

REPORT TO THE AUDIT COMMITTEE – 20 MARCH 2019

INTERNAL AUDIT REPORTS

1. Recommendations

The Committee is requested to:

1.1 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 Creditors Payments (Internal Audit Report 1905 – February 2019)

4.1.1 The Council uses the Payables module of the Oracle Financial System to make payments to its suppliers. During financial year 2017/18 approximately 293,000 invoices were processed for payments totalling £374.3 million. Of this, approximately 94,000 payables invoices totalling £122.6 million were processed from 7 feeder systems, before interfacing with the Payables module for payment.

- 4.1.2 During 2016/17, another Scottish Local Authority identified a significant fraud perpetrated by a long serving member of staff, with extensive access to several Council systems. They combined their knowledge of these systems with their unrestricted system access privileges, to insert fictitious invoices into the creditors system for payment.
- 4.1.3 The objective of this audit was to provide assurance that there are adequate controls around the interface of payment data from named systems to the Payables module (supporting documentation for and authorisation controls over input data, segregation of duties, accuracy and reconciliation of interfaced data sent and received) and that any associated balance sheet / suspense codes are reconciled on a regular basis.
- 4.1.4 In general, control over this area was considered to be adequate. Recommendations made to enhance the control environment further have been agreed by management in relation to reviewing the adequacy of documentation detailing interface procedures, ensuring enhanced reporting of interfaced data, reviewing how amendments to data files can be better evidenced, and evidencing the timely completion of essential reconciliations.
- 4.2 Bank Reconciliations (Internal Audit Report 1913 – January 2019)**
- 4.2.1 Bank Reconciliations explain the differences at a particular point in time between the balances shown in the Council's bank statements, as supplied by the bank, and the bank balances as shown in the financial ledger.
- 4.2.2 The objective of this audit was to provide assurance that robust procedures are in place and accurate, timely reconciliations are produced for the Council's main bank accounts. In general, this was found to be the case. Written procedures were adequate for staff already aware of Council systems and processes. Training was available and a training needs analysis was in place, identifying training available and who had completed it. Arrangements were also in place to allocate responsibilities for preparation and review of bank reconciliations.
- 4.2.3 Reconciliations reviewed were, in general, clearly laid out, with reconciling items, bank statement balances and ledger balances cross referenced to supporting evidence. It was also noted that performance indicators are being regularly reported to the Revenues Manger, highlighting the number and value of reconciling items and the timeliness of completion of bank reconciliations.
- 4.2.4 Some areas were identified where improvements could be made. The Amalgamated Bank Reconciliation procedure does not fully reflect current arrangements. Evidence of bank reconciliations being prepared and reviewed in a timely manner was lacking for bank reconciliations prepared outwith the Income Management Team, and there were instances of reconciling items not being provided for investigation purposes. The Service has agreed to address these issues.

4.3 General Data Protection Regulation (Internal Audit Report 1914 – February 2019)

- 4.3.1 The General Data Protection Regulation (GDPR) and the majority of the provisions of the Data Protection Act 2018 (DPA 2018) came into force on 25 May 2018. Together this legislation replaced the Data Protection Act 1998 (DPA 1998). The new legislation introduces several major changes to former data protection legislation, including, but not limited to, increased accountability and transparency requirements, strengthened rights for individuals in relation to their own personal data, and greater penalties for breaching the requirements of the Data Protection legislation, up to a maximum of €20 million or 4% of turnover.
- 4.3.2 The objective of this audit was to provide assurance that the Council has adequate arrangements in place, that are understood throughout the organisation, to protect the Council's information. In general, this was found to be the case however a number of recommendations were agreed with the Data Protection Officer and Services to improve procedures and practice.
- 4.3.3 A number of policy and procedures were in place, describing the Council's approach to managing information held and in general these were found to be comprehensive and clear. Certain Service specific data protection procedures and corporate Information Security procedures had not been updated to account for GDPR. The Service concerned and the Data Protection Officer (DPO) have agreed to update these procedures as required.
- 4.3.4 The current completion rate for training is below the 90% previously agreed with the Information Commissioner's Office (ICO). Education and Children Services had the lowest completion rate and the Director will highlight the requirement for training to be completed at the next ECS Senior Management Team meeting to ensure the training completion rate exceeds 90% by March 2019.
- 4.3.5 A permanent Data Protection Officer (DPO) has yet to be appointed. The Principal Information Security Manager is currently acting in this role however there is a potential conflict due to the fact the data security tasks also carried out by the Acting DPO may need to be scrutinised by the DPO. In addition, the DPO within other local authorities generally sits within either Legal or Corporate Governance, since much of GDPR compliance involves identifying the legal basis for processing. However, the DPO is presently located within the ICT Service. This matter is currently under consideration by the Director of Business Services.
- 4.3.6 Where personal data relating to a data subject is collected, the Council is required by GDPR to use privacy notices to explain: the purposes of processing; the legal basis for processing; how data will be processed; and the data subjects' rights in relation to their personal data. Privacy notice errors were noted including: inappropriate or absent legal bases for collecting personal data; reference to the 1998 Act rather than GDPR; inappropriate or absent retention periods; and absence of a required

privacy notice. Services have agreed to reissue guidance on the preparation of privacy notices and ensure GDPR compliant privacy notices are in place where required.

- 4.3.7 Each Data Protection Service representative is responsible for maintaining and updating their own Information Asset Register as a record of processing activity. Data processing tasks present on privacy notices were absent from some of the registers. Instances were also noted where the legal basis for processing differed between the registers and the related privacy notices. Services have agreed to ensure all Information Asset Registers are up to date.
- 4.3.8 Data Protection Impact Assessments (DPIAs) provide evidence that Data Protection Principles have been considered when designing processes that handle personal data. DPIAs had not been completed and published on Arcadia. If DPIAs are not readily available for review, there is a risk that the Council will not be seen to be compliant with GDPR obligations and could be found liable by the ICO in cases of data breaches. All Services have agreed to upload copies of completed Data Protection Impact Assessments to Arcadia.
- 4.3.9 The Council retains physical records of personal data. Under GDPR these must also be kept secure, retained only as long as necessary, and securely destroyed. Confidential waste bins were found to be over-filled within Woodhill House and contained both confidential and non-sensitive data. Facilities have agreed to ensure confidential waste bins in Woodhill House are emptied regularly and to post notices reminding staff that confidential waste bins should only be used for the disposal of personal or sensitive information collected by the Council.
- 4.3.10 GDPR requires that where a data controller such as the Council uses a third party to process personal data (processor), the processing should be governed by a contract, binding the processor to the controller and setting out the subject matter and duration of processing, the nature and purposes of the processing, the type of personal data and categories of data subjects, and the obligations and rights of the controller. New contract terms and conditions cover GDPR considerations however there is no process for reviewing existing contracts with data processors. Service Data Protection Representatives have agreed to work with Commercial and Procurement Services and Legal and Governance, to ensure that all existing contracts are reviewed to confirm GDPR compliance, and that evidence of this is retained.
- 4.3.11 The Council holds a large number of data sharing agreements with different organisations, including Police Scotland, the NHS, and the Scottish Government, all of which need to be reviewed in light of GDPR and published on the Data Protection page on Arcadia. A sample of 10 agreements was reviewed, the majority of which were dated before May 2018, and did not appear to have been reviewed for compliance with GDPR. Services have advised that a significant amount of work has already been carried out on this project, and have agreed to ensure that reviewed agreements are published.

- 4.3.12 Security arrangements concerning pupil personal data at schools were generally found to be adequate. Whilst visiting Social Work offices it was noted that client records were stored on a shared drive at certain offices which was less secure than the electronic document and records management system (EDRMS) used in other offices, since there was an increased risk of files being moved or deleted. This was due to a lack of available licenses for the existing EDRMS system. ICT is currently procuring a replacement EDRMS system which will be used instead of the shared drive for storing client records.
- 4.3.13 Postal mail must be kept secure if it contains personal data. With the exception of Woodhill House, Council facilities staff collect and drop-off mail from Council offices to and from third-party solicitors' offices. There have been a number of instances of missing mail. In addition, arrangements for both internal and external mail at the point of delivery are ad-hoc across the Council, and post may be left on or in desks, in pigeon holes, or in departmental trays. Facilities have agreed to work with the DPO to conduct a risk assessment of mail delivery activities across the Council.

4.4 Sports Facilities (Internal Audit Report 1916 – January 2019)

- 4.4.1 The Council operates ten swimming pools, four leisure centres, four combined leisure and community centres, two outdoor ski centres and a number of halls, pavilions and all-weather pitches. In 2017/18, they incurred expenditure of £10.59 million resulting in a net cost to the Council of £5.54 million. The budget for 2018/19 has expenditure of £9.70 million and net cost of £4.20 million.
- 4.4.2 The objective of this review was to consider whether adequate control is being exercised over income, expenditure, stocks, payroll, travel and subsistence, and budget monitoring. In general, this was found to be the case, and improvements were noted in the raising of purchase orders, with a 70% reduction of instances of no purchase order or retrospective orders being raised since the last Internal Audit of Sports Facilities.
- 4.4.3 However, a number of recommendations were agreed with the Service to improve controls and efficiency. These included improving written procedures in relation to the General Data Protection Regulation and the retention of personal data, cash declaration variances, and procedures relating to refunds. The Service has also agreed to issue instructions to staff relating to various procedural compliance failings including: the raising of debtors invoices in a timely manner; raising annual purchase orders in advance where regular charges are expected; completing procurement business cases for aggregate expenditure exceeding £10,000; banking income without deduction and in a timely manner; stock control requirements; the use of pool / hire cars where available; and, the maintenance of inventories.
- 4.4.4 The Service collects personal information as part of their membership process and a privacy notice has been prepared as required by the General Data Protection Regulation and made available on the Council's website, stating that records will be kept for one year after the end of membership. However, the Leisure Management System did not include an archiving

process therefore it was still holding over 17,000 cancelled membership details dating back to 2010. The Service has indicated that a system upgrade due in November 2018 includes an archiving process which should address this issue.

- 4.4.5 Under IR35 off-payroll working rules, local authorities are required to undertake an employment status assessment for all suppliers / contractors / consultants / agency workers, etc who operate as 'self-employed' or through their own limited company. If the assessment produces an outcome indicating the individual is undertaking work on a basis similar to that of an employee, the Council is obliged to deduct tax and NI, and to pay employers NI, in the same way as for an employee. Assessments had not been carried out as expected. The Service has agreed to issue guidance in consultation with HR&OD regarding IR35 to all appropriate staff.
- 4.4.6 £1.42 million (29%) of income within Sports and Physical Activity is generated through membership fees. Of this, £1.26 million is collected through direct debit payments. Testing found that processes and procedures in place to ensure that member's payment details were kept up to date were not robust, resulting in ongoing direct debit failures. There was also no control check to ensure that BACS transfers were complete and reconciled to the membership register. The Service has been working closely with Income Management staff in Finance to ensure that these issues are addressed, and extra training has been provided to the staff responsible for these processes as a result.

4.5 Capital Plan (Internal Audit Report 1918 – March 2019)

- 4.5.1 The Council's Financial Regulations set out that the Council's Capital Plan budget preparation and management shall be developed in accordance with instructions from the Head of Finance, subject to any direction from Full Council, and after consultation with the Strategic Leadership Team.
- 4.5.2 Under Officers' delegated powers, the Head of Property & Facilities Management, following consultation with the Head of Finance will manage the delivery of the Capital Plan and deliver the Council's construction projects in accordance with the Gateway Process for and on behalf of all Services of the Council.
- 4.5.3 The Council's approach to Capital planning and programming was set out in the Corporate Asset Management Plan 2015 – 2020 incorporating the Capital Strategy 2015 – 2030, approved by the Policy and Resources Committee on 15 January 2015.
- 4.5.4 The Council's most recent 15-year Capital Budget was approved at Full Council on 8 February 2018, including £861 million of expenditure. Capital Budget Monitoring is reported quarterly.
- 4.5.5 The objective of this audit was to provide assurance over the processes in place for setting and monitoring the Council's Capital Plan. Whilst an overall approach was set out in the Corporate Asset Management Plan in 2015, this was not translated into consistent corporate procedures. As a result, current practice varies for different Services and elements of the

Capital Plan including adherence to gateway stage and change control processes, the presence and content of business cases, and the processes used for prioritising projects and elements of capital programmes.

- 4.5.6 The major construction project manual is in the process of being updated, with the intention to develop a similar manual for minor works projects. Further work is ongoing in this area as part of the Procurement Approval Process Project, which will look at the process for managing projects from inception through to completion. There is also an ongoing review of the capital plan prioritisation process.
- 4.5.7 Full Council receives quarterly Capital Budget monitoring reports. These include the profiled capital budget spend for the current financial year, revisions thereto, the current year forecast and anticipated variances, and the cumulative impact on future years planned capital expenditure. In addition, Policy Committees also receive regular financial updates on the elements of the capital plan under their remit. The Capital Plan Group monitors progress with delivering projects and meeting expenditure targets, however recommendations have been made to improve the content of reports to assist them in doing so.

4.6 Prevention of Fraud, Bribery and Corruption (Internal Audit Report 1925 – March 2019)

- 4.6.1 The Chartered Institute of Public Finance and Accountancy (CIPFA) defines fraud as “Any intentional false representation, including failure to declare information or abuse of position that is carried out to make gain, cause loss or expose another to the risk of loss” which includes many acts such as deception, bribery, forgery, extortion, corruption, theft, conspiracy, embezzlement, misappropriation, false representation, concealment of material facts, and collusion.
- 4.6.2 Aberdeenshire Council adopted the definition of “fraud” as when “someone is induced by a false pretence to do (or not do) something that they would not (or would) otherwise have done”, and also as when “actual or attempted intentional distortions of financial or other records are carried out, whether to conceal the misappropriation of assets or otherwise for personal gain”.
- 4.6.3 The Council’s internal control environment, including the Scheme of Governance and policies and procedures, provide a measure of mitigation against the risk of fraud, however that risk cannot be wholly eliminated.
- 4.6.4 Recently, the National Fraud Initiative released results from investigations for 2016/17 for Scotland which confirmed an identified £18.6 million of fraud, and £301 million for the UK for the same period.
- 4.6.5 The objective of this audit was to provide assurance that the Council’s arrangements for the prevention of fraud, bribery and corruption are adequate and proportionate. This involved a review of procedures and contacting Services to identify existing practice and identified instances of fraud.

4.6.6 The Council's strategy for the prevention and detection of fraud, bribery and corruption was last updated in 2012, and is no longer available as a reference for staff. There have been few recorded instances / allegations, however with the exception of whistleblowing, the recording process for which has recently been reviewed following comment from External Audit, there is limited public facing or internal material regarding prevention, detection, identification and reporting with regard to fraud, bribery and corruption. Fraud risk awareness, communication, records, and action may be limited as a result.

4.6.7 Finance has stated that the strategy is currently subject to a review being led by the Council's Corporate Integrity Group, and the Audit Committee will receive a workshop session covering this following its meeting in March 2019. The policy and associated communications will be updated and re-issued thereafter.

4.7 National Care Home Contract (Internal Audit Report 1930 – March 2019)

4.7.1 The National Care Home Contract (NCHC) provides for agreement between providers of care facilities and Local Authorities for the provision of care facilities for those who have been assessed as requiring residential care. The agreement sets out the contractual obligations and responsibilities of each party and sets out minimum levels of monitoring which must be carried out on the provider by the Local Authority primarily to ensure quality of care towards clients who are resident in the provider's establishment.

4.7.2 The objective of this audit was to ensure that adequate monitoring of Suppliers is occurring in order to ensure continuity and quality of service provision and that contingency plans are in place to deal with any event which may see residents either temporarily or permanently displaced from the Care Home in which they are resident.

4.7.3 Whilst there is monitoring, and the results of this activity are being used effectively, it does not currently cover all of the elements set out in the NCHC, and due to resource pressures does not always adhere strictly to the Service's own procedures and schedule. The NCHC itself is due for review as it predates changes to Procurement Legislation and the Integration of Health and Social Care. Additionally, in recognition of existing difficulties a review of monitoring procedures is already being undertaken by the Service with changes planned to be implemented by April 2019. Findings from this audit will be used to inform development of the new procedures. The Service has also agreed to further develop financial risk assessment of service providers.

4.7.4 There is currently limited assurance over external providers' contingency plans, and therefore the extent to which the Health and Social Care Partnership may be exposed to risk in the event of a closure. The Service will develop means of seeking assurance.

4.8 Aberdeenshire Integration Joint Board – Risk Management Process (Internal Audit Report 1931 – February 2019)

The following relates to an audit undertaken in the Aberdeenshire Integration Joint Board and was reported to the Integration Joint Board Audit Committee on 25 February 2019. The summary of the report is being presented to the Aberdeenshire Audit Committee under the agreed protocol for sharing Internal Audit outputs.

- 4.8.1 Risk management is the process by which risk is identified, evaluated and prioritised followed by the implementation of resources to manage, control and mitigate risks where possible. The overall aim of risk management is to reduce the frequency of risk events occurring and to minimise the impact of them when they do occur.
- 4.8.2 The operations of the Integration Joint Board (IJB) and the Aberdeenshire Health and Social Care Partnership (H&SCP) it oversees, inherently expose the organisation to risks which cannot be avoided. Risk management can be used as a means of minimising the cost and disruption to the IJB and its partner organisations, NHS Grampian and Aberdeenshire Council, when undesirable events occur.
- 4.8.3 The objective of this audit was to ensure that the IJB's risk management procedures are robust and being complied with.
- 4.8.4 To date, although drafted in advance of integration, no formal policy or procedures for risk management had been approved for use by the IJB. This has resulted in inconsistent practice in respect of risk recording, management and reporting at an operational level. Due to the cross-sector nature of the IJB it is difficult for the Service to implement a policy in isolation, therefore, the Service has agreed to implement the originally drafted policy from 2016 while work led by Aberdeen City H&SCP, progresses to review this. Procedures will be developed to support this. While this takes place, the Service has agreed that any conflicts arising from use of the policies and procedures of the parent organisations will be dealt with by the Partnership Managers and Strategic Management Team.
- 4.8.5 A corporate level risk register is in place for the IJB that is reviewed and managed through the use of online software, shared across the Partnership. The Service is still rolling out elements of this system, prioritising the roll out and training in regard to the risk register function for Partnership Managers and their support staff.

4.9 Compliance with Procurement Related Legislation and Council Regulations (Internal Audit Report 1939 – February 2019)

- 4.9.1 In January 2017, the Council approved a new Scheme of Governance which incorporated a refreshed set of Financial Regulations. The Scheme of Governance, which was updated in September 2018, delegates procurement authority to the Council's policy and area committees, and Chief Officers based on defined criteria. Financial Regulations provide more specific rules.

- 4.9.2 The objective of this audit was to ensure that the new governance arrangements have been implemented and, for a sample of suppliers, appropriate arrangements are in place for commodities procured. In relation to the sample of procurements and suppliers tested, there was a high degree of compliance with legal requirements. However, a range of issues were identified regarding compliance with the Council's own governance arrangements.
- 4.9.3 Financial Regulations require that no procurement activity be undertaken by officers unless they have been designated as a Procuring Officer by the Head of Commercial and Procurement Services. However, the process for approving such officers has not yet been finalised. Financial Regulations also require that a register of shared services be maintained based on information prescribed by the Head of Commercial and Procurement Services, but such information has not been requested from Service management. Commercial and Procurement Services has confirmed that new e-learning modules will be launched, officers approved as Procuring Officers, and a register of procuring officers maintained by the end of June 2019, whilst a register of shared services will be compiled by the end of April 2019.
- 4.9.4 A variety of breaches of the Scheme of Governance were identified in the sample of purchase orders tested including instances where there was no entry in a procurement Work Plan submitted to Committee, no Business Case or Award Report, and no entry in the Council's Contract Register where required. Further instances were identified where authority to proceed with just one tender was not evidenced. The e-learning module referred to above should help improve compliance in these areas whilst Services have committed to instructing officers regarding compliance.
- 4.9.5 Procurement business cases need to be consulted on with the "relevant service management team". Internal Audit considered that, in some cases, there was a lack of segregation involved in the service management team selected for consultation. Guidance has recently been issued that Directors are responsible for identifying the appropriate team with which consultation should be undertaken and it has been agreed that Directors will consider segregation whilst formalising arrangements.
- 4.9.6 Procurement Work Plans being considered by Committees contain new procurement activity for the coming year. Frequent supplementary work plans are being submitted to Committees during the year, indicating that procurement activity is not always being well planned or recognised in advance. It has been recommended that Services consider how such activity can be better captured in future and that all procurement activity be included, including on-going procurements that have been approved previously, to help support the budget setting process and improve clarity regarding annual procurement spend. The Procurement Approval Process Project will consider which procurement activity should be included in the Work Plans and Services have agreed to review their processes for capturing such activity.

- 4.9.7 The Council's Contracts Register system can hold documentation relating to each contract recorded. This helps enhance the audit trail and provides assurance that the required governance arrangements have been complied with. Services have agreed to ensure that each entry in the system is supported by appropriate documentation.
- 4.9.8 In order to ensure that appropriate contract reference numbers are recorded against purchase orders for £10,000 and over, as required by Financial Regulations, Finance arranged for a data field in the procurement system to be mandatory and provided guidance on how to complete this with a contract reference. A review of orders for £10,000 or more showed that, despite not being completed with contract references in the prescribed format, the orders were being approved by Chief Officers. Services have agreed to issue instructions regarding this.
- 4.9.9 Internal Audit has reported regularly on the volume of purchase orders being raised retrospectively, in contravention of the requirements of the Council's Financial Regulations. In order to address this issue, Finance arranged to issue reports to Services providing data relating to such orders. During 2017/18, 1.36% of invoices paid were supported with a retrospective purchase order compared with 1.39% in 2016/17 and 1.48% in 2015/16. Instructions were issued that entries on the provided reports should be investigated and action taken should be recorded in the reports. Whilst Services have stated that action is taken, there was little evidence of this having been recorded in the reports. Data shows that improvements have been made in some service areas with the number of retrospective orders falling. However, others have shown little improvement or small increases. Services have agreed to review their processes for investigating and recording action in order to demonstrate that appropriate action is being taken and instruction given. Finance will monitor completion of the reports and remind Services of the requirements where they are not updated.
- 4.9.10 Some of the payments tested during the audit were confirmed to be grant payments which had been recorded in the Contracts Register. These should have been recorded in the Grant Register with the payments having been subject to certain checks as detailed in the Council's Following the Public Pound Code of Practice before payment. Evidence of compliance in this respect could not be provided. It has been agreed that updated guidance will be issued to Services regarding the recording of grants, and that Finance will ensure that grants recorded in the register have been subject to the requirements of the Code of Practice.
- 4.9.11 Unlike procurement expenditure, grants, along with some other types of payment, in excess of the Council's procurement thresholds can be approved by officers without reference to Committee. The different governance arrangements that are in place result in a confused landscape and give an opportunity to classify some expenditure differently, potentially enabling an approval route which may have less scrutiny. It has been agreed that the Procurement Approval Process Project will consider whether it would be beneficial to have the same parameters and approval processes set in relation to all Council expenditure.

5. Progress with agreed recommendations

- 5.1 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.
- 5.2 Where it has been confirmed that all actions contained in reports issued before April 2018 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.
5 March 2019.

APPENDIX A

POSITION WITH AGREED RECOMMENDATIONS AS AT 15 JANUARY 2019

SUMMARY

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

On 31 January 2019, the Committee was advised that, as at 15 January 2019, there were 52 recommendations which were due to have been completed by 31 December 2018 which were not fully complete. This has reduced to 30.

The total not fully complete, which had an original due date of before 31 January 2019, is 32. 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 31.10.18	Confirmed complete by Service	New in January 2019	Confirmed complete by Service	Not fully complete by original due date	Major	Significant	Important	
Cross Service	33	22	20	0	0	2	0	1	1	
Business Services	238	188	166	4	3	23	1	16	6	
Health & Social Care	55	24	23	0	0	1	1	0	0	
Education and Children's Services	103	50	49	27	26	2	0	1	1	
Infrastructure Services	95	62	58	1	1	4	0	2	2	
Total	524	346	316	32	30	32	2	20	10	

APPENDIX B

POSITION WITH AGREED RECOMMENDATIONS AS AT 5 MARCH 2019

Report Number	Report Title	Date Issued	Agreed in Report	Number of Recommendations			Grading of overdue recommendations
				Due for implementation by 31.01.19	Confirmed Implemented by Service	Not implemented by original due date	

CROSS SERVICE

1819	Climate Change Action Plan	November 2017	10	7	6	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 Customer Communication and Improvement	Combined Impact Appraisal Screening should be developed and implemented (2.1.14)	Important June 2018	<ul style="list-style-type: none"> The Committee was advised in September 2018 that this would be complete by December 2018. The Committee was advised in January 2019 that this would be complete by the end of June 2019.

Report Number	Report Title	Date Issued	Agreed in Report	Number of Recommendations			Grading of overdue recommendations
				Due for implementation by 31.01.19	Confirmed Implemented by Service	Not implemented by original due date	

CROSS SERVICE (continued)

1906	Timesheets and Allowances	August 2018	23	15	14	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	Payroll should review the process of checking the payroll against set parameters between pay runs to ensure that adequate assurance is provided by the controls in place (2.2.5).	Significant October 2018	<ul style="list-style-type: none"> The Committee was advised in December 2018 that this would be complete by March 2019.

Report Number	Report Title	Date Issued	Agreed in Report	Number of Recommendations			Grading of overdue recommendations
				Due for implementation by 31.01.19	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	<ul style="list-style-type: none"> The Committee was advised in March 2016 that this would be completed by April 2016. The Committee was advised in July 2016 that this would be complete by August 2016. The Committee was advised in September 2016 that this would be complete by November / December 2016. The Committee was advised in February 2017 that this would be complete by December 2017. The Committee was advised in March 2018 that this would be complete by March 2019.

Report Number	Report Title	Date Issued	Agreed in Report	Number of Recommendations			Grading of overdue recommendations
				Due for implementation by 31.01.19	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
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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 implement a solution to current non-compliance at the earliest opportunity (2.5.2)	Significant March 2017	<ul style="list-style-type: none"> The Committee was advised in July 2017 that this would be completed by February 2018. The Committee was advised in May 2018 that this would be completed by June 2018. The Committee was advised in September 2018 that this would be completed by December 2018. The Committee was advised in January 2019 that this would be complete by the end of April 2019.

Report Number	Report Title	Date Issued	Agreed in Report	Number of Recommendations			Grading of overdue recommendations
				Due for implementation by 31.01.19	Confirmed Implemented by Service	Not implemented by original due date	

BUSINESS SERVICES (continued)

1712	Data Protection	October 2016	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	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	<ul style="list-style-type: none"> The Committee was advised in February 2017 that this would be completed by September 2017. The Committee was advised in December 2017 that this would be completed by March 2018. The Committee was advised in July 2018 that this would be completed by September 2018. The Committee was advised in September 2018 that this would be completed by December 2018. The Committee was advised in January 2019 that this would be complete by the end of July 2020.

Report Number	Report Title	Date Issued	Number of Recommendations			
			Agreed in Report	Due for implementation by 31.01.19	Confirmed Implemented by Service	Not implemented by original due date

BUSINESS SERVICES (continued)

1713	Electronic Document Management System	November 2016	8	8	7	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 data is not held longer than required in line with the data protection act (2.6.5)	Important March 2018	<ul style="list-style-type: none"> The Committee was advised in May 2018 that this would be completed by June 2018. The Committee was advised in September 2018 that this would be completed by February 2020. 					

1735	Budget Monitoring	July 2017	6	6	5	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 ensure that the revenue budget monitoring and budget holder information is up to date, consistent and accurate (2.1.5).	Significant December 2017	<ul style="list-style-type: none"> The Committee was advised in March 2018 that this would be completed by June 2018. The Committee was advised in September 2018 that this would be completed by November 2018. The Committee was advised in January 2019 that this would be complete by the end of February 2019. 	<p>The latest update is that Infrastructure Services will be complete by the end of March 2019. Internal Audit is awaiting an update relating to the H&SCP.</p>				

Report Number	Report Title	Date Issued	Agreed in Report	Number of Recommendations			Grading of overdue recommendations
				Due for implementation by 31.01.19	Confirmed Implemented by Service	Not implemented by original due date	

BUSINESS SERVICES (continued)

1743	Deployment of Microsoft Technology	June 2017	3	3	2	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 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	<ul style="list-style-type: none"> The Committee was advised in January 2018 that this would be completed by June 2018. The Committee was advised in September 2018 that this would be completed by March 2020 (re schools) although ICT is trying to bring this forward.

Report Number	Report Title	Date Issued	Number of Recommendations			
			Agreed in Report	Due for implementation by 31.01.19	Confirmed Implemented by Service	Not implemented by original due date

BUSINESS SERVICES (continued)

1745	Payroll System and Processes	October 2017	21	21	16	5	1 Major 4 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 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	<ul style="list-style-type: none"> The Committee was advised in May 2018 that this would be completed by October 2018. The Committee was advised in November 2018 that this would be completed by January 2019. <p>The latest update from the Service is that the work associated with this recommendation is included within the 'Security Improvements' work package which is being actively progressed as part of the agreed project plan for the development of iTrent and will be completed by April 2019.</p>
Head of HR & OD	The Service should undertake annual user audits to ensure user access remains appropriate (2.2.15a)	Significant March 2018	<ul style="list-style-type: none"> The Committee was advised in May 2018 that this would be completed by October 2018. The Committee was advised in November 2018 that this would be completed by January 2019. <p>The latest update from the Service is that the work associated with this recommendation is included within the 'Security Improvements' work package which is being actively progressed as part of the agreed project plan for the development of iTrent and will be completed by April 2019.</p>

Report Number	Report Title	Date Issued	Number of Recommendations			
			Agreed in Report	Due for implementation by 31.01.19	Confirmed Implemented by Service	Not implemented by original due date

BUSINESS SERVICES (continued)

(1745 – Payroll System and Processes – Continued)					
Chief Officer	Overdue Recommendation	Grading / Due Date	Position	Grading / Due Date	Position
Head of HR & OD	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	<ul style="list-style-type: none"> The Committee was advised in May 2018 that this would be completed by October 2018. The Committee was advised in November 2018 that this would be completed by March 2019. 	Significant June 2018	<ul style="list-style-type: none"> The Committee was advised in May 2018 that this would be completed by October 2018. The Committee was advised in November 2018 that this would be completed by March 2019.
Head of HR&OD	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	<ul style="list-style-type: none"> The Committee was advised in May 2018 that this would be completed by October 2018. The Committee was advised in November 2018 that this would be completed by March 2019. 	Significant June 2018	<ul style="list-style-type: none"> The Committee was advised in May 2018 that this would be completed by October 2018. The Committee was advised in November 2018 that this would be completed by March 2019.

Report Number	Report Title	Date Issued	Agreed in Report	Number of Recommendations			Grading of overdue recommendations
				Due for implementation by 31.01.19	Confirmed Implemented by Service	Not implemented by original due date	

BUSINESS SERVICES (continued)

(1745 – Payroll System and Processes – Continued)						
Chief Officer	Overdue Recommendation	Grading / Due Date	Position			
Head of HR & OD	A report should be developed showing all staffing costs being charged to individual 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)	Significant March 2018	<ul style="list-style-type: none"> The Committee was advised in May 2018 that this would be completed by October 2018. The Committee was advised in November 2018 that this would be completed by March 2019. 			

Report Number	Report Title	Date Issued	Agreed in Report	Number of Recommendations			Grading of overdue recommendations
				Due for implementation by 31.01.19	Confirmed Implemented by Service	Not implemented by original due date	

BUSINESS SERVICES (continued)

1804	Payroll Reconciliations	August 2017	4	4	2	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	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	<ul style="list-style-type: none"> The Committee was advised in May 2018 that these would be completed by March 2019.
Head of HR & OD	Payroll should ensure any current year items outstanding for more than two months are investigated and cleared as soon as practically possible (2.2.7b)	Significant March 2018	

1814	Social Work Tendering	November 2017	13	9	9	0	0
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1817	Balance Sheet Code Monitoring	August 2018	5	3	3	0	0
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Report Number	Report Title	Date Issued	Number of Recommendations			
			Agreed in Report	Due for implementation by 31.01.19	Confirmed Implemented by Service	Not implemented by original due date

BUSINESS SERVICES (continued)

1818	Attendance Management	May 2018	13	11	7	4	3 Significant 1 Important
The position with the overdue recommendation is as follows:							
Chief Officer	Overdue Recommendation	Grading / Due Date	Position				
Head of HR&OD	The Service should review Attendance Management procedures / guidance, update as appropriate and ensure that these are regularly reviewed in future (2.1.2)	Important August 2018	<ul style="list-style-type: none"> The Committee was advised in November 2018 that this would be completed by March 2019. 				
Head of HR&OD	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	<ul style="list-style-type: none"> The Committee was advised in January 2019 that this would be complete by the end of May 2019. 				
Head of HR&OD	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	<ul style="list-style-type: none"> The Committee was advised in January 2019 that this would be complete by the end of May 2019. 				

Report Number	Report Title	Date Issued	Agreed in Report	Number of Recommendations			Grading of overdue recommendations
				Due for implementation by 31.01.19	Confirmed Implemented by Service	Not implemented by original due date	

BUSINESS SERVICES (continued)

(1818 – Attendance Management – Continued)							
Chief Officer	Overdue Recommendation	Grading / Due Date	Position				
Head of HR&OD	HR should ensure that all reporting managers receive trigger reports (2.2.16)	Significant September 2018	<ul style="list-style-type: none"> The Committee was advised in November 2018 that work is underway to correct reporting relationships recorded in iTrent. The Committee was advised in December 2018 that this would be complete by March 2019. 				
1823	System Recovery	June 2018	5	5	0		0
1831	Pensions	January 2018	4	4	0		0
1832	Mobile Phones Contract	May 2018	9	9	0		0

Report Number	Report Title	Date Issued	Agreed in Report	Number of Recommendations			Grading of overdue recommendations
				Due for implementation by 31.01.19	Confirmed Implemented by Service	Not implemented by original due date	

BUSINESS SERVICES (continued)

1835	Partnerships and Joint Working	January 2018	8	4	3	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 Customer Communication and Improvement	Services should review arrangements to determine which fall within the Policy's definition of a Partnership (2.3.3b).	Significant September 2018	<ul style="list-style-type: none"> The Committee was advised in November 2018 that this would be completed by November 2018. The Committee was advised in January 2019 that this would be complete by the end of April 2019.

Report Number	Report Title	Date Issued	Agreed in Report	Number of Recommendations			Grading of overdue recommendations
				Due for implementation by 31.01.19	Confirmed Implemented by Service	Not implemented by original due date	

BUSINESS SERVICES (continued)

1837	HR Leavers Procedures	January 2018	11	9	7	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	The Employee Exit Information procedure should be updated to indicate who has responsibility for issuing exit questionnaires once HR&OD conclude their review of the procedure (2.1.3).	Important September 2018	<ul style="list-style-type: none"> The Committee was advised in November 2018 that progress with this will be reviewed in June 2019.
Head of HR&OD	Consideration should be given to amalgamate the AskFRED leavers form with the AskHR leavers form to avoid the requirement for 2 forms (2.3.5 b)	Significant December 2018	<ul style="list-style-type: none"> The Committee was advised in January 2019 that this would be complete by the end of April 2019.

Report Number	Report Title	Date Issued	Number of Recommendations				Grading of overdue recommendations
			Agreed in Report	Due for implementation by 31.01.19	Confirmed Implemented by Service	Not implemented by original due date	

BUSINESS SERVICES (continued)

1838	Change Management	June 2018	9	9	9	0	0
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1840	Councillors' Code of Conduct	June 2018	3	3	2	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 Legal and Governance	The Service should set out a clear framework for dealing with allegations of misconduct (2.1.9)	Significant January 2019	The Service has advised that the Framework is in final drafting stages with only minor final amendments to be made. This will be complete by the end of March 2019.

1841	Budget Setting Process	November 2018	5	4	4	0	0
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1843	Changes in Government Policy, Legislation, etc	May 2018	2	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 31.01.19	Confirmed Implemented by Service	Not implemented by original due date	

BUSINESS SERVICES (continued)

1844	Estate Rationalisation	October 2018	5	1	1	0	0
1849	Hard FM Contract	October 2018	9	9	9	0	0
1851	Fixed Asset Register	November 2018	3	3	3	0	0
1852	City Region Deal	November 2018	4	4	4	0	0
1903	Temporary Contracts	July 2018	9	4	4	1	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 review the Contracts Information Fixed-term Guidance to ensure that it reflects current arrangements (2.1.4).	Important August 2018	<ul style="list-style-type: none"> The Committee was advised in November 2018 that this would be completed by March 2019.

Report Number	Report Title	Date Issued	Number of Recommendations				Grading of overdue recommendations
			Agreed in Report	Due for implementation by 31.01.19	Confirmed Implemented by Service	Not implemented by original due date	
1904	Sale of Land and Property	November 2018	6	5	5	0	0
1907	Cleaning Payroll	September 2018	9	9	9	0	0
1908	Year-End Cut-Off Procedures	October 2018	8	3	3	0	0
1909	Printing Contract	January 2019	8	1	1	0	0
1913	Bank Reconciliations	January 2019	6	0	0	0	0
1915	VAT	December 2018	3	1	1	0	0

BUSINESS SERVICES (continued)

Report Number	Report Title	Date Issued	Agreed in Report	Number of Recommendations			Grading of overdue recommendations
				Due for implementation by 31.01.19	Confirmed Implemented by Service	Not implemented by original due date	

BUSINESS SERVICES (continued)

1917	Agency Staff Contract	October 2018	11	11	10	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 Commercial and Procurement Services	The Service should ensure Services which use agency workers are consulted during development of a regional framework (2.2.8)	Important November 2018	<ul style="list-style-type: none"> The Committee was advised in November 2018 that this would be completed by March 2019.

Report Number	Report Title	Date Issued	Number of Recommendations			
			Agreed in Report	Due for implementation by 31.01.19	Confirmed Implemented by Service	Not implemented by original due date

HEALTH & SOCIAL CARE PARTNERSHIP

AW1801	Community Hospital and Home Care Staff Costs	May 2018	17	0	0	0	0
1845	Joint Occupational Therapy Store	June 2018	17	16	15	1	1 Major

The position with the overdue recommendations is as follows:

Chief Officer	Overdue Recommendation	Grading / Due Date	Position
Chief Officer IJB / Head of Commercial and Procurement Services	The Service, in conjunction with Commercial & Procurement Services, should ensure all supplies of over £50,000 are approved at the appropriate level, subject to an appropriately tendered contract, and recorded on the contracts register (2.3.9)	Major December 2018	<ul style="list-style-type: none"> The Committee was advised in January 2019 that this would be complete by the end of July 2019.

1920	Financial Assessments	November 2018	21	8	8	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 31.01.19	Confirmed Implemented by Service	Not implemented by original due date	

EDUCATION & CHILDREN'S SERVICES

1606	Education Lets	December 2015	11	11	10	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 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	<ul style="list-style-type: none"> The Committee was advised in July 2018 that this recommendation would be resolved by April 2019.

1821	Community Centres	May 2018	15	13	13	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 31.01.19	Confirmed Implemented by Service	Not implemented by original due date	

EDUCATION & CHILDREN'S SERVICES (continued)

1836	Catering Procurement	May 2018	10	10	9	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 Education	The Service should review the procurement strategy for bakery products with Commercial and Procurement Services (2.1.13)	Significant January 2019	The Service has advised that this will take until the end of April 2019 to complete as they are awaiting more information regarding a potential national framework.

1847	Pupil Equity Fund	August 2018	9	8	8	0	0
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1901	Education Maintenance Repairs	November 2018	9	7	7	0	0
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1916	Leisure Facilities	January 2109	27	20	20	0	0
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1921	Catering Income	October 2018	5	2	2	0	0
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1929	Primary Schools	January 2019	17	6	6	0	0
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Report Number	Report Title	Date Issued	Number of Recommendations			
			Agreed in Report	Due for implementation by 31.01.19	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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1747	Housing Repairs Year End Stock Checks	August 2017	6	6	3	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 Housing	A full review of the year end procedures should be undertaken, to include conforming with the Corporate year end timetable (2.1.3)	Important March 2018	<ul style="list-style-type: none"> The Committee was advised in May 2018 that this would be completed by March 2019.
Head of Housing	Stock count procedures should be updated to highlight the importance of counting stock in the absence of stock system totals (2.2.2)	Important March 2018	<ul style="list-style-type: none"> The Committee was advised in May 2018 that this would be completed by March 2019.
Head of Housing	The Service should investigate current stock price variations compared to average stock prices which exceed 10% on a regular basis (2.6.3)	Significant March 2018	<ul style="list-style-type: none"> The Committee was advised in May 2018 that this would be completed by March 2019.

Report Number	Report Title	Date Issued	Number of Recommendations			
			Agreed in Report	Due for implementation by 31.01.19	Confirmed Implemented by Service	Not implemented by original due date

INFRASTRUCTURE SERVICES (continued)

1748	Car Park Income	March 2018	11	11	10	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 Transportation	The Service should review and agree appropriate governance arrangements regarding the write-off of Excess Charge Notices with Finance and Legal & Governance, and ensure Committee approval is sought for any change in policy (2.5.6)	Significant November 2018	<ul style="list-style-type: none"> The Committee was advised in January 2019 that this would be complete by the end of February 2019. <p>The latest update from the Service is that the Transportation Management Team has agreed a procedure for processing ECN appeals and cancellations. This will now be discussed with the Head of Finance in March 2019.</p>

1810	Housing Tendering Procedures	November 2018	4	0	0	0	0
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1828	Vehicle Usage	November 2017	8	4	4	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 31.01.19	Confirmed Implemented by Service	Not implemented by original due date	
1839	Quarries	October 2018	16	13	13	0	0
1842	Roads Tendering	October 2018	17	8	8	0	0
1846	Town Regeneration	July 2018	5	4	4	0	0
AW1901	Sheltered Housing Guest Room Income	May 2018	8	8	8	0	0
1911	European Agricultural Fund for Rural Dev	October 2018	7	2	2	0	0
1919	Active Travel	November 2018	6	1	1	0	0

INFRASTRUCTURE SERVICES (continued)

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.

