL AUDITOR

Report prepared by David Hughes, Chief Internal Auditor.
28 November 2017.

APPENDIX A

POSITION WITH AGREED RECOMMENDATIONS AS AT 28 NOVEMBER 2017

SUMMARY

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

On 2 November 2017, the Committee was advised that, as at 17 October 2017, there were 61 recommendations which were due to have been completed by 31 July 2017 which were not fully complete. This has reduced to 42.

The total not fully complete, which had an original due date of before 31 October 2017, is 49. 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 30.09.17	Confirmed complete by Service	New in October 2017	Confirmed complete by Service	Not fully complete by original due date	Major	Significant	Important		
Cross Service	55	40	37	2	0	5	0	3	2		
Business Services	230	137	122	19	17	17	0	10	7		
Health & Social Care	98	68	62	3	1	8	3	4	1		
Education and Children's Services	146	112	100	3	2	13	2	6	5		
Infrastructure Services	116	73	67	2	2	6	3	2	1		
Total	645	430	388	29	22	49	8	25	16		

APPENDIX B

POSITION WITH AGREED RECOMMENDATIONS AS AT 28 NOVEMBER 2017

Report Number	Report Title	Date Issued	Agreed in Report	Number of Recommendations			Grading of overdue recommendations
				Due for implementation by 31.10.17	Confirmed Implemented by Service	Not implemented by original due date	

CROSS SERVICE

1638	Travel and Subsistence	April 2016	29	29	28	1	1 Significant
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The position with the overdue recommendation is as follows:

Chief Officer	Overdue Recommendation	Grading / Due Date	Position
Head of Resources and Performance	Education and Children's Services should review the listing provided and either provide justification for continuing to pay the essential user lump sum payment to staff who are not making mileage claims or stop making payment (2.2.7).	Significant March 2017	As reported to Committee in June 2017, the Service advised that this exercise had not been completed although it was anticipated that it would be by the end of June 2017. The latest update from the Service, reported to Committee since September 2017, was that reports have started to be produced and the Service will monitor these. Where no claims continue to be made, the lump sum payment will be terminated. The Service anticipates that this process will be fully operational by December 2017.

Report Number	Report Title	Date Issued	Agreed in Report	Number of Recommendations		
				Due for implementation by 31.10.17	Confirmed Implemented by Service	Not implemented by original due date

CROSS SERVICE (continued)

1705	Recruitment Procedures	October 2016	12	12	8	4	2 Significant 2 Important
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The position with the overdue recommendations is as follows:

Chief Officer	Overdue Recommendation	Grading / Due Date	Position
Head of HR & OD	HR&OD should review the job evaluation process to ensure that it remains fit-for-purpose and thereafter ensure that it is applied in all cases (2.1.5)	Significant April 2017	As reported to Committee in June 2017 this was to be progressed following publication of the Scottish Council Joint Scheme of Evaluation (v3). However, due to a delay in the commencement of the sampling exercise, the implementation of a revised version of the Scottish Joint Council Evaluation Scheme (v3) will be undertaken by December 2017. The exercise will also involve the testing of a computerised job evaluation system 'Gauge'.
Head of HR & OD	The Service should review all job profiles to ensure that they match the requirement if recruiting Services, and that they carry an up-to-date post grading. HR to review job profiles in conjunction with Recruiting Services (2.2.7)	Significant April 2017	As for 2.1.5 above

Report Number	Report Title	Date Issued	Number of Recommendations			
			Agreed in Report	Due for implementation by 31.10.17	Confirmed Implemented by Service	Not implemented by original due date

CROSS SERVICE (continued)

(1705 – Recruitment Procedures – Continued)					
Chief Officer	Overdue Recommendation	Grading / Due Date	Position		
Head of HR & OD	All officers who are, or may be, involved in the interview process should complete the relevant training available on ALDO (2.2.8)	Important August 2017	The Service has advised that this has not been achieved due to a number of factors and competing priorities. There is also a review of training provision and resources that will have an impact on timescales and resources. In order to allow an assessment of the impact of the training review on delivery of recruitment training the Service has requested an extension to the end of March 2018 for commencement of recruitment training to supplement that already delivered through ALDO.		
Head of HR & OD	All interview panels should consist of at least two members of staff (2.2.9)	Important August 2017	As per 2.2.8, above.		

1815	Business Continuity Planning	September 2017	14	1	1	0	0
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Report Number	Report Title	Date Issued	Agreed in Report	Number of Recommendations			Grading of overdue recommendations
				Due for implementation by 31.10.17	Confirmed Implemented by Service	Not implemented by original due date	

BUSINESS SERVICES

1547	Attendance Management	May 2015	9	9	8	1	1 Important
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The position with the overdue recommendation is as follows:

Chief Officer	Overdue Recommendation	Grading / Due Date	Position
Head of HR & OD	HR&OD should review options for recording adherence to the Attendance Management policy (2.3.5)	Important December 2015	As reported to Committee previously, this was being reviewed as part of the implementation of the new payroll system which went live in April 2016. The Service advised that use of the sickness absence functionality within iTrent was being considered, with pilots due to commence within specific service areas in August 2016. Options for recording adherence to the Attendance Management Policy were to be progressed as part of this work activity. The Service then advised that recording adherence to the Attendance Management Policy was being considered as part of the design and development of the sickness functionality within iTrent. The intention was to pilot this functionality in October / November 2016 with its subsequent rollout across Services commencing thereafter. This was then delayed to November / December 2016. HR&OD then advised that they have been reviewing the project plan for iTrent which includes the rollout of the absence management functionality and that options for recording adherence to the Absence Management Policy would be delayed until December 2017.

Report Number	Report Title	Date Issued	Number of Recommendations				Grading of overdue recommendations
			Agreed in Report	Due for implementation by 31.10.17	Confirmed Implemented by Service	Not implemented by original due date	

BUSINESS SERVICES (continued)

1556	Revenue Budget Setting Process	December 2015	2	2	1	1	1 Significant
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The position with the overdue recommendations is as follows:

Chief Officer	Overdue Recommendation	Grading / Due Date	Position
Head of Finance	The Service should develop guidance for staff detailing the revenue budget setting process (2.1.2)	Significant March 2016	As reported to Committee since March 2017, the Service had advised that this was linked to the review of the Medium Term Financial Strategy and could not be completed until the review had been completed in May 2016. Guidance was then being worked on which was due to be complete by the end of July 2016. However, procedures had changed and the Service was in the process of working through these. As a result, the guidance was to be finalised in December 2016. Subsequent changes to the Scheme of Governance which took effect from 27 January 2017 impact on the budget setting process and result in greater Service Committee involvement throughout the financial year in the lead up to the budget setting. Therefore, to capture the process that has been used for 2017/18 budget would not reflect the revised arrangements. Corporate Finance and Accountancy are also reviewing the budgeting and financial management with a view to improving on existing processes. A manual has been commenced and will be updated following each stage of the 2018/19 budget setting process. In view of this, the manual should be complete by December 2017.

Report Number	Report Title	Date Issued	Number of Recommendations				Grading of overdue recommendations
			Agreed in Report	Due for implementation by 31.10.17	Confirmed Implemented by Service	Not implemented by original due date	

BUSINESS SERVICES (continued)

1633	Cash Receipting System	March 2016	2	2	1	1	1 Significant
The position with the overdue recommendations is as follows:							
Chief Officer	Overdue Recommendation		Grading / Due Date	Position			
Head of Finance	The Service should implement a solution to current non-compliance at the earliest opportunity (2.5.2)		Significant March 2017		As reported to Committee since June 2017, the Service was upgrading Civica Icon and was also progressing with the implementation of e-Store, whilst Civica would only support one live date for the whole project. All the Pin Entry Devices that required replacing and the software update for these for PCIDSS compliance were all linked, as was a solution to the assisted telephone payments non-compliance. The end date for ensuring compliance with PCIDSS requirements is February 2018 and the Project Board, Project Team and software supplier are aware of this. The Committee was advised in November 2017, that the Icon upgrade was implemented in September 2017 and the roll-out of encrypted chip and pin devices was to be complete in October 2017. The assisted telephone payments solution approved by the Digital Aberdeenshire Group is not compatible with the Council's telephony system as, when transferring the caller to the ATP system to enter their payment securely, the call is still within the Council network, which is not compliant. This issue was with ICT to investigate further, but there was no recommended solution. The Project Board has decided that, for now, the Council will accept this risk, based on there being no breaches to date, until a solution is available. Although the compliance deadline is February 2018, this was likely to be extended due to the number of businesses struggling to find a solution. The Service has been advised that further guidance is due in December 2017.		

Report Number	Report Title	Date Issued	Number of Recommendations			
			Agreed in Report	Due for implementation by 31.10.17	Confirmed Implemented by Service	Not implemented by original due date

BUSINESS SERVICES (continued)

1701	Purchase Cards	July 2016	11	11	9	2	2 Important
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The position with the overdue recommendations is as follows:

Chief Officer	Overdue Recommendation	Grading / Due Date	Position
Head of Finance	The Payments Section should update the current purchase card manuals to ensure that they reflect the most recent policies and procedures, and should ensure that manuals are regularly reviewed (2.1.1)	Important November 2016	As reported to Committee since March 2017, the Service had advised that whilst the manuals have been updated to incorporate the issues identified during the audit, they need to reflect the Council's new governance arrangements before being re-issued. The Service advised that this would be complete by the end of June 2017. The latest update from the Service, reported to Committee in November 2017, is that this will now take until December 2017. This is to allow for a wider review of purchase card usage which will require input from all Services.
Head of Finance	The manuals should be updated to instruct staff to input sufficient descriptions of transactions in 360Control (2.5.4)	Important November 2016	As for 2.1.1 above.

Report Number	Report Title	Date Issued	Number of Recommendations			
			Agreed in Report	Due for implementation by 31.10.17	Confirmed Implemented by Service	Not implemented by original due date

BUSINESS SERVICES (continued)

1702	Disclosure Scotland Checks	March 2017	14	12	9	3	3 Significant
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The position with the overdue recommendations is as follows:

Chief Officer	Overdue Recommendation	Grading / Due Date	Position
Head of HR & OD	HR&OD should formalise arrangements for identifying post Disclosure Scotland check requirements and update the Disclosure Scotland procedure as appropriate (2.1.5 a)	Significant June 2017	As reported to Committee since September 2017, posts have been identified although the procedure has still to be updated. The Service has advised that this will now be done by the end of December 2017 to ensure that processes are aligned with other areas.
Head of HR & OD	The Disclosure / PVG Exemption procedure should be reviewed and updated to reflect current practice (2.7.3 a)	Significant September 2017	As reported to Committee in November 2017, the Service has advised that, in order to ensure that this is given the correct level of consideration and for background work to be completed, this will now be completed by the end of December 2017.
Head of HR & OD	The Disclosure Scotland / PVG Procedure should be presented to Senior Leadership Team for approval (2.7.3 c)	Significant September 2017	As reported to Committee in November 2017, the Service has advised that, in order to ensure that this is given the correct level of consideration and for background work to be completed, this will now be completed by the end of December 2017.

Report Number	Report Title	Date Issued	Agreed in Report	Number of Recommendations			Grading of overdue recommendations
				Due for implementation by 31.10.17	Confirmed Implemented by Service	Not implemented by original due date	

BUSINESS SERVICES (continued)

1712	Data Protection	October 2016	15	15	14	1	1 Significant
The position with the overdue recommendation is as follows:							
Chief Officer	Overdue Recommendation	Grading / Due Date	Position				
Head of HR & OD	A central list should be maintained of all staff members who are recruited through an agency (outwith a framework agreement), volunteers, placement students and contractors, including whether a signed confidentiality agreement is in place (2.8.2)	Significant June 2017	As reported to Committee since February 2017, HR&OD advised that they will work with Services to establish an appropriate process for identifying such personnel and that this will be concluded by September 2017. The latest update from the Service is that this is a highly labour intensive exercise and will take until March 2018 to complete.				

1713	Electronic Document Management System	November 2016	8	6	6	0	0
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Report Number	Report Title	Date Issued	Number of Recommendations			
			Agreed in Report	Due for implementation by 31.10.17	Confirmed Implemented by Service	Not implemented by original due date

BUSINESS SERVICES (continued)

1724	Creditors System	March 2017	9	9	8	1	1 Significant
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The position with the overdue recommendation is as follows:

Chief Officer	Overdue Recommendation	Grading / Due Date	Position
Head of Finance	The possibility of re-introducing audit tables to the Payables System, detailing changes to supplier bank details, should be investigated as part of the Financial Systems Review (2.2.11)	Significant September 2017	The Committee was advised in November 2017 that the Service has stated that the Financial Systems Review / Tender is not yet concluded and the recommendation will now be implemented by 31 March 2018.

1731	Treasury Management	May 2017	17	16	15	1	1 Important
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The position with the overdue recommendations is as follows:

Chief Officer	Overdue Recommendation	Grading / Due Date	Position
Head of Finance	The Service should ensure that borrowing in advance is reported in line with Scottish Government requirements (2.3.9)	Important September 2017	The Committee was advised in November 2017 that this would be complete by the end of October 2017. The latest update from the Service is that various reports are required to be prepared which will not be completed until the end of June 2018.

Report Number	Report Title	Date Issued	Number of Recommendations			
			Agreed in Report	Due for implementation by 31.10.17	Confirmed Implemented by Service	Not implemented by original due date

BUSINESS SERVICES (continued)

1732	Benefits	June 2017	7	7	7	0	0
1733	Fixed Asset Register	May 2017	5	5	5	0	0
1734	Cleaning Payroll	February 2017	23	22	22	0	0
1735	Budget Monitoring	July 2017	6	5	5	0	0
1737	Health and Safety	May 2017	16	4	4	0	0

Report Number	Report Title	Date Issued	Agreed in Report	Number of Recommendations			Grading of overdue recommendations
				Due for implementation by 31.10.17	Confirmed Implemented by Service	Not implemented by original due date	

BUSINESS SERVICES (continued)

1739	Halls	July 2017	13	11	8	3	1 Significant 2 Important
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The position with the overdue recommendations is as follows:

Chief Officer	Overdue Recommendation	Grading / Due Date	Position
Head of Property and Facilities Management	The Service should ensure that all required licenses are being applied and paid for (2.6.2)	Significant August 2017	As reported to Committee in November 2017, The Service has provided details of the progress made to date and stated that these will now be complete by the end of November 2017.
Head of Property and Facilities Management	The Service should comply with Financial Regulations regarding inventories. (2.7.1)	Important August 2017	As reported to Committee in November 2017, The Service has provided details of the progress made to date and stated that these will now be complete by the end of November 2017.
Head of Property and Facilities Management	The Service should consider recharging Halls staff costs not currently reflected in the Halls budget page to the Halls Budget page (2.8.2)	Important August 2017	As reported to Committee in November 2017, The Service has provided details of the progress made to date and stated that these will now be complete by the end of November 2017.

Report Number	Report Title	Date Issued	Agreed in Report	Number of Recommendations			Grading of overdue recommendations
				Due for implementation by 31.10.17	Confirmed Implemented by Service	Not implemented by original due date	

BUSINESS SERVICES (continued)

1741	Debtors System	May 2017	7	5	4	1	1 Important
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The position with the overdue recommendation is as follows:

Chief Officer	Overdue Recommendation	Grading / Due Date	Position
Head of Finance	The Service should identify and remove leavers from the Authorised Signatory list. (2.1.6)	Important September 2017	The latest update from the Service, reported to Committee in November 2017, was that the Service has advised that this will take until the end of December 2017 to complete due to completion of a Revenues staffing review in April 2017. Vacant posts were filled between May and June, and a full training program was designed due to the number of new starts and the additional work transferred to the team. Training had to take priority to ensure that the main functions were being addressed first, whilst still providing an acceptable level of service. The Service also had to ensure that the transfer or work areas from Income Recovery to Income Management went smoothly. This work will be completed by the end of December 2017.

1743	Deployment of Microsoft Technology	June 2017	3	0	0	0	0
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Report Number	Report Title	Date Issued	Number of Recommendations			
			Agreed in Report	Due for implementation by 31.10.17	Confirmed Implemented by Service	Not implemented by original due date

BUSINESS SERVICES (continued)

1745	Payroll System and Processes	October 2017	21	10	8	2	2 Significant
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The position with the overdue recommendations is as follows:

Chief Officer	Overdue Recommendation	Grading / Due Date	Position
Head of HR & OD	The Service should review the ERM Programme Governance Brief to include frequency of reporting to the Steering Group, SLT, and elected members (2.1.16)	Significant October 2017	The ERM Programme Governance Brief has not yet been updated and Internal Audit is awaiting confirmation of when this will be done.
Head of HR & OD	The Service should identify the reason for the iConnect file inconsistencies, and rectify them (2.5.3 b)	Significant October 2017	The Service has advised that they are still reconciling differences in reports. The Development Team and ICT are to make changes to the report and the file produced by the Payroll System and this will be done by the end of March 2018.

Report Number	Report Title	Date Issued	Number of Recommendations				Grading of overdue recommendations
			Agreed in Report	Due for implementation by 31.10.17	Confirmed Implemented by Service	Not implemented by original due date	

BUSINESS SERVICES (continued)

1746	Social Media	August 2017	10	0	0	0	0
1801	Overtime	October 2017	8	2	2	0	0
1804	Payroll Reconciliations	August 2017	4	1	1	0	0
1809	New Governance Arrangements	October 2017	7	2	2	0	0
1824	Compliance with Procurement Related Legislation and Council Regulations	October 2017	13	0	0	0	0

Report Number	Report Title	Date Issued	Agreed in Report	Number of Recommendations			Grading of overdue recommendations
				Due for implementation by 31.10.17	Confirmed Implemented by Service	Not implemented by original due date	

HEALTH & SOCIAL CARE PARTNERSHIP

1624	Self-Directed Support	January 2016	16	16	15	1	1 Important
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The position with the overdue recommendation is as follows:

Chief Officer	Overdue Recommendation	Grading / Due Date	Position
Chief Officer – Aberdeenshire Health and Social Care Partnership	The Service should set out a timetable for roll out of SDS and the Resource Allocation System across all teams (2.2.4)	Important October 2017	The Service has advised that progress is being made with this and it will be complete by April 2018. The proposed Resource Allocation System for Children’s Services was tested against actual cases in September 2017 but did not produce the expected outcomes. Therefore, further work is being undertaken in this area.

Report Number	Report Title	Date Issued	Agreed in Report	Number of Recommendations			Grading of overdue recommendations
				Due for implementation by 31.10.17	Confirmed Implemented by Service	Not implemented by original due date	

HEALTH & SOCIAL CARE PARTNERSHIP (continued)

1635	Home Care System and Service	October 2016	19	19	16	3	3 Significant
The position with the overdue recommendations is as follows:							
Chief Officer	Overdue Recommendation	Grading / Due Date	Position				
Chief Officer – Aberdeenshire Health and Social Care Partnership	The Service should implement charging for planned care (2.9.6)	Significant April 2017	As reported to Committee since June 2017, the Service is in the process of moving all clients on to the SDS Pathway which will result in charging based on planned care. Progress is being made but the Service has stated that it will take until December 2017 to complete the exercise.				
Chief Officer – Aberdeenshire Health and Social Care Partnership	The Service should monitor Care at Home timesheet adjustments and take management action where appropriate (2.6.5)	Significant April 2017	As reported to Committee since June 2017, the Service has advised that the system team run payroll tidy up reports every 4 weeks, and anomalies within time sheets are flagged up to the relevant CTCs (with Managers copied in). Management checks for the number of adjustments would be futile as there are so many changes having to be made manually due to carers not having the devices or they are failing. This should be resolved after Cygnum go live as carers will all receive new devices and any visits being checked through will be authorised by the system. Therefore, it should just be mistakes made by carers that are being adjusted as opposed to whole rotas. The Service has requested and extension to the end of December 2017 to allow the Cygnum system to bed-in.				
Chief Officer – Aberdeenshire Health and Social Care Partnership	The Service should review whether more transparent invoice data can be provided (2.9.9)	Significant June 2017	As reported to Committee since September 2017, the Service has stated that all clients have to be transferred to the SDS pathway before this can be considered. As a result, this will be delayed to December 2017.				

Report Number	Report Title	Date Issued	Agreed in Report	Due for implementation by 31.10.17	Number of Recommendations		
					Confirmed Implemented by Service	Not implemented by original due date	Grading of overdue recommendations

HEALTH & SOCIAL CARE PARTNERSHIP (continued)

1718	Care First System	March 2017	11	11	9	2	1 Major 1 Significant
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The position with the overdue recommendations is as follows:

Chief Officer	Overdue Recommendation	Grading / Due Date	Position
Chief Officer – Aberdeenshire Health and Social Care Partnership	The Service should ensure that it complies with Financial Regulations and Procurement Legislation in terms of the Service's Case Recording System (2.1.3)	Major October 2017	The Service has advised that it has still to go through the process of publishing a Voluntary Ex-Ante Transparency (VEAT) Notice. Internal Audit is discussing this matter with Commercial and Procurement Services.
Chief Officer – Aberdeenshire Health and Social Care Partnership	The Service should request a refreshed contract with OLM to clarify the level of system support and the related costs, terms and conditions which have been agreed (2.1.4)	Significant June 2017	As reported to Committee since September 2017, the Service has advised that this has been requested, but has not yet been provided.

Report Number	Report Title	Date Issued	Number of Recommendations			
			Agreed in Report	Due for implementation by 31.10.17	Confirmed Implemented by Service	Not implemented by original due date

HEALTH & SOCIAL CARE PARTNERSHIP (continued)

1730	Social Work Client Transport	March 2017	15	10	8	2	2 Major
The position with the overdue recommendations is as follows:							
Chief Officer	Overdue Recommendation	Grading / Due Date	Position				
Chief Officer – Aberdeenshire Health and Social Care Partnership	Social Work / PTU should work together to review and correct both systems to reflect actual current transport requirements and the arrangements which are in place to meet them (2.5.10 a)	Major August 2017	As reported to Committee since September 2017, the PTU has advised that they have reconciled databases and identified discrepancies which have been advised to Social Work. There is ongoing dialogue between the Services regarding this data and it will be completed by the end of January 2018.				
Chief Officer – Aberdeenshire Health and Social Care Partnership	Social Work should then review the arrangements currently in place to ensure they are correct, and in conjunction with the PTU make changes if necessary (2.5.10 b)	Major August 2017	As reported to Committee since September 2017, the PTU has advised that they have reconciled databases and identified discrepancies which have been advised to Social Work. There is ongoing dialogue between the Services regarding this data and it will be completed by the end of January 2018.				

1742	Criminal Justice Service	September 2017	19	14	14	0	0
1812	Day Service Establishment Visits	September 2017	18	1	1	0	0

Report Number	Report Title	Date Issued	Number of Recommendations			
			Agreed in Report	Due for implementation by 31.10.17	Confirmed Implemented by Service	Not implemented by original due date

EDUCATION & CHILDREN'S SERVICES

1541	Teachers Payroll	July 2015	15	15	14	1	1 Significant
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The position with the overdue recommendation is as follows:

Chief Officer	Overdue Recommendation	Grading / Due Date	Position
Head of HR & OD	HR&OD should review the process of paying Teachers to ensure that it is as straightforward and transparent as possible (2.1.9)	Significant May 2016	As reported to Committee since March 2017, the process was being reviewed following iTrent going live in April 2016 but there had been challenges with elements of the system which delayed this action being moved forward more quickly. The process was being reviewed but the Service stated that it needs the buy-in of other parties as this relates to teachers who have nationally agreed terms and conditions. A meeting was held between the iTrent system supplier and their local authority customers in July 2016 to discuss requirements and reach an understanding on a cross-authority solution. They were reviewing and rewriting the system for Scottish Teachers terms and conditions with a completion date of August 2017. This has now been delayed to August 2018 due to a delay in agreeing revised national conditions.

Report Number	Report Title	Date Issued	Number of Recommendations				Grading of overdue recommendations
			Agreed in Report	Due for implementation by 31.10.17	Confirmed Implemented by Service	Not implemented by original due date	

EDUCATION & CHILDREN'S SERVICES (continued)

1606	Education Lets	December 2015	11	11	9	2	2 Important
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The position with the overdue recommendations is as follows:

Chief Officer	Overdue Recommendation	Grading / Due Date	Position
Head of Resources and Performance	The Service should consider streamlining the booking process with all availability and bookings made through Gladstone (2.2.6 b)	Important December 2016	As reported to Committee since March 2017, the Service confirmed that the process needs to be streamlined but that a new corporate booking system will be used to fully implement the recommendations. The bookings system will eventually cover all booking types across the Council and there will be a need to prioritise how the different booking types are moved across to the system. The school lets booking process has been identified as an early priority in the business case, however, it was not clear when the system will become operational. ICT confirmed that the business case for a corporate booking system will be considered by the Digital Aberdeenshire Group (DAG) in April 2017.
Head of Resources and Performance	The Service should use Gladstone to monitor the income from education lets in order to ensure that properties are used effectively and efficiently (2.6.1)	Important December 2016	The Committee was advised in June 2017 that the business case was approved by DAG in April although funding had still to be approved by Strategic Leadership Team. If approved, it is anticipated that Education Lets will go-live by February 2018. Following a decision by ECS SLT to explore the option of extending the functionality of the Gladstone system to incorporate on line bookings and payments, a formal proposal has been submitted to the ICT Digital Board to consider this option and implement for the new financial year in April 2018.

Report Number	Report Title	Date Issued	Number of Recommendations			
			Agreed in Report	Due for implementation by 31.10.17	Confirmed Implemented by Service	Not implemented by original due date

EDUCATION & CHILDREN'S SERVICES (continued)

1631	SEEMiS	April 2016	10	10	8	2	2 Major
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The position with the overdue recommendations is as follows:

Chief Officer	Overdue Recommendation	Grading / Due Date	Position
Head of Resources and Performance	The Service should review current arrangements and where appropriate seek advice from the Principal Information Security Officer and Legal and Governance Service (2.4.7)	Major December 2016	As reported to Committee since March 2017, the Principal Information Security Officer advised that the Service make contact with the Scottish Government and SQA to discuss data sharing with them. It was expected that they would have standard data sharing agreements in place. The Service advised that this matter was progressing: contact had been made with the SQA who were reviewing their data sharing governance, and a data sharing agreement was being finalised to sit under a Memorandum of Understanding that was already in place with the NHS. The Committee was advised in June 2017 that the SQA has advised that no Scottish Local Authority has an agreement in place and they are looking into the issue and how best to resolve it. The latest update from the SQA is that they will be dealing with this a part of their General Data Protection Regulation compliance plan due to be complete by May 2018.
Head of Resources and Performance	The Service should ensure that all staff who have access to SEEMiS complete the Data Protection training (2.4.3)	Major March 2017	As reported to Committee since June 2017, the latest update from the Service is that they now have a SEEMiS report and need to cross check this against the overall data protection list. The Service will then have to and ensure that those who have not undertaken the training do so. This will take until March 2018 to resolve.

Report Number	Report Title	Date Issued	Number of Recommendations			
			Agreed in Report	Due for implementation by 31.10.17	Confirmed Implemented by Service	Not implemented by original due date

EDUCATION & CHILDREN'S SERVICES (continued)

1708	Teachers' Recruitment Procedures	November 2016	15	15	13	2	1 Significant 1 Important
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The position with the overdue recommendations is as follows:

Chief Officer	Overdue Recommendation	Grading / Due Date	Position
Head of HR & OD	HR&OD should ensure that the payroll system is configured to automatically calculate teachers' pay and leave payments, prior to the scheduled change date of August 2017 (2.4.3)	Important April 2017	As reported to Committee in June 2017, the Service had advised that this needed to be extended to August 2017, as an upgrade was awaited from the payroll system supplier. The latest update from the Service, reported to Committee since September 2017, is that the national change has now been delayed until August 2018 and the recommendation will, as a result, be completed by July 2018.
Head of HR & OD	The Overseas Criminal Records Check procedure should be updated to clarify when cases should be referred to the Determination Panel (2.1.22)	Significant April 2017	As reported to Committee since June 2017, The Service has advised that this will now be done by the end of December 2017 to ensure that processes are aligned with other areas.

Report Number	Report Title	Date Issued	Number of Recommendations				Grading of overdue recommendations
			Agreed in Report	Due for implementation by 31.10.17	Confirmed Implemented by Service	Not implemented by original due date	

EDUCATION & CHILDREN'S SERVICES (continued)

1719	IT in Schools	March 2017	16	14	9	5	5 Significant
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The position with the overdue recommendations is as follows:

Chief Officer	Overdue Recommendation	Grading / Due Date	Position
Head of Resources and Performance	The Service should consider whether Glow should be used as an alternative more cost-effective solution to Show My Homework. If an alternative to Glow is considered the best option, the contract should be procured in compliance with Financial Regulations (2.2.13)	Significant August 2017	The Committee was advised in November 2017 that this issue has been referred to the Education and Children's Services Committee to undertake a review. This will happen in December 2017.
Head of Resources and Performance	The ECS ICT Strategy Group should oversee the development of a local ECS ICT Strategy which aligns with the four objectives of the national strategy (2.1.5)	Significant August 2017	The Committee was advised in November 2017 that a draft ECS ICT Strategy had been prepared. The draft will be discussed at the next ECS ICT Strategy Group meeting on 5 December 2017.

Report Number	Report Title	Date Issued	Number of Recommendations			
			Agreed in Report	Due for implementation by 31.10.17	Confirmed Implemented by Service	Not implemented by original due date

EDUCATION & CHILDREN'S SERVICES (continued)

<i>(1719 – IT in Schools – Continued)</i>					
Chief Officer	Overdue Recommendation	Grading / Due Date	Position		
Head of Resources and Performance	The Service should agree a baseline provision for technology in schools (2.4.11 a)	Significant September 2017	The Committee was advised in November 2017 that the Service had advised that a baseline has been established and a process has been implemented to identify the impact on this of decisions made. Agreement for a baseline level of provision will be sought at the next ECS ICT Strategy Group meeting on 5 December 2017.		
Head of Resources and Performance	During development of the ECS ICT Strategy, consideration should be given to inconsistencies in devolved spend and number of devices per pupil to ensure equity of provision (2.4.11 b)	Significant September 2017	The Committee was advised in November 2017 that the Service had advised that a baseline has been established and a process has been implemented to identify the impact on this of decisions made. Equity of provision is addressed in the draft strategy for consideration at the ECS ICT Strategy Group meeting on 5 December 2017 under national objective 'improving access to digital technology for all learners'.		
Head of Resources and Performance	The Service should develop a process for monitoring devolved spend per supplier to ensure compliance with Financial Regulations (2.4.6)	Significant September 2017	The Service has advised that an initial assessment of devolved expenditure for a four year period will be carried out at year end on 31 March 2018, after which a quarterly assessment will be carried out, based on budget monitoring reports of devolved spend.		

Report Number	Report Title	Date Issued	Number of Recommendations				Grading of overdue recommendations
			Agreed in Report	Due for implementation by 31.10.17	Confirmed Implemented by Service	Not implemented by original due date	

EDUCATION & CHILDREN'S SERVICES (continued)

1738	Sports Facilities	May 2017	17	11	11	0	0
1744	Children's Homes	June 2017	21	18	18	0	0
1806	Libraries Income and Expenditure	September 2017	9	6	6	0	0
1808	Primary School Visits	August 2017	15	14	13	1	1 Important

The position with the overdue recommendation is as follows:

Chief Officer	Overdue Recommendation	Grading / Due Date	Position
Head of Resources and Performance	Any eligible payment of the allowance for Strathdon should be applied to all staff working at the school. If not eligible, then payments should be stopped and recovered (2.4.4 a)	Important October 2017	The Service has advised that the application of allowances has been reviewed and one allowance should have ceased being paid in August 2016. A formal request has been passed to HR to request that the payment be withdrawn. The Head of Service will either have to agree a repayment plan to recover monies overpaid or alternatively seek the agreement of the Head of HR and the Head of Finance to write off the overpayment.

1825	Education Maintenance Allowances	October 2017	7	1	1	0	0
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Report Number	Report Title	Date Issued	Number of Recommendations				Grading of overdue recommendations
			Agreed in Report	Due for implementation by 31.10.17	Confirmed Implemented by Service	Not implemented by original due date	

INFRASTRUCTURE SERVICES

1362	Building Maintenance Stores	March 2014	12	12	11	1	1 Important
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The position with the overdue recommendation is as follows:

Chief Officer	Overdue Recommendation	Grading / Due Date	Position
Head of Housing	The Service should investigate the possibility of introducing random van checks (2.8.4)	Important January 2016	As reported to Committee since March 2017, this was linked to the introduction of the system to replace the SAVE system which had been delayed by ICT issues. The Service advised that, as a result, introduction of the recommendation would be delayed until December 2016. The Service then advised that the system was scheduled to go live by the end of February 2017 and would incorporate real-time monitoring of stock levels on a depot and van basis. The Service then advised that there had been further slippage and the revised project plan agreed with the system supplier had a "go live" date of 26 April 2017 for Fraserburgh, with other areas following after the first phase has been successfully introduced. The Committee was advised in November 2017, that the system is live in Fraserburgh and that other areas will be live by the end of December 2017. However, the Service has advised that there have been issues with the interface to the iProcurement system. Whilst Housing and Finance have been working to resolve this, the project board decided not to go live with other areas until the interface is working. The revised implementation date is now April 2018.

1602	Rent Assessment Scheme	October 2015	7	6	6	0	0
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Report Number	Report Title	Date Issued	Number of Recommendations			
			Agreed in Report	Due for implementation by 31.10.17	Confirmed Implemented by Service	Not implemented by original due date

INFRASTRUCTURE SERVICES (continued)

1637	Waste Collection and Disposal	June 2016	21	21	18	3	3 Major
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The position with the overdue recommendations is as follows:

Chief Officer	Overdue Recommendation	Grading / Due Date	Position
Head of Roads, Landscape Services and Waste Management	The Service should seek Committee approval to continue under the terms of their most recent contracts with suppliers pending the procurement of new agreements (2.4.6 a)	Major June 2017	The Committee was advised in September 2017 that the Service had advised that it will take until March 2018 to fully complete these recommendations.
Head of Roads, Landscape Services and Waste Management	The Service should ensure EU compliant tender exercises are completed for expired contracts and areas of substantial expenditure without contracts in excess of the relevant thresholds as a matter of priority (2.4.6 b)	Major June 2017	The Committee was advised in September 2017 that the Service had advised that it will take until March 2018 to fully complete these recommendations.

Report Number	Report Title	Date Issued	Number of Recommendations			
			Agreed in Report	Due for implementation by 31.10.17	Confirmed Implemented by Service	Not implemented by original due date

INFRASTRUCTURE SERVICES (continued)

<i>(1637 – Waste Collection and Disposal – Continued)</i>						
Chief Officer	Overdue Recommendation	Grading / Due Date	Position			
Head of Roads, Landscape Services and Waste Management	The Service should ensure expenditure over £60,000 is only incurred following a Committee approved competitive tendering exercise (2.4.6 c)	Major June 2017	The Committee was advised in September 2017 that the Service had advised that it will take until March 2018 to fully complete these recommendations.			
1727	Burial Grounds Strategy	7 March 2017	5	5	0	0
1736	School and Supported Bus Service Tendering	11 April 2017	11	11	0	0

Report Number	Report Title	Date Issued	Number of Recommendations				Grading of overdue recommendations
			Agreed in Report	Due for implementation by 31.10.17	Confirmed Implemented by Service	Not implemented by original due date	

INFRASTRUCTURE SERVICES (continued)

1740	Transportation Purchasing and Creditors	July 2017	19	14	13	1	1 Significant
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The position with the overdue recommendation is as follows:

Chief Officer	Overdue Recommendation	Grading / Due Date	Position
Head of Property and Facilities Management	Estates should ensure all Services are aware of the requirement for details of existing and proposed property lease arrangements to be provided to them (2.3.10)	Significant September 2017	The Service is undertaking additional work in this area to ensure that it captures all leases entered into by Services along with all facilities used on a regular basis. Given the expansion in the scope of the work being undertaken the Service will be issuing information to Services in November with a return date in January 2018.

Report Number	Report Title	Date Issued	Number of Recommendations			
			Agreed in Report	Due for implementation by 31.10.17	Confirmed Implemented by Service	Not implemented by original due date

INFRASTRUCTURE SERVICES (continued)

1747	Housing Repairs Year End Stock Checks	August 2017	6	2	1	1	1 Significant
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The position with the overdue recommendation is as follows:

Chief Officer	Overdue Recommendation	Grading / Due Date	Position
Head of Housing	The Service should review the differences for 2016/17 to ascertain the reasons and identify any potential improvements (2.7.3)	Significant September 2017	The Committee was advised in November 2017 that the Service had advised that investigations continue into the differences highlighted and an extension to the end of December 2017 is required in order to provide a comprehensive assessment. Roll out of a replacement stock control system has now commenced.

1805	Taxi MOT and Licensing	September 2017	15	4	4	0	0
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1813	EAFRD Grant Claim	October 2017	18	0	0	0	0
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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.

