Aberdeenshire COUNCIL **Business Services**

REPORT TO SCRUTINY AND AUDIT COMMITTEE – 1 JULY 2016

INTERNAL AUDIT REPORTS

1. Recommendation

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

2. Discussion

2.1 This report advises the Committee of completed audits (paragraphs 2.4 to 2.6), and of progress with implementing agreed recommendations (paragraph 2.7 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 the opportunity to comment on the data included in Appendices A and B.

2.3 The Head of Finance and the Monitoring Officer within Business Services have been consulted and any comments made have been incorporated into this report.

EDUCATION, LEARNING AND LEISURE COMMITTEE – 26 MAY 2016

2.4 SEEMiS (Internal Audit Report 1631 – April 2016)

2.4.1 SEEMiS is the main management information system used by Scottish Councils. It is used for the maintenance of personal and academic records for pupils, personal information and work records for staff, absences for pupils and staff, recording SQA Courses and units pupils are studying, and course results.

2.4.2 The objective of this audit was to ensure that appropriate control is being exercised over the system, including contingency planning, disaster recovery, and data input, and that any interfaces are properly controlled. The system is provided by SEEMiS LLP (Limited Liability Partnership) of which Aberdeenshire Council is a member. The LLP is responsible for contingency planning and the system backup which is completed daily to two data centres, one of which is that of the Scottish Government.

2.4.3 Access to the SEEMiS system is managed within schools for teaching staff and within the Service for all non-teaching staff, and is generally working well. There is however no consistent approach to reviewing the ongoing requirement for access for all staff on a regular basis, and there is currently no system report available to provide details of access levels. The Service

has agreed to ensure consistency and explore the possibility of obtaining a system report to help ensure that the access levels and the information available is commensurate with staff roles.

2.4.4 Data Protection Training is mandatory for all members of staff involved in the processing of personal data. As SEEMiS holds personal information about both pupils and staff, if staff have not completed the required data protection training, it exposes the Council to the risk of staff processing personal data being unaware of their responsibilities under the Data Protection Act. As at March 2015, 275 teachers had not completed the training: within a sample of ten, seven were current users of SEEMiS. The Service has agreed to ensure that all SEEMIS users complete the Data Protection training as soon as practicable.

2.4.5 To ensure compliance with the Data Protection Act the Service has agreed to review the system data sharing agreements with the Head of Legal and Governance and the Information Security Officer and to ensure that system user access information is relevant and not excessive.

POICY AND RESOURCES COMMITTEE – 9 JUNE 2016

2.5 Aberdeen Western Peripheral Route (Internal Audit Report 1621 – May 2016)

2.5.1 In 2003 an agreement was signed between the Scottish Government, Aberdeen City Council and Aberdeenshire Council to develop the A90 Aberdeen Western Peripheral Route (AWPR) as a main trunk road in a bid to ease traffic congestion in Aberdeen and surrounding areas.

2.5.2 An estimated project cost of £120 million was put forward for a Design and Build project under a remeasurement civil engineering contract; the costs to be split between the 3 parties, with Aberdeen City Council and Aberdeenshire Council contributing up to 9.5% of the costs each and the Scottish Government funding the remaining 81%. Subsequent variations to the original agreement, incorporating changes to the route, a new Non-Profit Distributing Model including Design, Build, Finance and Operation and a 30 year maintenance period resulted in the cost of the project rising to an estimated £745 million. At this point a cap was placed on Aberdeen City and Aberdeenshire Council's contributions of £75 million each. The latest anticipated Net Present Value of project costs as provided by Transport Scotland is £550 million.

2.5.3 The objective of this audit was to ensure that suitable governance arrangements and adequate controls are in place with regards to Aberdeenshire Council's contribution towards the project.

2.5.4 The governance arrangements in place are at a high level – the Director of Infrastructure Services is a member of the Project Board, and payments are made to Aberdeen City Council on the basis of accounts prepared by a jointly employed Managing Agent Team. A substantial level of reliance is placed on this Team to monitor progress and coordinate payments appropriately. Although payment requests are checked against supporting documentation by Finance, Internal Audit identified variances (which have

subsequently been resolved) that were not identified in advance of payment. The Service in conjunction with Finance have agreed to engage more regularly with the Managing Agent to review payments and project progress in more detail.

2.5.5 Reliance is also placed on the memorandum of understanding signed in December 2014 which does not explicitly exclude costs of the Stonehaven Fastlink, which the Service and partners had otherwise agreed should be funded by Transport Scotland alone. No payments have been requested or made to date for this element of the project, and the Service does not consider that there is a risk of additional costs as a result.

2.5.6 As the Councils are now funding a number of up-front land and ancillary costs, rather than a proportion of the cost of the construction contract, it is possible that the outturn cost of the project may be less than originally anticipated but the Councils will have funded more than their agreed share. The memorandum of understanding clearly states that overpayments will be reimbursed, but the Service has agreed to review the mechanism for calculating and applying these terms with the Board.

2.5.7 There have been no Committee reports documenting progress and costs of the project since July 2014's Vacation Committee at which authority to progress the project was delegated to officers. The Service has agreed to take reports to Policy and Resources Committee, but will review reporting mechanisms with the Project Board first in order to ensure a coordinated approach is taken.

2.6 Travel and Subsistence (Internal Audit Report 1638 – April 2016)

2.6.1 The Council's travel and subsistence procedure details what can be claimed by employees and in what circumstances. This is supplemented by guidance notes for both employees and managers.

2.6.2 The objective of this audit was to undertake a cross-Service review of travel and subsistence claims, ensuring that procedures are being applied and that best value is being obtained. In general, claims were well completed, as they were in previous audits. However, a number of issues were identified as detailed below.

2.6.3 Teachers and associated professionals designated as essential users are on notice that their essential user status, and payment of essential user lump sum payments, will cease in May 2019. In accordance with an LNCT Agreement, no new appointments made on or after 1 June 2014 should be classified as essential users.

2.6.4 Testing identified 11 new appointees since 1 June 2014 who are in receipt of the essential user lump sum allowance whilst 39 recipients of the allowance had not claimed any mileage in the period April to November 2015. These were checked further and none had made claims for periods of, in some cases, up to six years, with five having never claimed mileage whilst working for the Council. This would suggest that private vehicles are not necessary in the performance of their duties and that payment of the lump sum allowance is not, therefore, justified. Education and Children's

Services is reviewing the circumstances regarding this issue and will make necessary adjustments where appropriate.

2.6.5 Issues have been identified in the past with mileage being paid to relief staff contrary to policy. Work undertaken in this area has improved compliance although a number of claims were identified during the audit where the required advance authorisation from a Head of Service was not attached to claims as required. It has been agreed that Services will be reminded of this requirement and that staff processing such claims will return them to the employing Service if they do not comply with the procedure.

2.6.6 For the Council to recover the VAT element in mileage payments, VAT receipts, covering the mileage claimed, must be attached to the claim. When last reviewed compliance had improved with this. However, the results of testing have shown an increase in the number of paid claims that are not supported by appropriate receipts, from 4.4% to 8.6%. It has been agreed that Services will be reminded of the requirements again and that any claims that are not adequately supported will be returned to Services unpaid.

2.6.7 The travel and subsistence procedure provides clear guidance on when staff should use a pool or hire car. Based on this, Internal Audit analysed the sampled claim forms and identified that a number of journeys could have been made in available pool cars rather than private vehicles. If the results are representative, this could result in the generation of around £57,000 of further savings per annum. It has been agreed that Services will be reminded of the requirements in the travel and subsistence procedure regarding use of pool cars and that any journeys identified by Corporate Travel that do not comply will be challenged in future.

2.6.8 Three instances were identified where claims for expenses included items that should have been obtained through a procurement route. In each case the Council's Financial Regulations have been breached and it has been agreed that Services will be reminded that appropriate procurement processes should be followed in these cases. In addition, some claims were identified for drivers' medical certificates obtained from their GPs. The Council has an Occupational Health contract that provides this service and, in accordance with Financial Regulations, this contract will be used in future.

2.6.9 Issues were also identified in, and recommendations agreed regarding, the methodology used in calculating essential user lump sum payments when recipients are absent through sickness, paying certain claimants the correct mileage rate, recovering VAT on expenses, and the standard of evidence required to support claims for telephone calls and texts.

2.7 Progress with agreed recommendations

2.7.1 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.

2.7.2 Where it has been confirmed that all actions contained in reports issued before April 2016 have been fully completed, these reports are no longer shown.

3. Equalities, Staffing and Financial Implications

3.1 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.

3.2 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.

CHIEF INTERNAL AUDITOR
Report prepared by David Hughes, Chief Internal Auditor.
15 June 2016.

APPENDIX A

POSITION WITH AGREED RECOMMENDATIONS AS AT 15 JUNE 2016

SUMMARY

The following table provides a summary of progress being made by Services with completing agreed recommendations. On 19 May 2016, the Committee was advised that, as at 5 May 2016, there were 33 recommendations which were due to have been completed by 31 March 2016 which were not fully complete. This has reduced to 24. The total not fully complete, which had an original due date of before 31 May 2016, is 35. 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 31.03.16	Confirmed complete by Service	New in April and May 2016	Confirmed complete by Service	**Not fully complete by original due date of 31.05.16**	Major	Significant	Important
Cross Service	46	15	10	8	8	**5**	1	1	3
Business Services	92	67	57	8 (i)	7 (i)	**11**	0	7	4
Communities	105	76	72	11 (ii)	10 (ii)	**5**	0	1	4
Education and Children's Services	91	46	46	20	14	**6**	0	5	1
Infrastructure Services	109	77	73	27 (iii)	27 (iii)	**4**	0	3	1
Health and Social Care Partnership	6	2	1	4	1	**4**	0	4	0
Total	449	283	259	78	67	**35**	1	21	13

(i) Includes 3 recommendations due and implemented in reports issued before April 2016 which are no longer shown in Appendix B.
(ii) Includes 6 recommendations due and implemented in reports issued before April 2016 which are no longer shown in Appendix B.
(iii) Includes 6 recommendations due and implemented in reports issued before April 2016 which are no longer shown in Appendix B.

APPENDIX B

POSITION WITH AGREED RECOMMENDATIONS AS AT 15 JUNE 2016

Report Number	Report Title	Date Issued	Number of Recommendations				
			Agreed in Report	Due for implementation by 31.05.16	Confirmed Implemented by Service	**Not implemented by original due date**	Grading of overdue recommendations
CROSS SERVICE							
1428	Corporate Contracts	June 2014	12	12	10	**2**	2 Important

As reported previously, the two overdue recommendations ***(graded "important within audited area")*** were due to be implemented by the end of July 2014 and relate to incorporating a permanent link to corporate contracts on the Arcadia home page and ensuring that the list of contracted suppliers on Arcadia is updated promptly following changes. The Service was working on these and intended having them completed by the end of September 2014. This was then incorporated in the PACE project and was being progressed in line with the Arcadia project. Arcadia was moving to a holding platform in November 2014 and it was not considered advisable to incorporate a permanent link to contracts at that time. In view of this, the recommendations were rescheduled for October 2015. The Service has advised that the holding platform will continue to be utilised whilst the new Sharepoint platform is being finalised and that this will take six to nine months to complete, and should, therefore, be complete by August 2016.

Report Number	Report Title	Date Issued	Number of Recommendations				
			Agreed in Report	Due for implementation by 31.05.16	Confirmed Implemented by Service	**Not implemented by original due date**	Grading of overdue recommendations

CROSS SERVICE (continued)

1521	Energy Efficiency	October 2014	3	3	0	**3**	1 Major 1 Significant 1 Important

As reported previously, the overdue recommendations ***(graded "major at a corporate level", "significant within audited area" and "important within audited area")*** were due to be implemented by the end of March 2015, with responsibility allocated to Directors. These relate to:

(1) the Council developing its CCAP, up to 2020, to ensure that it addresses its strategic aim of reducing carbon emissions by 44% from a 2010/11 baseline and ensuring that regular progress updates are obtained and reported to the appropriate Committee ***(graded "major at a corporate level")***;
(2) the Climate Change Action Plan including regular progress updates from Services in order to enable the Sustainability and Climate Change Co-ordinator to effectively monitor and report on progress regarding the Environmental Policy ***(graded "significant within audited area")***; and
(3) ensuring that the Council's Climate Change Action Plan includes all actions required to support the Council's Environmental Policy.

The Council's Climate Change Action Plan 2015-2020 was presented to and approved by the Sustainability Sub Committee on 26 August 2015. The Sub Committee recognised that further work was still required for some projects and actions in respect of calculated CO2 reductions and detail on funding and finance. It was therefore decided that Council Services should report on their own projects and sections of the plan individually at future Sub Committee meetings. No timetable was set at the Sub Committee meeting for these service plans / reports to be brought forward. However, the Head of Economic Development requested updates on actions from Directors by the end of November 2015 in order to progress this. Sufficient information was received to enable the Council to make its annual submission.

(continued over page)

Report Number	Report Title	Date Issued	Number of Recommendations				
			Agreed in Report	Due for implementation by 31.05.16	Confirmed Implemented by Service	**Not implemented by original due date**	Grading of overdue recommendations

CROSS SERVICE (continued)

(Report 1521 – Energy Efficiency – continued)

It was agreed that the resultant report on Climate Change Action Plan would be presented to Full Council on 10 March 2016. At this meeting. Council agreed unanimously for the creation of a Carbon Budget for the 2017/18 financial year. The revised Climate Change Action Plan will be developed alongside the Carbon Budget as these two documents will have significant cross reference. At the same time, work has begun on a Sustainable Energy Action Plan (SEAP) for both Aberdeenshire and a regional North East Scotland Sustainable Energy Action Plan (NESSEAP) which includes Angus, Moray and Aberdeen City Councils. There will be some overlap with these actions but all will address the strategic aim of reducing carbon emissions by 44% from a 2010/11 baseline.

It is the plan of the Sustainability and Climate Change Coordinator, who took up post recently following a period when the post was vacant towards the end of 2015, to work very closely with services in the development of both the revised Climate Change Action Plan and Carbon Budget. In addition to this, a recommendation was provided at the Full Council meeting on 10 March 2016 that requires each policy committee to take ownership of the action plan for their service and that the action plans are reported every six months to the policy committee with progress reported annually to area committees.

The revised Climate Change Action Plan for 2016-2020, which will include all actions required to support the Council's environmental policy, will be presented for consideration to the Sustainability Sub Committee on 31 August 2016. The Sustainability Sub Committee will also be asked to approve a reporting and delivery timetable which will detail how and when Council Services will report on their own projects and sections of the plan individually at future Sub Committee meetings.

1608	Corporate Policies and Procedures	February 2016	3	0	0	**0**	0
1638	Travel and Subsistence	April 2016	28	8	8	**0**	0

Report Number	Report Title	Date Issued	Number of Recommendations				
			Agreed in Report	Due for implementation by 31.05.16	Confirmed Implemented by Service	**Not implemented by original due date**	Grading of overdue recommendations
BUSINESS SERVICES – Commercial and Procurement Services							
1551	Procurement Performance	August 2015	8	7	4	**3**	3 Significant
As previously reported, one overdue recommendation ***(graded "significant within audited area")*** was due to be implemented by the end of October 2015 and relates to the Service, in conjunction with Finance, being pro-active in ensuring that regular and consistent procurement performance management information is made available to Services and Committee. As part of embedding the Business Model the Service will re-train / educate officers to ensure that the organisation has a better understanding of the overall value of a contract / spend within the requirements of Aberdeenshire regulations, and Scottish and European legislation. Category Managers will be taking a more strategic view of spend by category across the organisation and, as part of this, spend will be analysed and will support the training needs. A method for identifying / recording potential non-compliance will be included in this process in conjunction with contract register development. It is anticipated that this will be complete by August 2016. Two further recommendations were due to be implemented by the end of March 2016 ***(graded "significant within audited area").*** They relate to C&PS establishing a mechanism for recording and escalating procurement compliance issues to Service management and investigating options for setting and enforcing procurement policy requirements. Information is currently out for consultation, and the Service anticipates a revised completion date of October 2016.							
1607	Social Work Tendering	March 2016	11	7	7	**0**	0

Report Number	Report Title	Date Issued	Number of Recommendations				
			Agreed in Report	Due for implementation by 31.05.16	Confirmed Implemented by Service	**Not implemented by original due date**	Grading of overdue recommendations
BUSINESS SERVICES – Finance							
1556	Revenue Budget Setting Process	December 2015	2	2	1	**1**	1 Significant
As reported previously, the overdue recommendation ***(graded "significant within audited area")*** was due to be implemented by the end of March 2016 and relates to the Service developing guidance for staff detailing the revenue budget setting process. The Service has advised that this is linked to the review of the Medium Term Financial Strategy and cannot be completed until the review has been completed. There are meetings of the Budget Review / Scrutiny Core Team on 25 April and 10 May, with a workshop scheduled for senior staff input on 4 May. The review was completed by the end of May 2016 and guidance is now being worked on which will be complete by the end of July 2016.							
1618	Council Tax	December 2015	2	1	1	**0**	0
1621	AWPR	May 2016	5	2	1	**1**	1 Important
The overdue recommendation ***(graded "important within audited area")*** was due to be implemented by the end of April 2016 and relates to Infrastructure Services, in conjunction with Finance, ensuring that all capital expenditure has been budgeted for appropriately and miscoded items corrected. Finance has advised that when the Final Outturn report is compiled for the Policy and Resources Committee in September 2016, all costs outside of the requisitions to Aberdeen City will be recorded against the correct capital budget heading. When the draft report is prepared it will be sent to Internal Audit and will show which budget the costs are recorded against.							
1633	Cash Receipting System	March 2016	2	0	0	**0**	0

Report Number	Report Title	Date Issued	Number of Recommendations				
			Agreed in Report	Due for implementation by 31.05.16	Confirmed Implemented by Service	**Not implemented by original due date**	Grading of overdue recommendations

BUSINESS SERVICES – HR&OD

1526	Overtime	January 2015	12	12	11	**1**	1 Important
As reported previously, the overdue recommendation ***(graded "important within audited area")*** was due to be implemented by the end of December 2015 and relates to HR&OD amending the current timesheet format to include evidence of overtime approval before the overtime is worked (as required by Council Policy). The Service has stated that, with iTrent going live on 1 April 2016 and phase two having electronic timesheets planned, it would be more effective to make the changes for the new process. The requirement for "pre – authorisation" was passed to the team dealing with this on 19 January 2016. The Service is planning to design and test this by June 2016, although implementation dates will, in part, be dependent on launch of Employee Self Service. The intention is to conduct a programme of pilots across service areas to ensure that the proposed approach is suitable and reflects service needs / working practices. On successful completion of pilots, the aim is to have all major users of timesheets and expense claim forms online by March 2017.							
1547	Attendance Management	May 2015	9	9	8	**1**	1 Important
As reported previously, the overdue recommendation ***(graded "important within audited area")*** was due to be implemented by the end of December 2015 and relates to HR&OD reviewing the options for recording adherence to the Attendance Management Policy. This is being reviewed as part of the implementation of the new payroll system which has a revised "go live" date of April 2016. The latest update from the Service is that use of the sickness absence functionality within iTrent is currently being considered, with pilots due to commence within specific service areas in August 2016. Options for recording adherence to the Attendance Management Policy will be progressed as part of this work activity.							

Report Number	Report Title	Date Issued	Number of Recommendations				
			Agreed in Report	Due for implementation by 31.05.16	Confirmed Implemented by Service	**Not implemented by original due date**	Grading of overdue recommendations
BUSINESS SERVICES – ICT							
1540	Software Licensing and Support	April 2015	6	5	3	**2**	2 Significant

As reported previously, the overdue recommendations ***(graded "significant within audited area")*** were due to be implemented by the end of March 2016. They relate to Commercial and Procurement Services considering the retention of contracts corporately and producing an action plan and procedures to ensure that Services are aware of their responsibilities, and investigating the linking of electronic copies of contracts to the contracts register. Commercial and Procurement Service has a form in place to assist with this which may be subject to change with the embedding of the new business model. A revised completion date of October 2016 is anticipated.

Legislation requires the Council to publish a contract register from 16 April 2016 and the Service has been populating a bespoke system with contract information. This system will produce the contract register. Guidance and advice is being drafted for the automatic update of the system for all future contracts for issue to Services. This will include the retention centrally of all contracts and will be complete by June 2016.

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			Agreed in Report	Due for implementation by 31.05.16	Confirmed Implemented by Service	**Not implemented by original due date**	Grading of overdue recommendations
BUSINESS SERVICES – Legal and Governance							
1448	Developer Obligations	August 2013	23	22	22	**0**	0
1611	Debt Recovery Procedures	October 2015	10	5	3	**2**	1 Significant 1 Important

As reported previously, the overdue recommendations were due to be implemented by the end of March 2016.

The first ***(graded "significant within audited area")*** relates to Finance seeking resources to clear the backlog of Sheriff Officer's lists of outstanding debts and ensure that these are kept up-to-date. In response to the recommendation, the Service had stated that work was progressing but that it would have to be tackled as part of implementing the new Sheriff Officer contract. Award of the contract was delayed due to a legal challenge which means that the Service wasn't able to make the desired progress. The Service has stated that the contract has now been awarded and progress is now being made.

The second ***(graded "important within audited area")*** relates to the Service ensuring that, where court expenses are awarded, they are recorded on the Corporate Arrears Recovery System and recovered timeously. The Service is consulting with Legal and Governance regarding the appropriate point at which to raise invoices through the debtors system as CARS cannot be set up to add these to existing debt records directly.

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			Agreed in Report	Due for implementation by 31.05.16	Confirmed Implemented by Service	**Not implemented by original due date**	Grading of overdue recommendations
COMMUNITIES							
1362	Building Maintenance Stores	March 2014	12	12	11	**1**	1 Important

As reported previously, the overdue recommendation ***(graded "important within audited area")*** was due to be implemented by the end of January 2016 and relates to the Service investigating the possibility of introducing random van stock checks. This was to be linked to the introduction of the system to replace the SAVE system which has been delayed due to ICT issues and means that introduction of the recommendation will be delayed until December 2016.

In summary, the delays with the introduction of the new Repairs & Planned Maintenance Management system are:

1- Award of the corporate mobile contract encountered delays and a suspension on the purchasing of mobile devices until the contract challenge was resolved;
2- ICT delays in the setup of the mobile gateway / MDM;
3- ICT set up of mobile devices with required app; and
4- Software issues between software suppliers. The Service is currently waiting on a system upgrade before relevant suppliers can produce a fix. Unfortunately this software upgrade involves all Housing Systems and because of the risks / testing required, cannot be carried out until after the year end procedures are concluded. This also has to be done when the system is not in use, over a weekend, and is currently scheduled for mid-May.

The Housing Team has stated that they are very keen to introduce not only the new software system but, more importantly, a new and more efficient way of working with clear benefits to service users. The Organisational Review to support the new ways of working concluded last year and is dependent on the new RPMM system. The Service has stated that it is frustrated by the delays but also that it is equally important that the system is confirmed as working properly before it is introduced.

Report Number	Report Title	Date Issued	Number of Recommendations				
			Agreed in Report	Due for implementation by 31.05.16	Confirmed Implemented by Service	**Not implemented by original due date**	Grading of overdue recommendations

COMMUNITIES (continued)

1452	CareFirst System	October 2014	8	8	6	**2**	1 Significant 1 Important

As previously reported, the overdue recommendations were due to be implemented by the end of March 2016.

The first ***(graded "significant within audited area")*** relates to ensuring that the contract with the system supplier is updated. The only contract available at the time of the audit was one from 1999 and the Service confirmed that the Policy and Resources Committee had approved an extension to 31 March 2016. Either a re-procurement or new contract would be required to continue thereafter. Internal Audit is awaiting an update regarding progress.

The second ***(graded "important within audited area")*** relates to reaching agreement in respect of the rates and limits to consultants' expense claims. Internal Audit is awaiting an update regarding progress.

1550	Housing Void Control	June 2015	4	4	3	**1**	1 Important

As reported previously, the overdue recommendation ***(graded "important within audited area")*** was due to be implemented by the end of December 2015 and relates to the Service ensuring that paperwork is filed consistently across all offices. The Service anticipates that the corporate file management system, Recordsmart / TRIM, will be introduced in the Service by December 2016 and that this will address the agreed recommendation. The Service has provided the following additional detail relating to the issue:

The Internal Audit report highlighted inconsistencies with regard to a number of documents with regard to Voids and tenancy agreement records, mainly held by Tenancy Management, but it opened up the need to look at all the records kept in Housing and consequently overlapped into the file management of electronic records. The Tenancy Services Team are able to comply with almost all of the recommendation regarding physical storage of documents in each of the offices. However, there are still a few Records/Files that have still to be located using SCARRS retention guidance.

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Report Number	Report Title	Date Issued	Number of Recommendations				
			Agreed in Report	Due for implementation by 31.05.16	Confirmed Implemented by Service	**Not implemented by original due date**	Grading of overdue recommendations

COMMUNITIES (continued)

(Report 1550 – Housing Void Control – continued)

Housing have been involved in developing a File Plan as part of the Recordsmart project. This has been protracted as some of the Records/Files used by Housing cut across the corporate template (e.g. Rent Increase letters) and as the corporate Recordsmart is not a database it is unclear where some Records should be kept. In addition, there appears to be discrepancies with regard to Record retention e.g. Collaborative Groups appear under 3 of the Level One locations - Community Engagement, Management and Housing. It is therefore not always evident where Records should be retained e.g. tenants' group meetings.

The Housing Management Team will be discussing Recordsmart and progress at their meeting on 11th May and following that the Service should be able to provide a more detailed response on Recordsmart progress.

1601	Housing Repairs – Year End Stocks	September 2015	7	7	6	**1**	1 Important

The overdue recommendation ***(graded "important within audited area")*** was due to be implemented by the end of April 2016 and relates to the Service investigating the reasons behind stock count discrepancies and considering how to address them for future counts, to reduce the need for recounts. The Service is reviewing the discrepancies that arose from the March 2016 year end stock counts. These will be discussed and actions agreed at a meeting with the Repairs Teams that is planned for 28 June 2016. The Housing Manager Asset Manager will be in attendance.

1602	Rent Assessment Scheme	October 2015	7	6	6	**0**	0
1604	Older People – Residential Care	December 2015	27	21	21	**0**	0

Report Number	Report Title	Date Issued	Number of Recommendations				
			Agreed in Report	Due for implementation by 31.05.16	Confirmed Implemented by Service	**Not implemented by original due date**	Grading of overdue recommendations
COMMUNITIES (continued)							
1610	Day Care Establishment Visits	December 2015	24	23	23	**0**	0
1624	Self Directed Support	January 2016	16	0	0	**0**	0
EDUCATION & CHILDREN'S SERVICES							
1541	Teachers Payroll	July 2015	15	15	10	**5**	4 Significant 1 Important

There are five overdue recommendations that were due to be implemented in April and May 2016.

The first ***(graded "significant within audited area")*** relates to HR&OD introducing a verification process to ensure that contracts are accurate before being sent to employees. The Service has advised that a quality checking protocol is currently being progressed as part of new procedures within HR Support and that a realistic timescale for implementation of this is by the end of July 2016.

Two recommendations ***(graded "significant within audited area" and "important within audited area)*** relate to HR&OD taking corrective action regarding errors in the allocation of maternity pay and ensuring that the year-end HMRC return is adjusted accordingly to ensure that the Council recovers the correct amount of statutory maternity pay. The Payroll Team has been instructed to check that calculations are correct but, due to pressures of work including year-end, pensions, iTrent, elections, etc, the corections have not yet been made. This will be completed by the end of September 2016.

A recommendation regarding HR&OD ensuring that the process of paying staff is as straightforward and transparent as possible ***(graded "significant within audited area")*** is being reviewed following iTrent going live in April 2016. There have been challenges with elements of the system which has delayed this action being moved forward more quickly. The process is now being reviewed in June with a view to completion by end of December. The Service does, however, need the buy in of other parties as this relates to teachers who have nationally agreed terms and conditions. *(continued over page)*

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EDUCATION & CHILDREN'S SERVICES

(Report 1541 – Teachers Payroll – continued)

The final overdue recommendation ***(graded "significant within audited area")*** relates to HR&OD implementing a system to ensure that leaver's payments are correct and take into account all necessary adjustments. The new iTrent system cannot do this automatically and the Service is now looking at another reporting tool to provide the necessary data. This has been factored into the Development Team's Workplan with implementation in September 2016.

1543	Purchasing and Creditors Procedures	July 2015	16	14	14	**0**	0
1554	Supply Teachers Payroll	July 2015	17	17	16	**1**	1 Significant

The overdue recommendation ***(graded "significant within audited area")*** was due to be implemented by the end of May 2016 and relates to Payroll ensuring that the correct continuous service start date is used when calculating occupational sick pay for teachers. The Service has now received information from COSLA on this but iTrent does not currently flag up where there is a break in continuous service. To find this information requires a lot of checking and Payroll have not had any capacity to undertake this over the past year due to parallel runs and associated problems. A review meeting has been set up with HR Support to see if this can be achieved utilising iTrent and Business Objects now that the system is live, what would be required from each of the teams and whether it would add significantly to workloads. This will be concluded by September 2016.

1606	Education Lets	December 2015	11	7	7	**0**	0
1616	Family Centres and Children / Young Persons	January 2016	22	13	13	**0**	0
1631	SEEMiS	April 2016	10	0	0	**0**	0

Report Number	Report Title	Date Issued	Number of Recommendations				
			Agreed in Report	Due for implementation by 31.05.16	Confirmed Implemented by Service	**Not implemented by original due date**	Grading of overdue recommendations
INFRASTRUCTURE SERVICES							
1426	Street Cleansing and Waste Management	June 2014	16	16	14	**2**	1 Significant 1 Important

As reported previously, the overdue recommendations were due to be implemented by the end of April 2015.

The first ***(graded "important within audited area")*** relates to the Service developing the Confirm system to maintain records of job requests, completion and invoicing, and reconciling these to ensure all income due has been invoiced / recovered. The Service had stated that work had commenced on developing the Confirm system to support delivery of waste services in a prioritised way. This required building the asset database (which has been achieved as it was a priority for the delivery of the new collection service) and then putting in place the mechanisms for dealing with customer enquiries; this was being done for the trade waste service. Following completion and implementation of the Waste Review (which was due for summer 2015) the plan would be looked at and re-developed by December 2015, working with the customer services and ICE teams. The biggest issues which affect customers will help prioritise the plan once issues with Trade Waste have been resolved which should be by the end of December 2015. The Service has advised that now the Waste Review has been implemented progress has continued with the transition onto Confirm. This is on track to have customer enquiries and trade waste into the system by the end of March 2016, the Confirm team have liaised directly with the Customer Service team to ensure they are on board with the effect this will have on their workload. Progress has been made with this with all service requests that do not require a payment being managed through the Confirm System. Work continues to develop the system to allow it to handle requests which attract a payment and this will be concluded by end of August.

The second ***(graded "significant within audited area")*** relates to the Service ensuring that all stock can be accounted for by maintaining adequate records of location, movement and balances of stocks. This required investigation and development of a software system and the Waste Review has impacted on timescales for this. It was planned that the new structure would be in place in the summer of 2015 and a Business Plan, detailing the Service's priorities, including the managing and monitoring of stock, would be developed allowing for implementation of this recommendation by the end of March 2016. Due to the review not being implemented as scheduled, this will now be complete by June 2016.

Report Number	Report Title	Date Issued	Number of Recommendations				
			Agreed in Report	Due for implementation by 31.05.16	Confirmed Implemented by Service	**Not implemented by original due date**	Grading of overdue recommendations

INFRASTRUCTURE SERVICES (continued)

1516	Central Energy Efficiency Fund	October 2014	4	4	3	**1**	1 Significant

As reported previously, the overdue recommendation ***(graded "significant within audited area")*** was due to be implemented by the end of November 2015 and relates to the Energy Management Team complying with the CEEF grant agreement and ensuring that the Fund is fully reported to Committee on a regular basis. The Service has stated that this will not now be completed until November 2016 for the following reasons.

It has always been the intention to report works carried out through the central energy efficiency fund as part of the Climate Change Action Plan. The action plan is being updated and has not been reported this year. The Sustainability Coordinator left this year and has only recently been replaced. An opportunity to report was missed when a recent Sub-Committee meeting was cancelled. Measures that will reduce energy consumption have been carried out as part of new building and refurbishment projects, but not funded through the CEEF. The appointment of a contractor to provide energy services was approved by Policy and Resources Committee but has been delayed for a year due to legal issues. The contract has however recently been awarded and is due to start early in the new year. The contract includes the identification of further energy efficiency measures. It is therefore suggested that it would be more appropriate to include the CEEF report with the updated Climate Change Action Plan and energy service works to be reported to the sub-committee in November 2016.

1525	Vehicle Maintenance Service	March 2015	20	20	19	**1**	1 Significant

As reported previously, the overdue recommendation ***(graded "significant within audited area")*** was due to be implemented by the end of September 2015. It relates to the Service, in conjunction with HR&OD, determining whether current arrangements for Supervisor cover are aligned with agreed and documented conditions, and meet the needs of the Service. Two meetings were held with HR&OD in January and February 2016 to look at how to move this forward. The Services are looking at options to resolve the issue which will ultimately result in consultation with those involved and the Trade Unions. This will be resolved by June 2016.

Report Number	Report Title	Date Issued	Number of Recommendations				
			Agreed in Report	Due for implementation by 31.05.16	Confirmed Implemented by Service	**Not implemented by original due date**	Grading of overdue recommendations
INFRASTRUCTURE SERVICES (continued)							
1537	Vehicle Usage	June 2015	12	11	11	**0**	0
1605	Parks and Open Spaces	October 2015	13	12	12	**0**	0
1612	Aberdeenshire European Fisheries Fund	August 2015	16	13	13	**0**	0
1623	Building Standards Income	January 2016	8	7	7	**0**	0
1626	Support for Small Businesses	April 2016	12	11	11	**0**	0
1628	Burial Grounds	April 2016	8	4	4	**0**	0
HEALTH AND SOCIAL CARE PARTNERSHIP							
1619	Pre-Integration Financial Assurance	January 2016	6	6	2	**4**	4 Significant

As reported previously, one overdue recommendation ***(graded "significant within audited area")*** was due to be implemented by the end of February 2016 and relates to the Service ensuring that Full Council is given details of the key assumptions and risks underlying the IJB budget from both partners. This matter has been discussed by the Scrutiny and Audit Committee at previous meetings and, along with three further recommendations ***(graded "significant within audited area"),*** which were due to be implemented in April 2016, is to be discussed further between officers and an update will be provided in due course.

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	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. Financial Regulations have been consistently breached.
Significant within audited area	Addressing this issue will enhance internal controls. An element of control is missing or only partial in nature. The existence of the weakness identified has an impact on a system's adequacy and effectiveness. Financial Regulations have been breached.
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.