

REPORT TO THE AUDIT COMMITTEE – 4 JULY 2019

INTERNAL AUDIT REPORTS

1. Recommendations

The Committee is requested to:

1.1 Acknowledge that two recommendations in Internal Audit Report 1903, Temporary Employee Contracts (reference 2.6.7 (b) and (c)) will not now be implemented by management; and to otherwise

1.2 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 Roads Project Management (Internal Audit Report 1853 – June 2019)

4.1.1 Aberdeenshire Council's roads network includes over 3,436 miles of carriageways, 976 miles of footways, 1,302 bridges, 44,775 streetlights and 54 sets of traffic signals. The Head of Roads, Landscape and Waste Services is responsible for ensuring that these are maintained. The

Council's 2017/18 Revenue Budget included £16,716,000 for Roads and Bridge Maintenance and there was a Capital Budget provision for 2017/18 of £13,392,000.

- 4.1.2 The Council aims to maintain the roads network in a 'steady state' within this budget provision. Performance is reviewed annually in the Scottish Road Maintenance Condition Survey (SRMCS). In 2017 the Roads Condition Index (RCI), which indicates the percentage of the network that should be considered for maintenance, ranked Aberdeenshire 2nd amongst Scottish roads authorities in terms of the proportion of its roads deemed to be in 'acceptable condition'. In 2015, the Society of Chief Officers of Transportation for Scotland (SCOTS) estimated the value of Aberdeenshire's maintenance backlog at £121.1 million.
- 4.1.3 The 'Well-managed Highway Infrastructure: Code of Practice' was issued by the UK Roads Liaison Group (UKRLG) in October 2016 and provides an overall framework within which Roads authorities can manage road work projects. It encourages a risk-based, targeted, flexible and responsive service which avoids 'gold plating,' creates budget efficiencies and protects against legal challenge through an evidence-based approach. Where project management is effective, the Council will be more able to maintain the condition and quality of the roads network.
- 4.1.4 The objective of this audit was to determine whether Civil Engineering Project Management and Job Control processes are sufficient to ensure projects are delivered on budget, on brief and on time. At the time the audit was carried out the Service was in the process of migrating from a paper-based system to a series of connected spreadsheets. Although in principle this could have provided more accessible, timely and reliable information, it was not well documented and applied. Having learned lessons from this pilot process, the Service now plans to roll out a new app-based system for project management. This is intended to capture additional data, and aid in performance management, monitoring and reporting.
- 4.1.5 The Code of Practice recommends prioritising works and resources based on the criticality and risk associated with each asset within the network as a whole, over an appropriate timeframe. Currently the Service operates separate annual Works Programmes for Road Maintenance and Bridge Maintenance across each Area, with the Area level allocation based on high level assumptions of need, and thereafter derived based on local knowledge of demands and needs, which could limit opportunities to efficiently address cross-network issues. The Service has agreed to review the budget provision and allocation model to consider the Aberdeenshire network as a whole and recommend any changes to the Infrastructure Services Committee and is reviewing options to enhance scheduling.

4.2 Benefits (Internal Audit Report 1936 – June 2019)

- 4.2.1 Housing Benefit (HB) and Council Tax Reduction (CTR) are means tested social security benefits intended to help meet housing costs for rented accommodation and the cost of Council Tax. Currently, the Council manages a caseload of approximately 10,900 Housing Benefit cases, and

approximately 12,600 Council Tax Reduction cases. The caseloads are managed by the Aberdeenshire Council Support and Advice Team (ASAT).

- 4.2.2 Local authorities reclaim most of the HB they have paid to claimants from the Department for Work and Pensions (DWP) by submitting subsidy claims certified by the appointed external auditor. Each Local Authority receives funding for the CTR scheme as part of the Revenue Support Grant. In 2018/19, the Council made payments of £40.214 million for HB and £7.668 million for CTR and had a HB subsidy claim for £39.900 million and received Revenue Support Grant for CTR of £8.577 million.
- 4.2.3 The objective of this audit was to consider whether benefits being paid to claimants are supported by appropriate documentary evidence, that the calculation of benefit is accurate, and that it has been properly recorded for subsidy purposes.
- 4.2.4 Internal Audit tested a sample of new, cancelled, and back-dated claims; overpayments resulting from changes in circumstances; and reconciliations. All claims tested were supported by the appropriate documentary evidence and were appropriately recorded for subsidy purposes. Some recommendations have been made and agreed with management to assist in improving the accuracy of benefit payments made.

4.3 Approved Budget Savings (Internal Audit Report 1938 – June 2019)

- 4.3.1 The Council is required under section 108(2) of the Local Government (Scotland) Act 1973 and Section 93(3) of the Local Government Finance Act 1992 to set a balanced budget each year. The Head of Finance is responsible for ensuring this is done. Aberdeenshire Council approved a balanced budget of £542,885,000 in February 2018. In order to achieve this balance, £17,253,000 of savings were agreed through budget setting process.
- 4.3.2 The objective of this audit was to determine whether Services have appropriate procedures in place to manage and monitor achievement of approved budget savings.
- 4.3.3 The focus for Services has remained on service delivery to meet the Council's Priorities within available resources. Whilst Services are aware of the savings which need to be made, there has been no consistent method of monitoring their implementation separate from achievement of a within budget outturn. As a result, it is not always clear that specific savings actions, agreed as part of policy decisions made by Full Council at its February budget setting meeting, have been implemented in full.
- 4.3.4 In response to recommendations from Internal and External Audit, Finance has agreed to implement consistent savings progress monitoring reporting within the suite of budget monitoring reports provided on a regular basis to Policy Committees.
- 4.3.5 Finance considers that detailed action plans will only be necessary where actions need to be specifically project managed, and the nature of those actions, and how they should be managed, is best selected by the relevant

Service. There remains a risk that without plans against which to measure, savings progress monitoring may not highlight issues sufficiently in advance.

- 4.3.6 Services report to, and are held to account at, Policy Committees for their financial performance. Material variances to agreed budgets, and proposals for their resolution through alternative options, where required, will be included within the monitoring reports.

4.4 Very Sheltered Housing (Internal Audit Report 1942 – May 2019)

- 4.4.1 There are 6 Very Sheltered Housing establishments across Aberdeenshire located in Banchory, Banff, Fraserburgh, Inverurie, Mintlaw and Turriff. These provide a secure, sheltered environment for older people, people with disabilities or people at risk, helping them keep their independence and privacy while providing care and support.
- 4.4.2 For 2018/19 budgeted expenditure for the Very Sheltered Housing Service was £3.75 million net of £1.4 million of income.
- 4.4.3 The objective of the audit was to provide assurance that income, expenditure, inventories, and tenant's records were adequately controlled. Procedures in use varied between establishments and would benefit from standardisation (where appropriate), and a number of minor errors were identified in their application.
- 4.4.4 The Service has agreed to redistribute existing guidance and review elements specific to Very Sheltered Housing, particularly where there has been variation in practice, including: mail procedures, tenants information packs and checklists, guest room bookings, amenity fund administration, staff meals, use of purchase cards, and maintenance of inventories. Consideration will also be given to the ongoing need for petty cash.
- 4.4.5 For payments to staff, supporting records are not always consistently maintained. Although all timesheets are authorised, it would be difficult for managers to fully reconcile hours claimed with hours worked. Two payroll overpayments and one underpayment were identified and have been corrected. A review of how the timesheet process is working will be undertaken by the Service to ensure it remains effective, and managers will be reminded of the existing requirements in the interim.
- 4.4.6 The Service leases 4 of 6 very sheltered housing establishments. Records are not typically maintained by the Service of chargeable activities under the leases, and invoices are not typically reconciled with the agreements prior to making payment. The Service is reviewing asset management (leasing) and will include these leases within the scope of that work.

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 2019 have been fully completed, these reports are no longer shown.
- 5.1.3 Two recommendations agreed by management in Internal Audit report 1903, Temporary Employee Contracts, are not now going to be implemented. The details relating to these recommendations are shown in appendix B (pages 23 and 24 of this report). In view of this, it is being recommended that the Committee acknowledge that the recommendations will be closed off.

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.
18 June 2019.

APPENDIX A

POSITION WITH AGREED RECOMMENDATIONS AS AT 18 JUNE 2019

SUMMARY

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

On 24 May 2019, the Committee was advised that, as at 8 May 2019, there were 44 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 May 2019, is 50. Full details relating to progress, on a report by report basis, are shown in appendix B.

Recommendations							Grading of Overdue Recommendations		
SERVICE	Agreed in reports shown in Appendix B	Due for completion by 31.03.19	Confirmed complete by Service	New in April and May 2019	Confirmed complete by Service	Not fully complete by original due date	Major	Significant	Important
Cross Service	33	30	29	0	0	1	0	0	1
Business Services	231	149	124	26	10	41	1	29	11
Health & Social Care	47	25	24	0	0	1	1	0	0
Education and Children's Services	78	48	47	23	20	4	0	3	1
Infrastructure Services	55	39	37	7	6	3	0	3	0
Total	444	291	261	56	36	50	2	35	13

APPENDIX B

POSITION WITH AGREED RECOMMENDATIONS AS AT 18 JUNE 2019

Report Number	Report Title	Date Issued	Number of Recommendations				Grading of overdue recommendations
			Agreed in Report	Due for implementation by 31.05.19	Confirmed Implemented by Service	Not implemented by original due date	

CROSS SERVICE

1819	Climate Change Action Plan	November 2017	10	8	7	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. <p>The latest update from the Service is that a PESCL (Pre Scoping Checklist) was approved by ICT Management Team which has allowed the service to move forward in terms of gathering data from services internally and other local authorities. Potential solutions will be evaluated, and a business case will be developed for Business Services Leadership Team and ICT Management Team. This will now be complete by the end of December 2019.</p>

1906	Timesheets and Allowances	August 2018	23	22	22	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 31.05.19	Confirmed Implemented by Service	Not implemented by original due date	

BUSINESS SERVICES

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. The Committee was advised in May 2019 that this would be complete by the end of June 2019.

Report Number	Report Title	Date Issued	Number of Recommendations				Grading of overdue recommendations
			Agreed in Report	Due for implementation by 31.05.19	Confirmed Implemented by Service	Not implemented by original due date	

BUSINESS SERVICES (continued)

1712	Data Protection	October 2016	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	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				Grading of overdue recommendations
			Agreed in Report	Due for implementation by 31.05.19	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
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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 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.

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.

			Number of Recommendations				
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Report Number	Report Title	Date Issued	Agreed in Report	Due for implementation by 31.05.19	Confirmed Implemented by Service	Not implemented by original due date	Grading of overdue recommendations
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BUSINESS SERVICES (continued)

1745	Payroll System and Processes	October 2017	21	21	17	4	1 Major 3 Significant
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The position with the overdue recommendations is as follows:

Chief Officer	Overdue Recommendation	Grading / Due Date	Position
Head of HR & OD	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. The Committee was advised in March 2019 that this would be completed by April 2019. The Committee was advised in May 2019 that this would be completed by July 2019.
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. The Committee was advised in March 2019 that this would be completed by April 2019. The Committee was advised in May 2019 that this would be completed by July 2019.

Report Number	Report Title	Date Issued	Number of Recommendations				Grading of overdue recommendations
			Agreed in Report	Due for implementation by 31.05.19	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	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. The Committee was advised in May 2019 that this would be completed by July 2019.
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. The Committee was advised in May 2019 that this would be completed by June 2019.

Report Number	Report Title	Date Issued	Number of Recommendations				Grading of overdue recommendations
			Agreed in Report	Due for implementation by 31.05.19	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. The Committee was advised in May 2019 that this would be completed by June 2019. <p>The latest update from the Service is that in order to progress this recommendation, existing HR&OD staff are to be temporarily transferred to Payroll to assist. It is anticipated that this will allow these tasks to be completed by September 2019.</p>
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	<ul style="list-style-type: none"> The Committee was advised in May 2018 that these would be completed by March 2019. The Committee was advised in May 2019 that this would be completed by December 2019.

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

1814	Social Work Tendering	November 2017	13	13	11	2	2 Significant
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The position with the overdue recommendation is as follows:

Chief Officer	Overdue Recommendation	Grading / Due Date	Position
Head of Commercial and Procurement Services	The Service should ensure that the contracts register is complete and in accordance with legislative requirements (2.4.4)	Significant February 2019	<ul style="list-style-type: none"> The Committee was advised in May 2019 that this would be completed by February 2020.
Head of Commercial and Procurement Services	The Service in conjunction with the CareFirst Team should review options for reconciling service agreements and payments with the contracts register (2.4.8)	Significant April 2019	The Service has advised that they cannot perform reconciliations until a new contract management system is in place. This will now be complete by April 2020.

Report Number	Report Title	Date Issued	Number of Recommendations				Grading of overdue recommendations
			Agreed in Report	Due for implementation by 31.05.19	Confirmed Implemented by Service	Not implemented by original due date	

BUSINESS SERVICES (continued)

1817	Balance Sheet Code Monitoring	August 2018	5	5	3	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 Finance	The utilities suspense accounts should be cleared (2.5.5)	Significant March 2019	<ul style="list-style-type: none"> The Committee was advised in May 2019 that this would be completed by September 2019.
Head of Finance	The Service should review payroll reconciliation files on a monthly basis and retain evidence that this has been completed (2.5.8)	Important March 2019	<ul style="list-style-type: none"> The Committee was advised in May 2019 that this would be completed by September 2019.

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

1818	Attendance Management	May 2018	13	13	9	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	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. The Committee was advised in May 2019 that this would be completed by June 2019.
Head of HR&OD	HR should roll out the People Manager module to all Services as soon as possible (2.2.15)	Important April 2019	The Service has advised that the agreed project plan (May – July 2019) focuses on the provision of ESS accounts to all staff thus providing access to online payslips, which in turn, will allow notice to be served on the cessation of paper payslips. During the post July period, HR&OD will continue working through a PM rollout and ESS upgrade programme with the aim of implementing self-service functionality i.e. online travel & subsistence claims and absence recording across all remaining service areas by 31 March 2020, with online timesheets being rolled out thereafter.

Report Number	Report Title	Date Issued	Number of Recommendations				Grading of overdue recommendations
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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. The Committee was advised in May 2019 that this would be completed by July 2019.
Head of HR&OD	HR should ensure that the reporting hierarchy information in iTrent is accurate and up to date (2.2.17)	Significant April 2019	The Service has advised that the reporting hierarchy information has been updated within those services and service areas where PM and ESS has been rolled out i.e. Chief Exec, Business Services, Infrastructure Services and Children's Services. The reporting lines within the H&SCP have also been updated in preparation for the rollout of PM. The updating of the reporting hierarchies within the remaining service areas i.e. Live Life Aberdeenshire and E&CS (excluding Children's Services) has a targeted completion date December 2019.

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

1831	Pensions	January 2018	5	5	4	1	1 Important
Chief Officer	Overdue Recommendation	Grading / Due Date	Position				
Head of HR&OD	The Service should update the missing information in order to allow for the TSS1 and TSS2 reports to be run and should perform a year end reconciliation (2.8.5)	Important May 2019	The Service has advised that completion of the recommendation is dependent on completion of the year end reconciliation of pension contributions which will be done by the end June 2019.				

1835	Partnerships and Joint Working	January 2018	8	8	5	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 Customer Communication and Improvement	The requirements of the Partnership Working Policy should be complied with in relation to joining a partnership and subsequent monitoring (2.2.7)	Significant April 2019	The Service has advised that a partnership tool in development, and promotion of the policy will be undertaken after the register is operational. This will be complete by the end of August 2019.				

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

<i>(1835 – Partnerships and Joint Working – Continued)</i>			
Chief Officer	Overdue Recommendation	Grading / Due Date	Position
Head of Customer Communication and Improvement	Evidence of assessments and approvals should be collated for each Partnership (2.3.3c)	Significant April 2019	The Service has advised that this will be progressed once all partnerships have been added to the Register. This will be complete by the end of November 2019.
Head of Customer Communication and Improvement	Dates of reviews completed and due should be entered onto the Register of Partnerships with follow-up action being taken as appropriate to ensure compliance with Policy requirements (2.3.3d)	Significant April 2019	The Service has advised that partnerships being added to Register to check it all works properly after which dates of reviews etc will be added. This will be complete by the end of July 2019.

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

1837	HR Leavers Procedures	January 2018	11	11	9	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	Exit information reports should be provided to the HR Manager and SLT on a quarterly basis (2.6.2)	Significant April 2019	The Service has advised that a review is being undertaken of the whole Exit Process in order to increase the number of leavers providing exit information. This review is also looking at whether all or parts of this process can be automated, which will include the generation of regular reports to managers and SLT. This review will be completed by September 2019.

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

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	<ul style="list-style-type: none"> The Committee was advised in March 2019 that this would be complete by the end of March 2019. The Committee was advised in May 2019 that this would be complete by the end of May 2019. <p>The latest update from the Service is that the framework has been completed and is awaiting review before being issued to Members.</p>

1841	Budget Setting Process	November 2018	5	5	4	1	1 Important
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The position with the overdue recommendation is as follows:

Chief Officer	Overdue Recommendation	Grading / Due Date	Position
Head of Finance	Finance should ensure detailed budgets are issued to Services and uploaded to the financial system promptly following the budget being agreed (2.2.10)	Important April 2019	The Service has advised that this is scheduled for completion by end of June 2019. The reason for delay was a move towards better phasing of budgets and future online reporting of budget detail through powerBI.

Report Number	Report Title	Date Issued	Number of Recommendations				Grading of overdue recommendations
			Agreed in Report	Due for implementation by 31.05.19	Confirmed Implemented by Service	Not implemented by original due date	

BUSINESS SERVICES (continued)

1844	Estate Rationalisation	October 2018	5	5	3	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 Property and Facilities Management	The Service should ensure that the Surplus Property Policy is updated and approved by Committee (2.1.2.2 a).	Important March 2019	<ul style="list-style-type: none"> The Committee was advised in May 2019 that this would be complete by the end of October 2019.
Head of Property and Facilities Management	The Service should update the WorkSPACE Strategy and seek approval at the appropriate Committee (2.3.5 a).	Significant March 2019	<ul style="list-style-type: none"> The Committee was advised in May 2019 that this would be complete by the end of June 2019.

AW1802	Supplier Payments	November 2018	5	5	4	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 Council's Anti-Fraud and Corruption policies should be refreshed and made accessible (2.1.12).	Significant April 2019	The policies have been refreshed and are currently in draft. They will be circulated around the Corporate Integrity Group and then Strategic Leadership Team for comment prior to being published in August 2019.

Report Number	Report Title	Date Issued	Number of Recommendations				Grading of overdue recommendations
			Agreed in Report	Due for implementation by 31.05.19	Confirmed Implemented by Service	Not implemented by original due date	

BUSINESS SERVICES (continued)

1903	Temporary Employee Contracts	July 2018	9	9	6	3	3 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 terminate payments to staff where there is no authority to make the payment (2.5.2).	Significant April 2019	The Service provided an update to Internal Audit and clarification has been requested by Internal Audit to confirm if the recommendation has been completed.
Head of HR&OD	Training should be made available to managers on the management of fixed term contracts, including the procedure to be followed when fixed term contracts end (2.6.7 b)	Significant April 2019	Although HR&OD agreed this recommendation at the time the Internal Audit report was issued, the Service has now advised that training is not required for this specific area of management. Managers are supported in dealing with these contracts through their dedicated HR Lead and through the AskHR system. In view of the fact that the Service will not now be implementing the agreed recommendation, it is recommended that Committee acknowledge that this will be closed down.

Report Number	Report Title	Date Issued	Number of Recommendations				Grading of overdue recommendations
			Agreed in Report	Due for implementation by 31.05.19	Confirmed Implemented by Service	Not implemented by original due date	

BUSINESS SERVICES (continued)

(1903 – Temporary Employee Contracts – Continued)

Chief Officer	Overdue Recommendation	Grading / Due Date	Position
Head of HR&OD	Central records should be maintained of redeployment outcomes and subsequent employment within 4 weeks of leaving the Council for the purposes of redundancy payment calculations (2.6.7 c)	Significant April 2019	<p>The Internal Audit report stated that under section 138 of the Employment Rights Act an employee would not be regarded as dismissed, and therefore would not qualify for a redundancy payment, if their employment of contract was renewed, or a new contract of employment was made (re-deployed) within 4 weeks of the end of employment. The Redundancy Payments (Continuity of Employment in Local Government etc) (Modification) Order (Amendment) Order 2010 extends this to cover redeployment within 4 weeks to any organisation listed in that Order. This recommendation was made, and the Service agreed to implement it, to ensure that any such instances would be identified so that redundancy payments could be appropriately managed.</p> <p>The Service has now advised that, although records are maintained regarding redeployment outcomes and subsequent employment within 4 weeks of leaving the Council in respect of employees who return to work with the Council, given the number of employers under the Modification Order it would be impossible for any organisation to maintain this type of record.</p> <p>In view of the fact that the Service will not now be implementing the agreed recommendation, it is recommended that Committee acknowledge that this will be closed down.</p>

Report Number	Report Title	Date Issued	Number of Recommendations				Grading of overdue recommendations
			Agreed in Report	Due for implementation by 31.05.19	Confirmed Implemented by Service	Not implemented by original due date	

BUSINESS SERVICES (continued)

1905	Creditors System Payments	February 2019	6	0	0	0	0
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1908	Year-End Cut-Off Procedures	October 2018	8	8	5	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 Finance	Accountancy teams should update centrally held versions of the debtors and creditors invoice spreadsheets prepared by the FST, to indicate if income or expenditure has been reallocated by journal to a different financial year (2.2.3 b)	Significant February 2019	<ul style="list-style-type: none"> The Committee was advised in May 2019 that the completed information will be available for external audit to complete their audit process.

Report Number	Report Title	Date Issued	Number of Recommendations				Grading of overdue recommendations
			Agreed in Report	Due for implementation by 31.05.19	Confirmed Implemented by Service	Not implemented by original due date	

BUSINESS SERVICES (continued)

<i>(1908 – Year-End Cut-Off Procedures – Continued)</i>			
Chief Officer	Overdue Recommendation	Grading / Due Date	Position
Head of Finance	A final peer review of the FST debtor and creditor invoice spreadsheets should take place, to identify any income or expenditure recorded in the wrong financial year which has not been reallocated as required (2.2.3 c)	Significant February 2019	<ul style="list-style-type: none"> The Committee was advised in May 2019 that the completed information will be available for external audit to complete their audit process.
Head of Finance	Finance should review the process of credit noting invoices that are in dispute to ensure that it is appropriate in terms of accounting practice and in compliance with Financial Regulations (2.3.3)	Significant March 2019	<ul style="list-style-type: none"> The Committee was advised in May 2019 that the completed information will be available for external audit to complete their audit process.

Report Number	Report Title	Date Issued	Number of Recommendations				Grading of overdue recommendations
			Agreed in Report	Due for implementation by 31.05.19	Confirmed Implemented by Service	Not implemented by original due date	

BUSINESS SERVICES (continued)

1909	Printing Contract	January 2019	8	7	4	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
Head of Commercial and Procurement Services	The Service should seek approval from Committee for the contract variation (2.4.3)	Significant March 2019	<ul style="list-style-type: none"> The Committee was advised in May 2019 that Internal Audit had received an update from the Service, and this is subject to further discussion. <p>The latest update from the Service is that under the current Financial Regulations any change to a contract which had an original contract value over £1M, no matter how small the change, or whether this was anticipated in the original contract, requires a report to committee. Consequently, a report will be submitted to the Business Services Committee in September 2019. A proposed change in Financial Regulations has been submitted to the EAPP group.</p>
Head of Commercial and Procurement Services	The Service should review the Bulk Printing and mailing Services (BPMS) work referred to Xerox for the purpose of renegotiating future service charges and obtaining a share of BPMS profits (2.4.6)	Significant March 2019	<ul style="list-style-type: none"> The Committee was advised in May 2019 that this would be completed by September 2019.

Report Number	Report Title	Date Issued	Number of Recommendations				Grading of overdue recommendations
			Agreed in Report	Due for implementation by 31.05.19	Confirmed Implemented by Service	Not implemented by original due date	

BUSINESS SERVICES (continued)

(1909 – Printing Contract – Continued)

Chief Officer	Overdue Recommendation	Grading / Due Date	Position
Head of Commercial and Procurement Services	The Service should perform a benchmarking exercise for the BPMS function (2.6.3)	Important March 2019	<ul style="list-style-type: none"> The Committee was advised in May 2019 that this would be completed by August 2019.

1913	Bank Reconciliations	January 2019	6	1	1	0	0
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1914	GDPR	February 2019	11	4	4	0	0
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1915	VAT	December 2018	3	2	2	0	0
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1918	Capital Plan	March 2019	4	1	1	0	0
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1925	Prevention of Fraud, Bribery and Corruption	March 2019	7	2	2	0	0
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1928	Risk Management	April 2019	13	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 31.05.19	Confirmed Implemented by Service	Not implemented by original due date	

BUSINESS SERVICES (continued)

1939	Compliance with Procurement Legislation, etc	March 2019	25	7	7	0	0
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1943	Council Plan	March 2019	5	3	1	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
Head of Customer Communication and Improvement	Services should ensure that nominated officers are established promptly for each of the actions in Pentana (2.3.4)	Significant April 2019	The Service has advised that there are actions within Infrastructure Services that are currently being assigned which will be complete by 7 June 2019. All other actions have been assigned.
Head of Customer Communication and Improvement	Services should ensure that baselines are set to allow activity to be monitored over the full monitoring period, not just since actions were assigned (2.3.5)	Significant April 2019	The Service has advised that this is a significant undertaking which is currently being progressed across all Services. Whilst Education and Children's Services is complete, it will take until the end of July 2019 to complete others.
Head of Customer Communication and Improvement	Services should ensure that any provisional target dates for actions entered in Pentana are amended to reflect Committee agreed finalised dates (2.3.6)	Important April 2019	The Service has advised that where actions have already been assigned, provisional targets have been updated. Outstanding assignees will update targets by the 7 June 2019.

Report Number	Report Title	Date Issued	Number of Recommendations				Grading of overdue recommendations
			Agreed in Report	Due for implementation by 31.05.19	Confirmed Implemented by Service	Not implemented by original due date	

HEALTH & SOCIAL CARE PARTNERSHIP

1845	Joint Occupational Therapy Store	June 2018	17	17	16	1	1 Major
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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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1930	National Care Home Contract	March 2019	9	0	0	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 31.05.19	Confirmed Implemented by Service	Not implemented by original due date	

EDUCATION & CHILDREN'S SERVICES

1847	Pupil Equity Fund	August 2018	9	8	8	0	0
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1901	Education Maintenance Repairs	November 2018	9	9	7	2	2 Significant
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The position with the overdue recommendation is as follows:

Chief Officer	Overdue Recommendation	Grading / Due Date	Position
Head of Resources and Performance	The Service should review repairs and maintenance expenditure to ensure future budgets are appropriate (2.3.3)	Significant April 2019	The Service has advised that, due to the absence of key staff, this will be delayed until the end of June 2019.
Head of Resources and Performance	The Service should ensure schools have guidance over the use of repairs and maintenance budgets, and ensure that use of these is monitored (2.3.6)	Significant April 2019	The Service has advised that, due to the absence of key staff, this will be delayed until the end of June 2019.

Report Number	Report Title	Date Issued	Number of Recommendations				Grading of overdue recommendations
			Agreed in Report	Due for implementation by 31.05.19	Confirmed Implemented by Service	Not implemented by original due date	

EDUCATION & CHILDREN'S SERVICES (continued)

1916	Leisure Facilities	January 2109	27	25	24	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 Lifelong Learning and Leisure	The Service should instigate a process whereby cancelled memberships are deleted in line with the Service privacy notice (2.2.2)	Significant March 2019	<ul style="list-style-type: none"> The Committee was advised in January 2019 that this would be complete by the end of July 2019.

1921	Catering Income	October 2018	5	5	4	1	1 Important
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The position with the overdue recommendation is as follows:

Chief Officer	Overdue Recommendation	Grading / Due Date	Position
Head of Resources and Performance	The Service should either record all debts on the debtors system or seek dispensation from the Head of Finance (2.2.5)	Important April 2019	The Service is in discussion with Finance regarding a dispensation.

Report Number	Report Title	Date Issued	Number of Recommendations				Grading of overdue recommendations
			Agreed in Report	Due for implementation by 31.05.19	Confirmed Implemented by Service	Not implemented by original due date	

EDUCATION & CHILDREN'S SERVICES (continued)

1927	Music Tuition	April 2019	11	9	9	0	0
1929	Primary Schools	January 2019	17	15	15	0	0

Report Number	Report Title	Date Issued	Number of Recommendations				Grading of overdue recommendations
			Agreed in Report	Due for implementation by 31.05.19	Confirmed Implemented by Service	Not implemented by original due date	

INFRASTRUCTURE SERVICES

1810	Housing Tendering Procedures	November 2018	4	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 Housing	Property and Housing should work with C&PSS to ensure specifications are compliant, justifiable and meet their needs (2.3.10)	Significant April 2019	Progress with implementing this recommendation is under discussion between Internal Audit and the Service.

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 31.05.19	Confirmed Implemented by Service	Not implemented by original due date	

INFRASTRUCTURE SERVICES (continued)

1839	Quarries	October 2018	16	16	14	2	2 Significant
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The position with the overdue recommendation is as follows:

Chief Officer	Overdue Recommendation	Grading / Due Date	Position
Head of Roads, Landscape and Waste Services	The Service should ensure it has assurance over the accuracy of customers' self-declared purchases (2.1.11)	Significant March 2019	<ul style="list-style-type: none"> The Committee was advised in May 2019 that this would be complete by the end of May 2019. <p>The latest update from the Service is that, due to operational factors, this has not been completed. It will now be complete by the end of June 2019</p>
Head of Roads, Landscape and Waste Services	The Service should ensure all recurring spend over £50,000 is in compliance with Financial Regulations (2.4.2)	Significant March 2019	<ul style="list-style-type: none"> The Committee was advised in May 2019 that this would be complete by the end of June 2019.

Report Number	Report Title	Date Issued	Number of Recommendations				Grading of overdue recommendations
			Agreed in Report	Due for implementation by 31.05.19	Confirmed Implemented by Service	Not implemented by original due date	

INFRASTRUCTURE SERVICES (continued)

1842	Roads Tendering	October 2018	17	14	14	0	0
1919	Active Travel	November 2018	6	4	4	0	0
1923	Economic Development	March 2019	4	1	1	0	0
1937	Trapeze System	April 2019	11	3	3	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.