

Argyll and Bute Council

Interim Management Report

31 October 2007

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Executive Summary

Introduction

The Council is required to have arrangements in place for ensuring propriety, regularity and Best Value in their stewardship of public funds. It is the responsibility of management to ensure that adequate internal controls are in place which:

- ensure that resources are applied to the activities intended;
- deter fraud and irregularity; and
- ensure the most effective use of resources.

As part of our 2006-07 audit, we have reviewed the adequacy of the Council's internal control framework in the following areas:

- arrangements for effective governance and stewardship; and
- the operation and effectiveness of key controls over financial systems to support our opinion on the accounts.

Key findings

We found that the Council's systems of internal financial control and governance arrangements are generally operating adequately.

The Council has not undertaken a fundamental (zero-based) review of service needs and relative priorities in preparing its budget estimates and there is no clear link between the Council's budget and the priorities contained in the corporate plan. The Council should explore ways of developing the link between performance and financial management and should build planned efficiency savings into the budget setting process.

The Council currently operates with 6 separate payroll runs for its staff and pays some workers monthly and others fortnightly. There is scope to rationalise the number and frequency of payroll runs to improve operational efficiency.

The Council's catering and cleaning trading account has recorded a deficit of £2.4m over a 3 year period and is unlikely to meet its financial break-even target for the foreseeable future. The deficits recorded result partly from increased costs associated with the impact of equal pay settlements and the outcomes from the single status agreement with no corresponding opportunity to increase income. The Council should take action to address these significant deficits and ensure the catering and cleaning trading account continues to demonstrate best value in its operations.

Executive Summary

The Council should strengthen its arrangements for the prevention and detection of fraud. We identified three areas for improvement:

- the introduction of a requirement for members and officers to evidence that they have read and understood the code of conduct;
- the introduction of a central register of staff interests and hospitality that is updated regularly; and
- more proactive involvement in the National Fraud Initiative to improve detection and reduce the incidence of fraud.

The Council should also improve its arrangements for training and developing members and staff. We identified two areas for improvement:

- development of an outcome based competency framework and ongoing training and development programme for members; and
- ensure performance development reviews for staff are completed consistently across all Council services.

Effective community planning and partnership working arrangements are highlighted as a key priority within the Council's corporate plan. We found, however, that the Council has yet to implement some of the recommendations in Audit Scotland's national report on community planning. The Council should improve its arrangements for considering and monitoring the implementation of recommendations from national audit and inspection agencies to ensure key recommendations are implemented in a timely manner.

The Way Forward

The findings and recommendations from our review are summarised in an Action Plan (Appendix A) which accompanies this report. The Action Plan *has been agreed* with management and incorporates the management response to audit recommendations.

The report includes some specific recommendations to strengthen internal controls. It is the responsibility of management to decide the extent of the internal control system appropriate to the Council.

Status of our Report

This report is part of a continuing dialogue between the Council and Grant Thornton UK LLP and is not, therefore, intended to cover every matter which came to our attention. Our procedures are designed to support our audit opinion and they cannot be expected to identify all weaknesses or inefficiencies in the Council's systems and work practices.

The report is not intended for use by third parties and we do not accept responsibility for any reliance that third parties may place on.

Acknowledgements

We would like to take this opportunity to thank the staff who have been involved in this review for their assistance and co-operation.

Grant Thornton UK LLP

31 October 2007

Core Financial Systems

Introduction

We reviewed the Council's systems of internal control in relation to the following core financial systems:

- financial management and budgetary control
- payroll;
- fixed assets; and
- housing and council tax benefits;
- general ledger;
- trading accounts

We identified in our planning document that we would be placing reliance on the work of internal audit for the remaining key systems.

Financial Management and Budgetary Control

For the year ending 31 March 2007, the Council's revenue budget was £194.434 million. This was funded from central government support (£154.393 million) and council tax (£40.041 million). Decisions on the budget are reserved for the full Council.

Our review covered:

- The process for determining and approving the annual budget;
- The quality and frequency of budget monitoring reports;
- The process for authorising and actioning budget virements; and
- Controls over access to the budgeting system.

We found that the Council's revenue budget is largely prepared on a historical basis uplifted for inflation with account taken of major capital projects or changes in service provision where they occur, but has not emerged from a more fundamental (zero-based) review of service needs, relative priorities and potential efficiency savings. This traditional approach to budget setting does not ensure that resources are targeted to priorities outlined in the Council's corporate plan. The Council should explore ways of developing the link between performance and financial management and should build planned efficiency savings into the budget setting process.

Refer action plan point 1

Budget monitoring reports generally provide clear information to budget holders together with guidance on understanding the financial information presented. The reports include expected year end outturn figures and provide detailed narrative explanations for identified variances. Budget reports are prepared on a cash basis and, as a result, monthly budget monitoring reports may not provide a fully accurate reflection of the Council's budgetary position in terms of resources consumed to achieve actual performance,

Refer action plan point 2

The Council has set authorisation procedures for budget virements in its Financial and Security Regulations. Our review of budget virements found that they were supported by appropriate documentation, but had not been evidenced as authorised. This increases the risk of budget virements being processed without appropriate authorisation.

In addition, the ledger automatically overwrites the previous budget when budget virements are processed and does not retain an audit trail of the change. As a result, the Council cannot track changes in the budget through the ledger. This increases the risk that unauthorised budget amendments, or those processed in error, may not be identified timeously.

Refer action plan point 3

Housing and Council Tax Benefits

The Council has responsibility for administering the housing and council tax benefit system on behalf of the Department for Work and Pensions (DWP). An annual subsidy is paid by DWP to cover housing and council tax benefits paid by the Council to claimants. The Council is required to maintain appropriate controls to ensure that the system is designed and operating effectively. The benefits manager is responsible for overseeing the administration of the system on a day to day basis.

Our review covered the following key controls:

- written procedural instructions are made available to staff covering the housing and council tax benefit system;
- awards are processed only on receipt of a properly completed claim form with appropriate supporting documentation;
- the system is designed to detect a duplicate claim or duplicate credit to a tenant's or taxpayer's account;
- the assessment and input of claims is checked independently of the processing clerk, at least on a sample basis and reviewed by management;
- benefit calculations are performed automatically by the system. Manual calculations, if required, are double checked;
- sample checks are undertaken to confirm the accuracy of the annual up-rating exercise; and
- reconciliations between the benefit system, council tax system, housing rents system and the general ledger are completed on a regular basis.

We found that the majority of the controls over the housing and council benefit system are in place and operating effectively.

Payroll

The Council's payroll system (Northgate) processes the payroll for teachers (paid monthly), manual workers (paid weekly and fortnightly) and the Administrative, Technical, Professional and Clerical (ATP&C) staff (paid monthly). The Council maintains a payroll section which is part of ICT and Financial Services and is based in Campbeltown. The payroll section is responsible for the accuracy of each payroll run, processing starters and leavers, payroll amendments and reviewing payroll exception reports.

Our review covered the following key controls for ATP&C payroll:

- starter, leaver and change forms are properly controlled and authorised before payroll data is changed;
- segregation of duties appropriately in place between authorisation of posts, input to payroll system and authorisation of payroll payment;
- payroll costs are reconciled to the general ledger on a regular basis, with evidence of timely completion and review; and
- exception reports on each payroll are produced and reviewed by a senior officer.

We found that the majority of the controls over the payroll system are in place and operating effectively. We noted some control weaknesses which the Council should address to improve the operating effectiveness of the payroll system:

- detailed procedure manuals are in place but there are no formal desk instructions for staff;
- the authorised signatory list not up-to-date and does not contain sample signatures;
- in some cases, leaver forms are received by the payroll section after the employee has left the Council increasing the risk of overpayment; and
- the Council currently operates with 6 separate payroll runs for its staff and pays some workers monthly and others weekly or fortnightly. There is scope to rationalise the number and frequency of payroll runs to improve operational efficiency.

Refer action plan point 4

General Ledger

The Council uses the Oracle accounting system for its general ledger and associated sub ledgers. The systems accountant acts as the systems administrator and is responsible for setting user access rights and maintaining the chart of accounts. User access rights are set to maintain a degree of segregation of duties in key financial systems.

Our review covered the following key controls:

- written procedural instructions are made available to staff covering the operation of the system;
- requests to grant new user access rights are authorised;
- leavers are removed from the system on a timely basis;

- all journals are authorised by staff at accountant level or higher;
- there is segregation of duty in the preparation and authorisation of journals; and
- all journals have a unique reference number, and are filed with supporting documentation.

We found that the majority of the controls over the general ledger are in place and operating effectively.

However, we noted that the systems administrator is not informed of leavers, increasing the risk that user access rights are not removed in a timely basis.

Refer action plan point 5

Fixed Assets

The Council maintains a significant portfolio of fixed assets to support service provision. The total net book value of fixed assets at 31 March 2007 was some £314 million covering a range of assets including land and buildings (£173 million); vehicles, plant and equipment (£6.5 million); infrastructure (£90 million); community assets (£2 million); investment properties (£7 million); assets under construction (£19 million); and surplus assets held for disposal (£8 million).

Our review looked at the key controls over the capital programme and fixed asset register:

- maintenance of a fixed asset register, which is updated on a continual basis throughout the financial year;
- depreciation rates being appropriate and consistent with SORP and FRS15 guidance;
- formal process in place regarding the disposal of fixed assets with confirmation of proceeds required;
- periodic reconciliation of the fixed asset register to the nominal ledger, and timely clearance of any reconciling items; and
- capital expenditure budgets are formally approved and monitored by the Senior Management Team.

Our review confirms that an adequate system for monitoring and authorising fixed asset transactions is in place. The Council has implemented an asset management policy to co-ordinate its approach to managing the capital budget. We noted that the fixed asset register is not updated and reconciled with the ledger until the financial year end as part of the accounts preparation process. This approach increases the risk that errors in processing and recording fixed asset transactions will not be identified timeously.

Asset management information for property assets is not held centrally on one system and this arrangement can lead to duplication of effort and increases the risk of error or omission between systems. The Council has also recognised that it needs to improve its systems for recording information on its assets to support its efficiency and improvement agenda. As a starting point the Council is developing an asset register for property assets to identify key information requirements, however, the Council should consider its information requirements for all asset categories including infrastructure, land, fleet, information technology and economic development assets.

Refer action plan points 6 & 7

Trading Accounts

The Council operated five trading accounts during 2006-07 for the following activities:

- roads and lighting;
- waste management;
- leisure trading;
- catering and cleaning; and
- building maintenance.

Our review considered the financial management and planning arrangements for trading operations during 2006-07. We found that the Council has good arrangements for monitoring the performance of its trading accounts, with detailed budget monitoring and variance analysis undertaken on a monthly basis for each trading account.

Some of the Council's trading accounts have not, however, been performing well financially and the 2006-07 accounts record a combined deficit of in excess of £2.5 million over a 3 year period from all trading operations as shown in the Table 1 below:

Table 1 - Analysis of the Financial Performance of Trading Activities

Trading Account	3 Year Actual Performance £'000
Roads and Lighting	280
Waste Management	258
Leisure Trading	(422)
Catering and Cleaning	(2,416)
Building Maintenance	(226)
Net Position (Surplus/(Deficit))	(2,526)

The Council undertook a review of trading accounts in December 2006, and will reclassify Leisure Trading and Waste Management as non-trading activities from 2007-08 onwards. In addition, the Building Maintenance trading account will be closed following the transfer of the Council's housing stock to the Argyll Community Housing Association. The Council has acknowledged it will need to consider how it will continue to demonstrate competitiveness and value for money in the delivery of the services re-classified as non-trading.

Refer action plan point 8

The Council has a duty to achieve best value from its operations and is required to demonstrate that it delivers services competitively where required. We note that the deficits recorded by the catering and cleaning trading account result partly from the impact of equal pay settlements and the outcomes from the single status agreement. However, this trading account is unlikely to meet its financial break-even target for the foreseeable future. The Council has acknowledged it will need to consider whether this trading account continues to deliver best value and how the deficits can be addressed.

Refer action plan point 9

The Council operates a number of airports and has recently developed Oban Airport it intends to operate on a commercial basis. Oban airport is expected to become operational in the near future in preparation for the operation of Public Service Obligation (PSO) routes to the Islands of Coll and Colonsay. The Council should formally consider whether airport operations should be classified as a trading activity when they become operational.

Refer action plan point 10

Governance Arrangements

Introduction

Audit Scotland's Code of Audit Practice (the Code) states that: "public bodies and those responsible for the conduct of their affairs require to establish and maintain proper arrangements for the governance of their affairs and the stewardship of resources at their disposal". During our interim audit, we reviewed the governance arrangements in place at the Council with regards to the following areas:

- fraud and irregularity;
- staff development;
- member development; and
- community planning and partnership working.

We have used Audit Scotland's *Priorities and Risk Framework 2006-07* and other relevant guidance as a basis of our review. Our work involved discussions with key staff and review of supporting documentation as appropriate.

Fraud and Irregularity

Good governance requires the Council to have in place arrangements to prevent and detect fraud and other irregularity. This involves:

- developing and implementing strategies to prevent and detect fraud and irregularity; and to investigate any incidences detected or reported;
- a code of conduct to state the responsibilities of members and staff with regards to their legal and ethical obligations and responsibilities;
- a register of interests and gifts and hospitality for members and staff; and
- a whistleblowing policy in line with the Public Interest Disclosure Act 1998.

We found that the Council's fraud and corruption arrangements were operating satisfactorily. The Council has an anti-fraud strategy in place, which details the procedures in place to detect and prevent fraud and corruption. The strategy is incorporated as an appendix to the Financial and Security Regulations and the Council constitution. These documents meet the good practice standards described above and are available to all staff on the Council's intranet site.

The Council's Code of Conduct for Members is based on the Code of Conduct for Councillors as drafted by the Standards Commission for Scotland. Copies of the code are made available to all new members. A separate code of conduct exists for staff. Both codes incorporate the Nolan principles of standards in public life. The Council issues a copy of the respective codes to each new member or officer. There is, however, no requirement for members or officers to sign that they have read and understood the code of conduct.

Refer action plan point 11

The Council maintains a register of interests for members. The register is updated on a regular basis, and copies are made available to the public on the Council's website. Responsibility for maintaining a register of interests or hospitality is devolved to departments with no central register maintained. Our review found that most departments were not maintaining a register of interests or hospitality for staff.

Refer action plan point 12

The Council is participating in the National Fraud Initiative (NFI) which is a nationwide data matching exercise run jointly by Audit Scotland and the Audit Commission. The NFI was initially rolled out in Scotland as part of the 2004-05 audits, principally the audits of councils, police and fire boards. The 2004-05 exercise was a major success and identified £15.1 million of fraud, overpayments and forward savings.

The exercise has been expanded for the 2006-07 NFI by the inclusion of more datasets and a wider range of audited bodies. The role of external audit in NFI is to review the Council's progress in pursuing potential frauds highlighted by the data matching exercise. We have also assessed the adequacy of the Council's arrangements for implementing NFI.

We found that the Council has not prioritised participation in the NFI since its introduction and, at the time of our review, had processed only 29 of the 47,668 matches provided by the Audit Commission. In our view, the Council should take action to develop its arrangements for its future participation in NFI in the following key areas:

- clear allocation of responsibility for managing the Council's participation in NFI;
- development of agreed arrangements for co-ordinating NFI activity;
- development of a timetable to meet NFI deadlines for submitting information and assessing, and prioritising data matches for follow up; and
- further development of arrangements for reporting and publicising the Council's participation in NFI and of associated outcomes, including savings achieved.

Refer action plan point 13

Staff Development

The existence of a comprehensive performance management system is a key component in workforce planning. Such a scheme should cover the performance of all employees in the Council during the year, and assess their individual training and development needs.

The Council's procedures for performance management involve each member of staff completing a performance development review (PDR). The PDR covers: aims and objectives for the next year and assessed performance against previously set aims and objectives. PDRs are to be completed by the employee and reviewed by the line manager. A formal appraisal should then take place to discuss the employee's performance and identify future needs.

We found, however, that completion of the PDR is not being completed consistently across all Council services. In addition, the personnel department does not formally monitor or report performance in completing staff performance appraisals.

Refer action plan point 14

Member Development

Local government elections took place throughout Scotland on 3 May 2007. This was the first election to be conducted under a system of proportional representation using the single transferable vote method introduced by the Local Governance (Scotland) Act 2004. This will be a significant change for the Council as it moves from 36 single member wards to 11 multi member wards (8 three member wards and 3 four member wards).

The 2004 Act also amended the regulations governing remuneration for members and the Scottish Local Authorities Remuneration Committee has recommended that all councils develop role profiles and competency frameworks for members. The Improvement Service has also recently published a General Competency Framework for Councillors.

In response the Council has developed a "Councillor Training and Development" policy together with a programme for member induction and training. The Council has provided a range of induction training to members in line with its policy, but has yet to fully evaluate the outcomes from this training or consider how it should continue to support member training and development going forward.

Refer action plan points 15

The Scottish Local Authorities Remuneration Committee has recommended that all councils develop role profiles and competency frameworks for all members. Although the Council already has a role profile for members, there is no outcome based competency framework and no ongoing training and development programme. The Council intends to develop such a framework following completion of a national review by the Improvement Service.

Refer action plan point 16

Community Planning and Partnership Working

Community planning is the process through which public sector organisations work together and with local communities, the business and voluntary sectors, to identify and solve local problems, improve services and share resources. The Local Government Scotland Act 2003 provides the statutory basis for community planning. It requires councils to initiate and facilitate the community planning process, and NHS boards, the enterprise companies, the police and the fire and rescue service to participate.

Our review considered the progress the Council has made in implementing a comprehensive community plan and implementing the recommendations made in Audit Scotland's national report on community planning.

The Council has improved its community planning processes and has prepared a Community Plan for the period 2007-2012 and this has been published on its website. This Plan sets out the Council's approach to community planning and partnership working, and includes an action plan setting out the key priorities and how they will be achieved.

The Council has yet to implement some of the recommendations in Audit Scotland's national report on community planning. The report recommended that schemes of delegation and joint risk registers be established between the Council and its partners. The Council needs to improve its arrangements for considering and monitoring the implementation of recommendations from national audit and inspection agencies and increase the level of challenge within the organisation to ensure key recommendations are implemented in a timely manner.

Refer action plan point 17

Appendix A – Action Plan

No	Finding	Risk	Recommendation	Management Response	Implementation date
Financial Management and Budgetary Control					
1	The Council's revenue budget is largely prepared on a historical basis uplifted for inflation, but has not emerged from a more fundamental (zero-based) review of service needs, relative priorities and potential efficiency savings. This traditional approach does not ensure that resources are targeted to priorities outlined in the Council's corporate plan.	Medium	<p>The Council should consider undertaking a zero-based approach to develop its budget at the next available opportunity.</p> <p>The Council should incorporate identified efficiency savings into its budget.</p> <p>The Council should align its budget setting, monitoring and reporting arrangements to better reflect corporate priorities.</p>	The action plan completed in relation to the report on progress with Best Value will address these points.	31 March 2008
2	Budget reports are prepared on a cash basis and, as a result, monthly budget monitoring reports may not provide a fully accurate reflection of the Council's budgetary position. Budget reports are prepared on a cost basis with a full year projected outcome. Budget monitoring reports could be improved if reports were prepared on an accruals basis.	Medium	<p>The Council should prepare monthly budget reports on an accruals basis to better reflect the Council's financial position for the year to date.</p>	Consideration will be given to completion of budget monitoring reports on an accruals basis and a report prepared on the options, resources and issues related to this.- Head of Strategic Finance.	31 December 2007
3	Budget virements are not evidenced as authorised. This increases the risk of budget virements being processed without appropriate authorisation. The Council cannot track changes in the budget through the ledger. This increases the risk that unauthorised budget amendments, or those processed in error, may not be identified timeously.	Medium	<p>The Council should prepare a monthly report of all budget changes processed through the ledger. This report should be authorised by the Head of Strategic Finance.</p> <p>The Council should delegate a limit for budget virements which can be authorised by the Head of Strategic Finance. Proposed budget virements above this limit should require the authorisation of the Strategic</p>	<p>Agreed – Head of Strategic Finance.</p> <p>A report of virements processed each month should be prepared identifying details of approval. – Agreed Head of Strategic Finance.</p>	31 December 2007

No	Finding	Risk	Recommendation	Management Response	Implementation date
			Policy Committee or Full Council.		
Payroll System					
4	<p>We noted some control weaknesses which the Council should address to improve the operating effectiveness of the payroll system:</p> <ul style="list-style-type: none"> ▪ there are no formal procedure notes for staff; ▪ the authorised signatory list not up-to-date and does not contain sample signatures; ▪ in some cases, leaver forms are received by the payroll section after the employee has left the Council increasing the risk of overpayment; and ▪ the Council currently operates with 6 separate payroll runs for its staff. There is scope to rationalise the number and frequency of payroll runs to improve operational efficiency. 	Medium	<p>The Council should:</p> <ul style="list-style-type: none"> ▪ draft formal written procedures for the payroll section as soon as possible; ▪ review and update the authorised signatory list for payroll. The updated list should include sample signatures to enhance security; ▪ remind departments of the need to ensure leaver forms are sent to the payroll section before the final date of employment; and ▪ rationalise the number of separate payroll runs and move to monthly pay for all staff where possible. 	<p>Detailed procedures are in place and available to all staff.</p> <p>This exercise is ongoing – Head of ICT & Financial Services.</p> <p>A memo will be sent to departments regarding this but overpayments are rare and closely monitored. The move of fortnightly payroll to an arrears basis will reduce risk even further. – Head of ICT & Financial Services.</p> <p>This has been covered in single status proposals.</p>	<p>N/A</p> <p>Ongoing</p> <p>Done</p>
General Ledger					
5	The systems administrator is not informed of leavers. There is a risk that user access rights to the general ledger are not being terminated in a timely manner.	Low	The systems administrator should receive notification of all leavers. This will allow the timely removal of user access rights from departing staff.	A further memo will be sent to departments advising them of the requirement to notify the system administrator of leavers – Head of Strategic Finance.	Done
Fixed Assets					
6	The fixed asset register is not updated and reconciled with the ledger until the financial year end as part of the accounts preparation process. This approach increases the risk that errors in processing and recording fixed asset transactions will not be identified timeously.	Medium	The Council should ensure the fixed asset register is updated on a more timely basis during the financial year.	The Council will review procedures currently in place to identify where improvements can be made. However, the Council feels that there are certain transactions that are better processed at the year end- Head of Strategic Finance.	31 January 2007
7	The Council has also recognised that it	High	The Council should develop its	A framework is already in place and	Ongoing

No	Finding	Risk	Recommendation	Management Response	Implementation date
	needs to improve its systems for recording and reporting information on its assets to support its efficiency and improvement agenda.		arrangements for recording and reporting asset management information across all categories of assets.	being progressed for developing asset management.	
Trading Accounts					
8	The Council has acknowledged it will need to consider how to demonstrate competitiveness and value for money in the delivery of the services re-classified as non-trading.	Medium	The Council should demonstrate how it will deliver value for money from services reclassified as non-trading.	A review will be undertaken and results reported to the Executive Committee – Head of Facility Services.	31 March 2008
9	The Council's catering and cleaning trading account has recorded a deficit of £2.4m over a 3 year period and is unlikely to meet its financial break-even target for the foreseeable future.	High	The Council has acknowledged it will need to address the significant deficits recorded by its catering and cleaning trading account including consideration of alternative methods service provision.	A review will be undertaken and results reported to the Executive Committee – Head of Facility Services.	31 March 2008
10	The Council intends to operate Oban airport on a commercial basis, but has not yet classified its airport operations as trading activities.	Medium	The Council should consider, classifying its airport operations as a trading activity when they become operational.	The agreement with the Scottish Executive is that grant funding will be provided to meet the net costs of the airport at Oban. Whilst a formal review will take place it is not considered this will be a trading activity. – Head of Roads and Amenity Services.	31 March 2008
Fraud and Irregularity					
11	There is no requirement for officers to sign that they have read and understood the code of conduct.	Low	The Council should ensure that all staff have signed that they have read and understood the code of conduct.	The Code of Conduct has previously been circulated to all staff and all new staff receive a CD which contains a copy of the Code of Conduct. New staff sign to confirm they have received the CD. This is felt to be a realistic and adequate approach. – Head of Personnel Services.	N/A
12	The responsibility for keeping a register of interests for Council officers is delegated to	Medium	The Council should consider introducing a central register of interests to record all	Agreed - Head of Democratic and Governance	28 February 2008

No	Finding	Risk	Recommendation	Management Response	Implementation date
	each department. However, there is no evidence that departments are keeping a register and ensuring it is kept up to date.		interest and receipts of gifts and hospitality for senior officers.		
13	We found that the Council has not prioritised participation in the NFI since its introduction and, at the time of our review, had processed only 29 of the 47,668 matches provided by the Audit Commission.	Medium	<p>The Council should develop its arrangements for future participation in NFI in the in the following key areas:</p> <ul style="list-style-type: none"> ▪ clear allocation of responsibility for managing the Council's participation in NFI; ▪ development of agreed arrangements for co-ordinating NFI activity; ▪ development of a timetable for meeting NFI deadlines for submitting information, and assessing and prioritising data matches for follow up; and ▪ further development of arrangements for reporting and publicising the Council's participation in NFI and of associated outcomes, including savings achieved. 	Agreed – Internal Audit Manager and Head of ICT & Financial Services	31 January 2008
Staff Development					
14	Our review found that there are inconsistencies in the completion of Performance Development Reviews for staff across service departments.	High	<p>The Council should ensure that all staff have a PDR completed on an annual basis for former APT & C staff not teachers or manual workers.</p> <p>The personnel department should monitor service departments to ensure they are complying with this requirement.</p>	This can now be recorded in ResourceLink and progress reported to departments and SMT. – Head of Personnel Services.	First report as at 31 March 2008
Member Development					
15	The Council has provided a range of induction training to members in line with its policy, but has yet to fully evaluate the outcomes from this training or consider how it should continue to support member training and development going forward.	Medium	The Council should from evaluate the outcomes from its recent programme of member training and consider how it should continue to support member training and development going forward.	A significant programme of training has been undertaken and feedback on that has been reported to the Council. Work is already underway looking at the Improvement Service model. – Head of Democratic and	30 April 2008

No	Finding	Risk	Recommendation	Management Response	Implementation date
16	The Council currently has no outcome based competency framework and no ongoing programme of training and development for members as recommended by the Scottish Local Authorities Remuneration Committee	Medium	The Council should develop a competency framework for members as a basis for identifying training needs.	Governance Services. A significant programme of training has been undertaken and feedback on that has been reported to the Council. Work is already underway looking at the Improvement Service model. Head of Democratic and Governance Services.	30 April 2008
Community Planning and Partnership Working					
17	The Council have not yet implemented the recommendations in Audit Scotland's national report on community planning partnerships.	Medium	The Council should to improve its arrangements for monitoring and tracking the implementation of recommendations from national audit and inspection agencies and increase the level of challenge within the organisation to ensure key recommendations are implemented in a timely manner.	The issue of all national audit and inspections will be drawn to the attention of the Audit Committee and when appropriate action required by the Council will also be reported to the Audit Committee – Head of Strategic Finance. Given the nature and operation of the Community Planning Partnership and the resources available the development of joint risk registers and Schemes of Delegation is unnecessary and overly bureaucratic. – Policy and Strategy Manager.	December 2007 N/A