

REPORT TO THE AUDIT COMMITTEE – 21 MARCH 2018

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 Car Parks Income (Internal Audit Report 1748 – March 2018)

4.1.1 Local authority car parks are governed by the Road Traffic Regulation Act 1984, with specific local regulations, including charges, detailed in Off-Street Parking Orders for each area. The Head of Transportation is responsible for the provision and maintenance of 113 off street car parks covering over 4,000 spaces including 2 lorry parks at Fraserburgh and Peterhead and 24 pay and display car parks containing 41 pay and display machines. Approximately 1,100 of the spaces are Park and Pay / time limited parking with the remainder being either free, unrestricted spaces or reserved. Four Car Park Operatives maintain the machines and monitor

the pay and display car parks, issuing Excess Charge Notices (ECNs) in cases where the relevant Off-Street Parking Order has been breached.

- 4.1.2 The objective of this audit was to ensure that control over income is robust. This involved a review of the controls in place over income from Pay and Display machines, Excess Charge Notices and the sale of Residents' Permits.
- 4.1.3 The process is largely automated through a parking income administration system, which is well documented and provides an audit trail of activity. However, internal controls could be improved through further segregation of duties, and implementation of routine reconciliations. The Service has agreed to review the level of risk presented by officers amending system records and handling cash, and will implement additional reconciliations. Minor process improvements were also recommended and the Service will review the costs and benefits of implementing these before determining appropriate action.
- 4.1.4 Trials of revised procedures which include writing off ECN's under specified circumstances in order to reduce the costs of administration have been carried out by the Service and Legal & Governance since March 2017. The Service intends to summarise the results and seek approval to continue with this strategy from Strategic Leadership Team by November 2018.

4.2 Health and Safety – SSERC (Internal Audit Report 1816 – January 2018)

- 4.2.1 The Scottish Schools Education Research Centre (SSERC) is a Local Authority shared service providing support to the 32 Scottish Local Authorities. SSERC provide Health & Safety advice, Codes of Practice, guidelines and training aimed at school science departments and faculties.
- 4.2.2 The objective of this audit was to consider whether arrangements in place within the Council adequately manage risk responsibility in relation to hazard information, handling and disposal of chemicals, safety in microbiology, material of living origin and routine fume cupboard testing.
- 4.2.3 The audit has identified that the Service has not formalised the training that is required for staff dealing with issues covered by SSERC guidance and the type of training undertaken / completed across the Service is inconsistent. The management of hazardous substances varies between locations whilst none of the schools maintained an inventory of chemicals held that complied with Home Office guidelines.
- 4.2.4 Recommendations have been agreed regarding: training to ensure compliance with SSERC; H&S policies in schools; undertaking of risk assessments; records maintained and disposal of chemicals; and the use of recirculatory fume cupboards. The Service has also agreed to consult with SSERC regarding a system of quality assuring the H&S provision within Science faculties.

4.3 Recycling (Internal Audit Report 1826 – January 2018)

- 4.3.1 Scotland's Zero Waste Plan published in June 2010 sets the national policy to implement European Legislation in Scotland and to deliver a vision for a Zero Waste Society. The Zero Waste Plan proposes long term targets of recycling at 70% of all Scotland's Waste and only 5% of all waste ending up in landfill by 2025. It also includes a ban on biodegradable waste going to landfill by 2021.
- 4.3.2 The Service operates in accordance with the Integrated Sustainable Waste Management Strategy for Aberdeenshire 2011 – 2020, which was last updated in 2014 to take on board requirements set out in the Zero Waste Plan and subsequent Waste (Scotland) Regulations 2012.
- 4.3.3 The Waste Service is responsible for the collection and disposal of household waste from approximately 120,000 premises each year. Between January and December 2016 nearly 132,000 tonnes of waste was gathered. Of this, 43.5% (57,305 tonnes) related to household waste that was recycled and 55.4% went to landfill (nearly 73,000, tonnes).
- 4.3.4 The objective of this audit was to check whether appropriate processes were in place to ensure that recycling targets are met, including the production of relevant data on recycling, and that plans are in place to meet future demands. Whilst there are processes in place, and appropriate data is available, a revised Waste Strategy including clear plans and detailed options for the achievement of local and national targets is still being developed, and is unlikely to result in implementation of agreed actions until April 2019 due to the requirement for extensive consultation. This will leave limited time in which to implement actions to achieve targets including 60% recycling by 2020 (currently 43%), and 70% by 2025, bans on biodegradable waste entering landfill by 2021, and restricting landfill to 5% of all waste by 2025.

4.4 Secondary Schools (Internal Audit Report 1833 – February 2018)

- 4.4.1 In order to ensure that adequate financial procedures are in place in secondary schools, Mearns, Portlethen, Peterhead, and Turriff Academies, and The Gordon Schools, Huntly were visited and a sample of records were examined.
- 4.4.2 All schools complete an annual compliance checklist which details expected financial controls, along with Service procedure, Council Policy and Financial Regulations requirements. Completion by Head Teachers forms a self-assessment against the detailed criteria and helps identify training needs. Whilst some improvements in compliance were identified during the audit, there was continued evidence of the checklist being completed incorrectly, indicating compliance with controls when Internal Audit testing identified otherwise. Many of the areas identified have been highlighted in previous audit reports and the Service has sought to address these through the annual compliance checklist and issuing of circulars, along with quality assurance visits undertaken by Business Support Officers. It is evident that the process is not delivering the expected

improvements and the Service has agreed to review this to ensure that it is fit-for-purpose.

4.4.3 Areas where recommendations have been made include: the raising of purchase orders (3,317 out of 3,603 invoices (92.06%) had orders raised, of which 81 were raised retrospectively); improving the audit trail and segregation of duties relating to collection of income; improving security of income held; completing the roll-out of on-line payments to all Academies; ensuring that school fund constitutions are fit-for-purpose and complied with, with funds being used for designated purposes only; ensuring that charity collections are disbursed timeously; ensuring that inventories are maintained as required by Financial Regulations, improving stock control of items held for sale; and ensuring that income collected for trips is reconciled against costs incurred. The Service has agreed to address these issues through issuing of instructions to schools coupled with the quality assurance measures referred to above.

4.4.4 In addition to the above, issues relating to VAT were identified. Under certain circumstances, costs incurred relating to an activity organised through a school fund can be processed through the Council to recover the VAT, with the school fund reimbursing the Council the net amount. During the audit it was identified that two schools could have recovered over £3,000 of VAT in this way, thus reducing the cost to both the school fund and pupils for various educational activities and resources. With the assistance of the Accountant with responsibility for VAT, the schools are endeavouring to recover this VAT. Conversely, income generated through a school fund can be deemed to be VAT'able if that income arises from an asset where the VAT has been recovered by the Council. Each of the schools visited was charging pupils for use of lockers that had been paid for by the Council. No VAT had been accounted for on the income credited to the school funds and a voluntary disclosure is being arranged to pay the VAT due on income arising in the current and three previous financial years.

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.
6 March 2018.

APPENDIX A

POSITION WITH AGREED RECOMMENDATIONS AS AT 6 MARCH 2018

SUMMARY

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

On 31 January 2018, the Committee was advised that, as at 16 January 2018, there were 62 recommendations which were due to have been completed by 31 December 2017 which were not fully complete. This has reduced to 46.

The total not fully complete, which had an original due date of before 31 January 2018, is 47. Full details relating to progress, on a report by report basis, are shown in appendix B.

SERVICE	Recommendations							Grading of Overdue Recommendations		
	Agreed in reports shown in Appendix B	Due for completion by 31.12.17	Confirmed complete by Service	New in January 2018	Confirmed complete by Service	Not fully complete by original due date	Major	Significant	Important	
Cross Service	36	14	10	13	13	4	0	2	2	
Business Services	220	140	118	23	21	24	2	17	5	
Health & Social Care	68	65	60	0	0	5	1	3	1	
Education and Children's Services	145	113	104	6	6	9	2	4	3	
Infrastructure Services	122	75	70	10	10	5	3	1	1	
Total	591	407	362	52	50	47	8	27	12	

APPENDIX B

POSITION WITH AGREED RECOMMENDATIONS AS AT 6 MARCH 2018

Report Number	Report Title	Date Issued	Agreed in Report	Number of Recommendations			Grading of overdue recommendations
				Due for implementation by 31.01.18	Confirmed Implemented by Service	Not implemented by original due date	

CROSS SERVICE

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 since June 2017 these recommendations were 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) would be undertaken by December 2017. The exercise would 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	The latest update from the Service, reported to Committee in January 2018, is that the exercise will be complete by the end of April 2018. The sampling exercise has been concluded, and the outputs from the related interviews are currently being analysed to understand how the changes made to the scheme impact on the evaluation of jobs and to inform the implementation of the updated version of the SJC job evaluation scheme.

Report Number	Report Title	Date Issued	Number of Recommendations			
			Agreed in Report	Due for implementation by 31.01.18	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	As reported to Committee since December 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	13	13	0	0
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1819	Climate Change Action Plan	November 2017	10	2	2	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 31.01.18	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 for recording adherence to Policy, with pilots due to commence in August 2016. The Service then advised that recording adherence to the Policy was being considered as part of the design and development of the iTrent sickness functionality. The intention was to pilot this 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 and that options for recording adherence to the Absence Management Policy would be delayed until December 2017. The latest update from the Service is that, in accordance with the current iTrent Project Plan, the self-service absence functionality is to be fully implemented by 31 March 2019. Options for recording adherence to the Absent Management Policy will be identified and tested by the Project Team during the development and piloting of this functionality, which will take place in late 2018.

Report Number	Report Title	Date Issued	Agreed in Report	Number of Recommendations			Grading of overdue recommendations
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BUSINESS SERVICES (continued)

1633	Cash Receipting System	March 2016	2	2	1	1	1 Significant
The position with the overdue recommendation 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, various system upgrades have been implemented in an attempt to resolve compliance issues. Some issues are still outstanding and the Project Board has decided that, for now, the Council will accept the 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 had been advised that further guidance was due from the PCI Council in December 2017, but this was not received.				
<p>The latest update from the Service is that the Council's Payment Improvements Project Board have made a decision to procure the end call solution for assisted phone payments, and accept the low security risk of transferring calls, and to procure the two factor authentication token solution for PCI DSS compliance (numbers were based on 12 user estimate for costings).</p> <p>Purchase Orders have been raised and the Service is also working with the supplier to implement their e-Store product which will enhance customers' digital experience. The go live date for this project is mid-June 2018 for this project and these additional solutions will be completed within the same timeline.</p>							

Report Number	Report Title	Date Issued	Agreed in Report	Number of Recommendations			Grading of overdue recommendations
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BUSINESS SERVICES (continued)

1702	Disclosure Scotland Checks	March 2017	14	13	9	4	3 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 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. The latest update from the Service, reported to Committee in January 2018, is that, following various changes in guidance through Disclosure Scotland, SSSC and GTCs, it is important to bring all policies in line and also to reflect the future implementation of online Disclosure Scotland Checks. A paper for agreement on exemption/dispensation for PVG and Overseas Criminal Record Checks is going to SLT in early 2018. Decisions following that paper will be reflected in the Disclosure Scotland and Overseas Criminal Record Check procedures, which will be completed, consulted on and in place by April 2018.
Head of HR & OD	Central volunteer lists should be maintained for each Service identifying the volunteer role number and Disclosure / PVG application progress (2.4.3)	Important December 2017	The Committee was advised in January 2018 that the Service had advised that this would require an extension to March 2018 as it ties in with recommendation 2.8.2 in Internal Audit report 1712 (Data Protection).

Report Number	Report Title	Date Issued	Agreed in Report	Number of Recommendations			Grading of overdue recommendations
				Due for implementation by 31.01.18	Confirmed Implemented by Service	Not implemented by original due date	

BUSINESS SERVICES (continued)

(1702 – Disclosure Scotland Checks – Continued)							
Chief Officer	Overdue Recommendation	Grading / Due Date	Position				
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 advised that, in order to ensure that this is given the correct level of consideration and for background work to be completed, this would 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	The latest update from the Service, reported to Committee in January 2018, is as detailed against recommendation (2.1.5 a) above.				
			As reported to Committee in November 2017, the Service advised that, in order to ensure that this is given the correct level of consideration and for background work to be completed, this would now be completed by the end of December 2017.				
			The latest update from the Service, reported to Committee in January 2018, is as detailed against recommendation (2.1.5 a) above.				

Report Number	Report Title	Date Issued	Agreed in Report	Number of Recommendations			Grading of overdue recommendations
				Due for implementation by 31.01.18	Confirmed Implemented by Service	Not implemented by original due date	

BUSINESS SERVICES (continued)

1712	Data Protection	October 2016	15	14	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 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, as reported to Committee in December 2017, 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	0	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 31.01.18	Confirmed Implemented by Service	Not implemented by original due date	

BUSINESS SERVICES (continued)

1731	Treasury Management	May 2017	17	17	16	1	1 Important
The position with the overdue recommendation 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, reported to Committee since December 2017, is that various reports are required to be prepared which will not be completed until the end of March 2018.			
1732	Benefits	June 2017	7	7	7	0	0
1733	Fixed Asset Register	May 2017	5	5	5	0	0

Report Number	Report Title	Date Issued	Agreed in Report	Number of Recommendations			Grading of overdue recommendations
				Due for implementation by 31.01.18	Confirmed Implemented by Service	Not implemented by original due date	

BUSINESS SERVICES (continued)

1735	Budget Monitoring	July 2017	6	6	5	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 Service should ensure that the revenue budget monitoring and budget holder information is up to date, consistent and accurate (2.1.5).	Significant December 2017	The Service has advised that the Revenue Budget Monitoring Procedures were last updated in July 2017. A minor error has subsequently been identified and this will be corrected prior to the issue of the Revenue Budget Monitoring Procedures for 2018-19 in April 2018. There is currently a Project to look at the Financial Information provided to Budget Holders and a survey has recently been issued. Earlier meetings have established that there are different levels of budget holders i.e. Service budget holders, those responsible for one budget page and people who are responsible for a line on a budget page. Part of the project aims to identify the different budget holders at these levels. It is proposed that the list of budget holders will be those responsible for service budgets and specific budget pages and this will be completed by June 2018.

Report Number	Report Title	Date Issued	Agreed in Report	Number of Recommendations			Grading of overdue recommendations
				Due for implementation by 31.01.18	Confirmed Implemented by Service	Not implemented by original due date	

BUSINESS SERVICES (continued)

1737	Health and Safety	May 2017	16	11	4	7	2 Major 2 Significant 3 Important
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The position with the overdue recommendation is as follows:

Chief Officer	Overdue Recommendation	Grading / Due Date	Position
Service Health and Safety Reps	Review dates should be included on the procedures (2.2.10 b)	Significant December 2017	As reported to Committee in January 2018, with the exception of Education, this has been completed. Education's Health and Safety policies are available on Arcadia however the majority were last reviewed in 2005. Education will undertake a review of all policies by January 2019.
Head of Service (Secondary Education and Additional Support)	The Procedures for all off-site Excursions will be updated to include the requirement to use Evolve. As part of this, the definition, of what constitutes an Excursion, will be more closely specified to give clarity to establishments on the type of trips which must be included (2.2.12 a)	Important December 2017	As reported to Committee in January 2018, the Service has advised that procedures are being updated and will be complete by the end of March 2018.

Report Number	Report Title	Date Issued	Number of Recommendations			
			Agreed in Report	Due for implementation by 31.01.18	Confirmed Implemented by Service	Not implemented by original due date
						Grading of overdue recommendations

BUSINESS SERVICES (continued)

(1737 – Health and Safety – Continued)						
Chief Officer	Overdue Recommendation	Grading / Due Date	Position			
Head of Service (Secondary Education and Additional Support)	Consideration should be given to requiring schools to complete the evaluation module following each completed excursion (2.2.12 b)	Important December 2017	As reported to Committee in January 2018, the Service has advised that procedures are being updated and will be complete by the end of March 2018.			
Service Health and Safety Reps	Each Service should complete a training needs analysis to identify mandatory and recommended Health & Safety training requirements by job role (2.3.7)	Significant December 2017	As reported to Committee in January 2018, the following areas have still to complete this recommendation: The Business Services representative on the Health and Safety Subgroup has requested updates from all services within Business Services. A single Health and Safety training needs analysis by job role for Business Services is to be developed. This will be complete by the end of April 2018. A comprehensive training needs analysis exercise has been completed for all secondary schools teaching and support staff. However, work has to be completed on a similar exercise for Nursery, Primary and Special Schools which will be completed by December 2018. Work needs to be completed in relation to Roads in Infrastructure Services to clarify whether the identified training is mandatory and when it is due to be renewed.			

Report Number	Report Title	Date Issued	Agreed in Report	Number of Recommendations			Grading of overdue recommendations
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BUSINESS SERVICES (continued)

(1737 – Health and Safety – Continued)							
Chief Officer	Overdue Recommendation	Grading / Due Date	Position				
Service Health and Safety Reps	Services should monitor and follow up to ensure completion of all mandatory Health & Safety training (2.3.8)	Major December 2017	As reported to Committee in January 2018, the following areas have still to complete this recommendation: The Business Services representative on the Health and Safety Subgroup has requested updates from all services within Business Services. There is presently no mandatory Health and Safety training however this may change once training needs analysis is completed, as detailed above at recommendation 2.3.7. Education has to complete its training needs analysis before monitoring of mandatory training can commence. The analysis will be complete by the end of December 2018. Training needs analysis partially complete for Infrastructure Services required to identify mandatory training for monitoring purposes.				

Report Number	Report Title	Date Issued	Number of Recommendations				Grading of overdue recommendations
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BUSINESS SERVICES (continued)

(1737 – Health and Safety – Continued)						
Chief Officer	Overdue Recommendation	Grading / Due Date	Position			
Service Health and Safety Reps	Services should ensure that mitigating controls / actions from risk assessments are followed up to ensure implementation (2.4.3)	Major December 2017	As reported to Committee in January 2018, the following areas have still to complete this recommendation: The Business Services representative on the Health and Safety Subgroup has requested updates from all services within Business Services. The latest update is that progress has been made with this however the Director has sought additional assurance that this has been fully resolved. Infrastructure Services and Business Services have to make their risk assessments available to staff on Arcadia. This remains work in progress and will be resolved by the end of April 2018.			

Report Number	Report Title	Date Issued	Agreed in Report	Number of Recommendations			Grading of overdue recommendations
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BUSINESS SERVICES (continued)

1741	Debtors System	May 2017	7	5	5	0	0
1743	Deployment of Microsoft Technology	June 2017	3	3	2	1	1 Significant

The position with the overdue recommendations is as follows:

Chief Officer	Overdue Recommendation	Grading / Due Date	Position
Head of ICT	Reasons for delays should be established and appropriate corrective action taken to ensure telephone lines are closed as required and the schedule for the remaining locations is met (2.4.8)	Significant December 2017	As reported to Committee in January 2018, the Service has advised that delays are largely due to Education requesting that the rollout of Skype telephony be halted due concerns regarding accessibility to telephones in emergency situations. ICT is engaging with Education to review the schools' telephony model, understand any concerns and revise the solution if necessary. ICT expects to get agreement to the design of the model by the end of June 2018 and thereafter conclude delivery. The non-schools roll-out is continuing and telephone lines are being switched off to the agreed schedule.

Report Number	Report Title	Date Issued	Agreed in Report	Number of Recommendations			Grading of overdue recommendations
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BUSINESS SERVICES (continued)

1745	Payroll System and Processes	October 2017	21	11	10	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	The Service should identify the reason for the iConnect file inconsistencies, and rectify them (2.5.3 b)	Significant October 2017	The Committee was advised in December 2017 that the Service had advised that they were 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.

1746	Social Media	August 2017	10	10	10	0	0
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Report Number	Report Title	Date Issued	Agreed in Report	Number of Recommendations			Grading of overdue recommendations
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BUSINESS SERVICES (continued)

1801	Overtime	October 2017	8	3	2	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 HR & OD	All Services should ensure that where employees work in excess of the WTR permitted hours an opt-out form is completed and fully authorised with an accompanying risk assessment (2.4.8)	Significant December 2017	As reported to Committee in January 2018, the Service has advised that guidance has been reviewed and Services will be reminded of the requirements on an annual basis, with the first reminder being issued in February 2018. The latest update from the Service is that the first reminder will be issued by the end of March 2018 as it has taken longer than anticipated to develop the on-line system.

Report Number	Report Title	Date Issued	Agreed in Report	Number of Recommendations			Grading of overdue recommendations
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BUSINESS SERVICES (continued)

1803	Procurement of ICT Hardware, Software, Services and Consultancy	December 2017	8	6	5	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 Resources and Performance	Learning Through Technology (LTT) procedures on the ordering of iPad applications should be updated to reflect the need to consult the LTT team and notify ICT where personal data is to be shared (2.2.11)	Significant January 2018	Education and Children's Services, in conjunction with ICT, is currently refining the process associated with Privacy Impact Assessments for apps and websites. Relevant documentation will be revised once this process is complete, which will be by the end of March 2018

1804	Payroll Reconciliations	August 2017	4	2	2	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 31.01.18	Confirmed Implemented by Service	Not implemented by original due date	

BUSINESS SERVICES (continued)

1809	New Governance Arrangements	October 2017	7	5	4	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 Commercial and Procurement Services	Commercial & Procurement Services should ensure training in respect of new procurement guidance is made available to all Services (2.1.13)	Significant November 2017	The Service will provide a verbal update to Committee.

1811	Purchase Cards	January 2018	12	10	10	0	0
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1814	Social Work Tendering	November 2017	13	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 Commercial and Procurement Services	The Service should ensure authorisation is obtained for Direct Awards in line with Financial Regulations (2.5.7)	Significant December 2017	As reported to Committee in January 2018, based on the circumstances of the issue identified, the Service advised that this will need changes to the Financial Regulations. A report is scheduled to go to the Procedures Committee in April 2018 so work on this would be completed by February 2018. The Service will provide a verbal update to Committee.

Report Number	Report Title	Date Issued	Agreed in Report	Number of Recommendations			Grading of overdue recommendations
				Due for implementation by 31.01.18	Confirmed Implemented by Service	Not implemented by original due date	

BUSINESS SERVICES (continued)

1824	Compliance with Procurement Related Legislation and Council Regulations	October 2017	16	10	7	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 Commercial and Procurement Services	Commercial and Procurement Services should determine the best way of recording approved Framework Agreements in the BOrganised System and thereafter ensure that all approved Frameworks are listed along with appropriate supporting documentation (2.4.4)	Significant January 2018	The Service has advised that the BOrganised User Guide is being updated with recent amendments to procurement governance. This will provide information on finding and using Frameworks. The Service will be checking that current frameworks are listed and adding information to signpost external owners to obtain up to date information. Once Frameworks are in BOrganised, the Contracts Register can be updated and made available through Arcadia. This will take until the end of March 2018 to complete.
Head of Commercial and Procurement Services	Guidance available on Arcadia will provide a definition of "Procurement Process" (2.5.2 (i))	Significant November 2017	As reported to Committee in January 2018, the Service advised that they are working on a Procurement Manual for the 3 Shared Service Councils to use and this will be complete by the end of February 2018. The Service will provide a verbal update to Committee.

Report Number	Report Title	Date Issued	Agreed in Report	Number of Recommendations			Grading of overdue recommendations
				Due for implementation by 31.01.18	Confirmed Implemented by Service	Not implemented by original due date	

BUSINESS SERVICES (continued)

(1824 – Compliance with Procurement Related Legislation and Council Regulations – Continued)							
Chief Officer	Overdue Recommendation	Grading / Due Date	Position				
Head of Commercial and Procurement Services	Finance should determine how compliance with Financial Regulations regarding the recording of Contract References can be enforced and advise Services of the requirements (2.6.5)	Significant November 2017	As reported to Committee in January 2018, the Service has advised that a field has been made mandatory in iProcurement for recording the contract number. However, training on the BOrganised System which is being provided by Commercial and Procurement Services (CPS) needs to be completed so that users know how to obtain their contract reference number and CPS needs to feed this information into the guidance. Because of this the recommendation will not be fully implemented until the end of January 2018.				
			The latest update from the Service is that this will be complete by the end of February 2018. The Service will provide a verbal update to Committee.				

1830	Benefits Unit	December 2017	2	2	0	0	0
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1831	Pensions	January 2018	5	1	1	0	0
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1834	Councillors Induction	January 2018	7	2	2	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 31.01.18	Confirmed Implemented by Service	Not implemented by original due date	

HEALTH & SOCIAL CARE PARTNERSHIP

1635	Home Care System and Service	October 2016	19	19	18	1	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 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. As reported to Committee in January 2018, the latest update from the Service is that they are in the process of moving clients from traditional to planned care and the numbers moving are increasing. The follow up work to implement the charges will then take until April 2018 to complete.

Report Number	Report Title	Date Issued	Agreed in Report	Number of Recommendations			Grading of overdue recommendations
				Due for implementation by 31.01.18	Confirmed Implemented by Service	Not implemented by original due date	

HEALTH & SOCIAL CARE PARTNERSHIP (continued)

1718	Care First System	March 2017	11	11	10	1	1 Major
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The position with the overdue recommendations is as follows:

Chief Officer	Overdue Recommendation	Grading / Due Date	Position
Head of Commercial and Procurement Services	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 Committee was advised in December 2017 that the Service has advised that it has still to go through the process of publishing a Voluntary Ex-Ante Transparency (VEAT) Notice. The Service will provide a verbal update to Committee.

1742	Criminal Justice Service	September 2017	20	17	17	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 31.01.18	Confirmed Implemented by Service	Not implemented by original due date	

HEALTH & SOCIAL CARE PARTNERSHIP (continued)

1812	Day Service Establishment Visits	September 2017	18	18	15	3	2 Significant 1 Important
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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 comprehensive written procedures are in place at all establishments covering all financial activities (2.1.3)	Significant December 2017	The Service has stated that it will take until the end of March 2018 to allow for the production of updated guidance.
Chief Officer – Aberdeenshire Health and Social Care Partnership	The Service should ensure it can account for all funds associated with the WEEE project (2.4.10)	Important December 2017	As reported to Committee in January 2018, the Service has provided a report on the funds but this does not identify the remaining funds or what they have been / will be used for. Internal Audit had requested clarification of the action taken / to be taken. More up-to-date figures have been provided by Finance and Internal Audit is discussing this with the Service.
Chief Officer – Aberdeenshire Health and Social Care Partnership	The Service should ensure revenue generating schemes are reviewed in conjunction with Procurement (2.4.15)	Significant December 2017	As reported to Committee in January 2018, the Service has met with Commercial and Procurement Services and produced notes of the meeting. The latest update from the Service is that Managers have been advised of the requirement but Internal Audit is awaiting confirmation that the schemes in place have been reviewed.

Report Number	Report Title	Date Issued	Agreed in Report	Number of Recommendations			Grading of overdue recommendations
				Due for implementation by 31.01.18	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	Agreed in Report	Number of Recommendations			Grading of overdue recommendations
				Due for implementation by 31.01.18	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. The Committee was advised in December 2017 that, 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	Agreed in Report	Number of Recommendations		
				Due for implementation by 31.01.18	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 (relating to data sharing) 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 ensure that those who have not undertaken the training do so. This was to take until March 2018 to resolve. However, new training is due to be implemented in relation to GDPR from 1 April 2018 and it is the Service's intention that all who need to complete Data Protection training will have completed the GDPR training by the end of May 2018.

Report Number	Report Title	Date Issued	Agreed in Report	Number of Recommendations			Grading of overdue recommendations
				Due for implementation by 31.01.18	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
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. As reported to Committee in January 2018, the latest update from the Service is that, following various changes in guidance through Disclosure Scotland, SSC and GTCS, it is important to bring all policies in line and also to reflect the future implementation of online Disclosure Scotland Checks. A paper for agreement on exemption/dispensation for PVG and Overseas Criminal Record Checks is going to SLT in early 2018. Decisions following that paper will be reflected in the Disclosure Scotland and Overseas Criminal Record Check procedures, which will be completed, consulted on and in place by April 2018.				

Report Number	Report Title	Date Issued	Agreed in Report	Number of Recommendations			Grading of overdue recommendations
				Due for implementation by 31.01.18	Confirmed Implemented by Service	Not implemented by original due date	

EDUCATION & CHILDREN'S SERVICES (continued)

1719	IT in Schools	March 2017	16	14	12	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 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 Stage 1 review. The review commenced on 10 January 2018 with members of the Education and Children's Services Committee and Audit Committee invited to attend an away day at Hill of Banchory. A report will be presented to the Education and Children's Services Committee regarding this issue in March 2018.
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 Committee was advised in December 2017 that the Service had 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	Agreed in Report	Number of Recommendations			Grading of overdue recommendations
				Due for implementation by 31.01.18	Confirmed Implemented by Service	Not implemented by original due date	
1738	Sports Facilities	May 2017	17	15	15	0	0
1744	Children's Homes	June 2017	21	19	19	0	0
1806	Libraries Income and Expenditure	September 2017	9	9	9	0	0
1816	Health and Safety (SSERC)	January 2018	20	4	4	0	0
1825	Education Maintenance Allowances	October 2017	7	4	4	0	0
1827	PFI / PPP Schools	November 2017	4	3	3	0	0

EDUCATION & CHILDREN'S SERVICES (continued)

Report Number	Report Title	Date Issued	Agreed in Report	Number of Recommendations			Grading of overdue recommendations
				Due for implementation by 31.01.18	Confirmed Implemented by Service	Not implemented by original due date	

INFRASTRUCTURE SERVICES

1602	Rent Assessment Scheme	October 2015	7	6	6	0	0
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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 complete this recommendation.
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 this recommendation. The latest update from the Service is that there remain three contracts that need to be let and, due to changes in the Waste Management Team, they will not be complete until the end of October 2018. An action plan has been put in place to manage the process.

Report Number	Report Title	Date Issued	Number of Recommendations			
			Agreed in Report	Due for implementation by 31.01.18	Confirmed Implemented by Service	Not implemented by original due date

INFRASTRUCTURE SERVICES (continued)

(1637 – Waste Collection and Disposal – Continued)						
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 this recommendation. The latest update from the Service is that there remain contracts that need to be let and, due to changes in the Waste Management Team, they will not be complete until the end of October 2018. An action plan has been put in place to manage the process.			
1727	Burial Grounds Strategy	7 March 2017		5	0	0
1736	School and Supported Bus Service Tendering	11 April 2017		11	0	0

Report Number	Report Title	Date Issued	Agreed in Report	Number of Recommendations			Grading of overdue recommendations
				Due for implementation by 31.01.18	Confirmed Implemented by Service	Not implemented by original due date	

INFRASTRUCTURE SERVICES (continued)

1740	Transportation Purchasing and Creditors	July 2017	19	16	15	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 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	As reported to Committee in December 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. The latest update from the Service is that they are in correspondence with Services over queries raised during the above exercise and this will now be completed by the end of March 2018.

1747	Housing Repairs Year End Stock Checks	August 2017	6	2	2	0	0
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Report Number	Report Title	Date Issued	Number of Recommendations			
			Agreed in Report	Due for implementation by 31.01.18	Confirmed Implemented by Service	Not implemented by original due date

INFRASTRUCTURE SERVICES (continued)

1805	Taxi MOT and Licensing	September 2017	15	12	11	1	1	Important
The position with the overdue recommendations is as follows:								
Chief Officer	Overdue Recommendation		Grading / Due Date	Position				
Head of Legal and Governance	Legal & Governance should ensure Taxi Guidance on the Council's website is revised and kept up to date (2.1.4)		Important December 2017	As reported to Committee in January 2018, the Service advised that they would be progressing this in January 2018 with the intention of taking it to Committee for approval in February 2018. The guidance will be placed on the website after. The latest update from the Service is that this will be presented to the Licensing Sub-Committee in April 2018.				
1813	EAFRD Grant Claim	October 2017	18	0	0	0	0	0
1826	Recycling	January 2018	5	2	2	0	0	0
1828	Vehicle Usage	November 2017	8	3	3	0	0	0
1829	Homeless Persons Budget	December 2017	8	7	7	0	0	0

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.

