

Priority rating for recommendations

Grade one (significant) observations are those relating to business issues, high level or other important internal controls. These are significant matters relating to factors critical to the success of the Board or systems under consideration. The weakness may therefore give rise to loss or error.

Grade two (material) observations are those on less important control systems, one-off items subsequently corrected, improvements to the efficiency and effectiveness of controls and items which may be significant in the future. The weakness is not necessarily great, but the risk of error would be significantly reduced if it were rectified.

Grade three (minor) observations are those recommendations to improve the efficiency and effectiveness of controls and recommendations which would assist us as auditors. The weakness does not appear to affect the availability of the controls to meet their objectives in any significant way. These are less significant observations than grades one and two, but we still consider they merit attention.

| No. | Issue and recommendation | Management response | Officer and due date |
|-----|--|--|--|
| 1 | <p>Statutory trading accounts reporting</p> <p>The Council includes a breakdown of statutory trading accounts within its financial reports to the housing, environmental and economic development committee. An annual review of significant trading operations is also made, which highlights that consideration has been given to the key services provided by the Council that meet the requirements of such reportable segments.</p> <p>It is recommended that a further update is provided to members on progress on the “more work” being done in respect of the previous STOs, so that they can be assured that appropriate action is being taken to implement the performance measures, best value reviews, and apply suitable benchmarking to trading activities.</p> <p>(Grade two)</p> | <p>(a) Each of the STOs and previous STOs in HEED will be reviewed in terms of performance, status of consultations, benchmarking studies and option appraisal status. Conclusions will be presented to the HEED Committee on 5 May 2010 and draft conclusions will be peer-reviewed in advance by the Competitiveness Group</p> | <p>J McKerracher to oversee production of Committee report to HEED Committee due to Chief Executive by 16 April 2010.</p> <p>J Stobo to produce draft report by 31 March</p> |
| 2 | <p>Leadership and strategic decision</p> <p>We acknowledge that the structure of review working groups in place to drive forward the BVIP is under review and therefore the reporting into the I&EE is likely to change. However, we note from the report made to I&EE in September 2009, that there is a lack of participation and limited involvement by elected members in terms of strategic decision making. The terms of reference set out the expectations of the members, as part of I&EE, to ensure that sufficient scrutiny of the BVIP is undertaken to ensure it achieves the key priorities of the Council. We therefore recommend that management re-enforce members responsibility in respect of Best Value.</p> <p>(Grade two)</p> | <p>Revised reporting structure and membership agreed and implemented. Attendance by Members has now improved and I&EE now has greater focus on competitiveness.</p> | <p>Complete</p> |

action plan (continued)

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| 3 | <p>BVIP timetable consistency</p> <p>A high-level action plan in place to achieve / demonstrate competitiveness across services provided by the Council with more detailed milestones in place to achieve this plan. Each lead officer is responsible for identifying detailed milestones and timeframes to achieve this high-level goals. On review of individual timeframes, we identified that these often do not meet the targets set within the high-level action plan submitted to the corporate management team, for example actions expected to be achieve by April 2009, will not be achieved until September 2009 according to detailed milestones.</p> <p>The action plan was set prior to more detailed milestones being agreed and therefore the action plan does not reflect the true timeframe for achievement. Management should ensure that the action plan is updated to reflect the realistic achievement dates for each action point and confirm that achievement dates are acceptable.</p> <p><i>(Grade two)</i></p> | <p>A new workstream focussing on a corporate approach to competitiveness has been set-up. It reports to the I&EE.</p> <p>It will focus on developing and implementing a detailed competitiveness action plan following up from the more general high-level plan presented to the CMT in March 2009.</p> <p>First meetings held 16/10 and next one planned for 3/11. Latter meeting to agree revised detailed action plan for competitiveness with appropriate and realistic milestone due dates.</p> <p>New Action Plan due to be reported to I&EE meeting on 17/11. Plan progress will be reviewed at each meeting of the Competitiveness Group</p> | <p>J McKerracher to oversee production of initial action plan to Chief Executive by 10 Nov</p> |
| 4 | <p>BVIP progress records</p> <p>The process of capturing and recording the detailed milestones varies across departments and responsible leads, some are captured within Covalent and other are timetables communicated via emailed. We would recommend that the action plans and detailed milestones are recorded within Covalent to ensure that all information is captured in a central place allowing progress to be monitored centrally.</p> <p><i>(Grade three)</i></p> | <p>New action plan referred to above will be entered into Covalent, milestones developed and appropriate officers assigned.</p> | <p>D Webster by 10 Nov</p> |
| 5 | <p>Best Value Guidance</p> <p>Guidance documents for Best Value, available to all staff on the intranet, have not been updated since April 2002 , management should ensure that responsibility for reviewing these documents is assigned through the Council and that this information is readily communicated and available to all responsible staff.</p> <p><i>(Grade three)</i></p> | <p>(a) Some work has already been carried out on producing updated corporate benchmarking guidance/training materials. This will be reviewed and made available to all members of the senior managers network. The guidance will be 'launched' at the SMN session on 3rd Dec.</p> <p>(b) Services will review the use of the guidance and identify appropriate officers to undertake detailed benchmarking training</p> <p>(c) 1st Phase of training to be provided to identified officers</p> | <p>(a) D Webster and S Brysland by 3 Dec</p> <p>(b) Heads of Service by 31 Jan 2010</p> <p>(c) D Webster & S Brysland by 30 June 2010</p> |

action plan (continued)

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| 6 | <p>Benchmarking – comparability & decision making</p> <p>Council departments participate in the annual APSE benchmarking exercise, as well as other forms of benchmarking however data provided is not used to inform future decision making. Departments across the Council feel that the APSE does not provide an accurate reflection of their service performance against other local authorities, as two councils are not easily comparable. The Council should consider analysing data provided by APSE, through simple manipulation of data, to better understanding the Council's competitive position. The Council should ensure that a clear link exists between information collated and the use of this to drive future service directions.</p> <p><i>(Grade three)</i></p> | <p>(a) HEED Directorate to identify priority service areas where detailed benchmarking studies should be undertaken and provide initial position statements on these</p> <p>(b) Existing APSE performance indicator data (both WDC and comparators) will be transferred into Covalent for each service to utilise in service plan scorecards. Data form the SHBVQN for Housing Management will also be transferred</p> <p>(c) Each appropriate service in HEED will undertake an analysis of the APSE data (including its robustness and validity) as part of the report to HEED committee referred to in (1) above. These conclusions will be peer-reviewed by the Competitiveness Group prior to submission to Committee</p> | <p>(a) Director of HEED by 31 October</p> <p>(b) D Webster by end November</p> <p>(c) J McKerracher to oversee by 15 April 2010</p> |
| 7 | <p>Benchmarking - data quality</p> <p>Controls over management information systems vary, as identified in previous internal and external audit reviews. For benchmarking information to be useful, it is important that base line data collated is accurate. Management should ensure that recommendations raised by internal and external audit are implemented to ensure appropriate data quality measures in place to ensure that information is collated and captured accordingly.</p> <p><i>(Grade three)</i></p> | <p>Other services across the Council will also review priority service areas and produce initial position statements.</p> <p>These services will produce appropriate benchmarking reviews in reports to respective Committees detailing appropriate performance indicators (including the development of new cost/activity measures) as well as an analysis of any comparator data and its quality. These reviews will be peer-reviewed by the Competitiveness Group.</p> | <p>Director of Corporate Director of Social Work Director of Education</p> <p>List of priority services and position statements by 31 October 2009. Reports to appropriate committees by end May 2010</p> <p>Peer Review by Competitiveness Group by end-March 2010</p> |