



## REPORT TO AUDIT COMMITTEE – 20 MARCH, 2019

### PROGRESS WITH ACTIONS FROM PREVIOUS AUDIT COMMITTEE MEETINGS

#### 1 Recommendation

The Committee is recommended to:-

- 1.1 Review, discuss and comment on the update on actions agreed at previous meetings of the Committee, as detailed in Appendix 1 to the report.

#### 2 Discussion

- 2.1 This report outlines progress made with actions agreed at the meeting of the Committee held on 31 January, 2019.
- 2.2 Appropriate officers have provided information on progress made with agreed actions and these updates are set out in the Appendix to this report.
- 2.3 The Head of Finance and the Monitoring Officer within Business Services have been consulted and have no comments to make.

#### 3 Scheme of Governance

- 3.1 The Committee is able to take a decision on this item in terms of Section G.1.1 in Part 2A of the Scheme of Governance, as the committee responsible for overseeing the Council's financial management and internal audit function.

#### 4 Implications and Risk

- 4.1 An equality impact assessment is not required because the reason for this report is to provide an update to Committee on outstanding actions and there will be no differential impact, as a result of this report, on people with protected characteristics.
- 4.2 There are no staffing or financial implications arising as a result of this report.
- 4.3 The following Risks have been identified as relevant to this matter on a Corporate Level: ACORP009 Operational Risk Management – review of previous actions ensures that areas highlighted by the Committee for attention are appropriately addressed.

**Ritchie Johnson**  
**Director of Business Services**

Report by N David, Snr Committee Officer  
Date: 21 February, 2019



APPENDIX 1

PROGRESS WITH OUTSTANDING ACTIONS FROM AUDIT COMMITTEE AS AT 31 JANUARY, 2019

	Item Title	Date of Meeting	Action Agreed	Service Required to Take Action	Progress to Date
1.	Audited Annual Accounts 2017/18 for Aberdeenshire Council and Its Charitable Trusts	20 September 2018	To approve the detailed action plan contained within the Independent Auditor's Report and that a verbal report on progress towards achieving the actions be given to Audit Committee on 20 March, 2019.	Business Services	Progress will be monitored and reported back as per the agreed timeline.
2.	Audit Scotland – National Fraud Initiative in Scotland 2016/17	20 September 2018	That the Committee be involved in the self-appraisal checklist at an appropriate time.	Business Services	Working through this process, part of which is agreeing a timeline for Audit Committee's involvement.
3.	Internal Audit Reports (Public)	13 December 2018	(1) 1810 – Development session on tendering. Procurement and contract management following future meeting. (4) 1834 – Councillors' Induction - Update to be provided for next meeting.	Business Services  Business Services	To take place following meeting on 20 March (combined with workshop on Fraud).  Verbal update was provided at Committee on 31 January – now complete.
4.	Audit Scotland – Withdrawal from the EU: Key Audit Issues	13 December 2018	Briefing to Group Leaders from Director of Business Services in the New Year.	Business Services	To be compiled and issued when appropriate. Expected to be issued w/c 4 March 2019.
5.	Internal Audit Reports (exempt)	13 December 2018	AW1802 - Workshop/ Development Session on fraud	Business Services	To take place following meeting on 20 March (combined with

	Item Title	Date of Meeting	Action Agreed	Service Required to Take Action	Progress to Date
6.	Internal Audit Reports (public)	31 January 2019	<p>matters to be arranged by Director of Business Services.</p> <p><b>1915</b> – Information Session on VAT to be organised (possibly as part of Fraud Session).</p> <p><b>1919</b> – Briefing note to Committee on the amount of travel by foot or bicycle and reducing the amount of travel by car.</p> <p><b>1547</b> – An indication for next meeting of “online” implementation that has had a positive impact on overdue recommendations.</p> <p>Briefing note on the recognition of volunteers.</p> <p><b>1816</b> – Service has taken the 8 overdue recommendations as far as possible. Remaining elements of implementation to be added to Audit Plan.</p>	<p>Business Services</p> <p>Infrastructure Services</p> <p>Business Services</p> <p>Business Services</p> <p>Chief Internal Auditor</p>	<p>workshop on Contractor arrangements).</p> <p>To be included in the Fraud session following meeting on 20 March (combined with workshop on Contractor arrangements).</p> <p>The Service will issue shortly.</p> <p>Update to be provided to next meeting on 20 March. <b>(See appendix to this report)</b></p> <p>Briefing note to be circulated.</p> <p>The recommendations have been removed from the follow-up of recommendations section of Internal Audit’s routine report to Committee and the Internal Audit Plan, being presented to the Audit Committee for approval on</p>

	Item Title	Date of Meeting	Action Agreed	Service Required to Take Action	Progress to Date
7.	Audit Scotland – Correspondence and Whistleblowing – Annual Report	31 January 2019	Report to meeting of Committee on 20 September on the Council's Whistleblowing Register, reflecting on number of cases, themes, lessons learned and improvement actions.	Business Services	20 March 2019, includes a follow-up review of SSERC. Report will be submitted to meeting on 20 September 2019 as agreed.
8.	Internal Audit Reports (exempt)	31 January 2019	Housing Repairs – Director of Business Services to liaise with Director of Infrastructure Services to seek clarity on the process for staff consultation in advance of the introduction of new procedures. Thereafter, to advise Committee as appropriate.	Business Services	Briefing note to be circulated ahead of the meeting on 20 March 2019.
9.	Hard Facilities Management (Hard FM).		Agreed to refer to the Business Services Committee on 28 February, with a request that it conduct the Committee Review Process. The Business Services Committee to report their decision to the Audit Committee on 20 March.	Business Services/ Infrastructure Services	Report with decision from Business Services Committee on agenda at Item 11.

**Outstanding IA Recommendations relating to iTrent**

IA Report No.	Overdue Recommendation	Grading/Due Date	Position	Comments
1547 Attendance Management	HR&OD should review options for recording adherence to the Attendance Management Policy (2.3.5)	Important December 2015	The Committee was advised in March 2018 that this would be complete by March 2019.	This recommendation may involve utilising iTrent. Currently, the focus is on rolling out basic absence recording functionality. Once completed, scoping work will be undertaken in relation to recording adherence to the Attendance Policy e.g. recording that return to work interviews have been undertaken.
1745 Payroll System & Processes	The Service should determine the best way to grant access to the iTrent system, balancing compliance with the third principle of the Data Protection Act 1998 and the administrative costs of setting up more specific access rights (2.2.13)	Major March 2018	The Committee was advised in November 2018 that this would be completed by January 2019.	Recommendations being actively progressed as part of system security improvements and establishment of workflow processes contained within agreed project plan.
1745	The Service should undertake annual user audits to ensure user access remains appropriate (2.2.15a)	Significant March 2018	The Committee was advised in November 2018 that this would be completed by January 2019.	More detail to be provided at the presentation to next Audit Committee on 23 May 2019.
1745	As part of the first user audit, the Service should review existing users' access levels, with their line managers, to ensure they are appropriate and not excessive (2.2.15b)	Significant March 2018	The Committee was advised in November 2018 that this would be completed by March 2019.	
1745	The Service should liaise with the Payroll system supplier, to ensure authorisation of Paid Special Leave and Fixed Term Contract extensions, is reserved to staff with the required delegated authority (2.2.19)	Significant June 2018	The Committee was advised in November 2018 that this would be completed by March 2019.	
1745	A report should be developed showing all staffing costs being charged to individual	Significant March 2018	The Committee was advised in November 2018 that this	Accuracy of reports will be dependent on establishing and

IA Report No.	Overdue Recommendation	Grading/Due Date	Position	Comments
	schools, or other establishments as deemed appropriate. It should be scheduled to run on a monthly basis and be sent directly to establishments (2.6.6)		would be completed by March 2019.	maintaining the correct staffing structures within iTrent. HR&OD and E&CS have been working to improve the quality of this data through the issuing of monthly staffing reports to primary schools.
1818 Attendance Management	The Service should establish a method by which employees may submit copies of Fit Notes while retaining the original, such as accepting scans or photographs (2.1.5 a)	Significant December 2018	The Committee was advised in January 2019 that this would be complete by the end of May 2019.	These recommendations may involve utilising iTrent. Currently, the focus is on rolling out basic absence recording functionality. Once completed, scoping work will be undertaken in relation to the retention of fit notes using iTrent functionality.
1818	The Service should create a procedure covering the handling and storage of Fit Notes and the data they contain which fulfils the Council's obligations under the Data Protection Act (2.1.5 b)	Significant December 2018	The Committee was advised in January 2019 that this would be complete by the end of May 2019.	Work is ongoing to ensure that correct reporting lines are established and maintained within iTrent. This will ensure that the self-service functionality is being effectively utilised, and will allow absence trigger reports to be issued to the correct managers.
1818	HR should ensure that all reporting managers receive trigger reports (2.2.16)	Significant September 2018	The Committee was advised in December 2018 that this would be complete by March 2019.	Work is ongoing to ensure that correct reporting lines are established and maintained within iTrent. This will ensure that the self-service functionality is being effectively utilised, and will allow absence trigger reports to be issued to the correct managers.
1712 Data Protection	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 November 2016	The Committee was advised in January 2019 that this would be complete by the end of July 2020.	iTrent has been identified as a potential repository for data on volunteers, placement students, etc. Further scoping work is required to determine how such data would be held and the associated processes/procedures required.

IA Report No.	Overdue Recommendation	Grading/Due Date	Position	Comments
1804 Payroll Reconciliations	Payroll should review outstanding reconciling differences pre-dating 2016/17 and determine, in consultation, with the Head of Finance, what should be done to clear them (2.2.7a)	Significant March 2018	The Committee was advised in May 2018 that these would be completed by March 2019.	This will be discussed in more detail as part of the remit of the Volunteers Working Group, chaired by the Director of Business Services.
1804	Payroll should ensure any current year items outstanding for more than two months are investigated and cleared as soon as practically possible.	Significant March 2018	The Committee was advised in May 2018 that these would be completed by March 2019.	It has not been possible to commit the required resources within Payroll to progress these recommendations due to the ongoing demands placed on the Team arising from the implementation of iTrent. While significant progress has been made in the past 12 months with regard to rolling out iTrent functionality, many of the paper-based processes continue to be applied with the resultant impact on the Team's resources. Furthermore, experienced Team members are supporting the development, testing and rollout of new system functionality which limits their ability to undertake other tasks, including reconciliation work.