

PERTH AND KINROSS COUNCIL**Audit Committee****28 September 2016****INTERNAL AUDIT FOLLOW UP****Report by Chief Internal Auditor****PURPOSE OF REPORT**

This report presents a current summary of Internal Audit's 'follow up' work.

1. BACKGROUND AND MAIN ISSUES

- 1.1 The Public Sector Internal Audit Standards (PSIAS) require that the Chief Internal Auditor establishes a follow-up process to monitor and ensure that management actions have been effectively implemented. To assist the Audit Committee, the appendices to this report provide information on those actions that have not been implemented in accordance with the original agreed timetable, or where there is insufficient information on the current situation. Some dates have been revised and agreed with Services in recognition of the need for more time to complete the actions.
- 1.2 Appendix A presents a summary of the number of actions arising from internal and external audit reports.
- Table 1 shows the total number of agreed actions which Internal Audit will be following up even where the originally agreed completion dates have not yet been reached; the total number of actions is 119.
 - Table 2 shows the number of agreed actions that have been reported as incomplete as at their original agreed completion date. These total 21, of which 8 had a completion date of April to June 2016 and are therefore detailed in the following Appendices B to E.
 - A further 13 actions not completed by their original date have been allocated revised dates for completion after 30 June 2016 and progress will be reported on these at a future Committee.
 - The number of agreed actions which have yet to be followed up as the date for completion is after 30 June 2016 is 98.
- 1.3 In both tables, the actions are grouped by Service and reported by 'importance' of the agreed actions. The importance of each action is documented in the original Internal Audit reports considered by Audit Committee. Reported importance ratings range from 'critical', where there are significant financial, reputation, legal, performance, or safety issues, to 'low', where the risks are lower but there may be opportunities for improving processes and procedures. Reports produced by Audit Scotland do not explicitly state the importance of each individual action and are therefore included in the tables as 'not rated'.

- 1.4 Appendices B to E present detailed follow-up information in respect of actions agreed for completion in the period of April to June 2106. The appendices also record service management's explanations of the status of each action point and internal audit comments where relevant.

2. PROPOSALS

- 2.1 It is recommended that the Committee seeks assurance that there are clear and achievable action plans for completing the agreed actions noted above.

3 CONCLUSION AND RECOMMENDATIONS

- 3.1 The Audit Committee is asked to consider the most appropriate action to be taken to progress the agreed Action Plans.
- 3.2 It is recommended that the Audit Committee:
- (i) Note the current position in respect of the agreed actions arising from internal and external work; and
 - (ii) Consider the most appropriate action to be taken to progress the agreed action plans, taking into account the recorded audit opinions.

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1. IMPLICATIONS, ASSESSMENTS, CONSULTATION AND COMMUNICATION

Strategic Implications	Yes / None
Community Plan / Single Outcome Agreement	None
Corporate Plan	Yes
Resource Implications	
Financial	None
Workforce	None
Asset Management (land, property, IST)	None
Assessments	
Equality Impact Assessment	Yes
Strategic Environmental Assessment	None
Sustainability (community, economic, environmental)	None
Legal and Governance	None
Risk	Yes
Consultation	
Internal	Yes
External	None
Communication	
Communications Plan	None

1. Strategic Implications

1.1 Corporate Plan

1.1.1 The Council's Corporate Plan 2013 – 2018 lays out five outcome focussed strategic objectives which provide clear strategic direction, inform decisions at a corporate and service level and shape resources allocation. They are as follows:

- (i) Giving every child the best start in life;
- (ii) Developing educated, responsible and informed citizens;
- (iii) Promoting a prosperous, inclusive and sustainable economy;
- (iv) Supporting people to lead independent, healthy and active lives; and
- (v) Creating a safe and sustainable place for future generations.

1.1.2 This report relates to all of these objectives.

2. Assessments

2.1 Equality Impact Assessment

2.1.1 Under the Equality Act 2010, the Council is required to eliminate discrimination, advance equality of opportunity, and foster good relations between equality groups. Carrying out Equality Impact Assessments for plans and policies allows the Council to demonstrate that it is meeting these duties.

2.1.2 The information contained within this report has been considered under the Corporate Equalities Impact Assessment process (EqIA) and has been assessed as **not relevant** for the purposes of EqIA.

2.2 Risk

2.2.1 There is a risk to the strength of the control environment if the agreed action plans are not carried out in a timely manner.

3. **Consultation**

3.1 Internal

3.1.1 The Chief Executive and all Directors have been consulted in the preparation of this report.

2. **BACKGROUND PAPERS**

No background papers, as defined by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information) were relied on to any material extent in preparing the above report.

3. **APPENDICES**

Appendix A - Summary of Agreed Actions

Appendix B - Audit Follow-Up Corporate & Democratic Services

Appendix C - Audit Follow-Up Education & Children's Services

Appendix D – Audit Follow Up Housing & Community Care

Appendix E - Audit Follow-Up The Environment Service

Appendix A: Summary .of Agreed Actions

Table 1: All Agreed Actions for Follow-Up (figures in brackets reported in June 2016).
This table includes actions not yet due for completion.

Service	Importance					
	Critical	High	Medium	Low	Not Rated	Total
Corporate & Democratic Services	0 (0)	0 (1)	13 (13)	6 (9)	4 (3)	23 (26)
Education & Children's Services	0 (0)	2 (0)	11 (8)	3 (5)	0 (0)	16 (13)
Housing & Community Care	0 (0)	15 (4)	21 (5)	10 (3)	3 (0)	49 (12)
The Environment Service	0 (0)	4 (0)	20 (10)	5 (3)	2 (0)	31 (13)
All Services	0 (0)	21 (5)	65 (36)	24 (20)	9 (3)	119 (63)

Table 2: All Actions Reported as Incomplete on their Original Agreed Date

Service	Importance					
	Critical	High	Medium	Low	Not Rated	Total
Corporate & Democratic Services	0 (0)	0 (0)	1 (2)	2 (2)	2 (3)	5 (7)
Education & Children's Services	0 (0)	0 (0)	1 (1)	3 (3)	0 (0)	4 (4)
Housing & Community Care	0 (0)	1 (0)	2 (1)	0 (0)	2 (0)	5 (1)
The Environment Service	0 (0)	0 (0)	5 (4)	1 (1)	1 (0)	7 (5)
All Services	0 (0)	1 (0)	9 (8)	6 (6)	5 (3)	21 (17)
Actions with a completion date of April to June 2016 which have not been completed and therefore included on Appendices B to E						8
Those actions where the agreed date is not April to June 2016 which have been previously reported to Audit Committee						13

**Appendix B - Audit Follow-up
Corporate & Democratic Services
(Reporting for All dates on or before: March 2016)**

Action Plan	Dates	Status/Explanation
<p>Audit Scotland 6 - Annual report on the 2011/12 audit Action Point : 11 - Action point 4.1</p> <p>Audit Committee Date: January 2013</p> <p>The Head of Legal Services will review the Minute of Agreement for Tayside Contracts.</p> <p>(L Simpson, Head of Legal and Governance Services)</p>	<p>Jun 2013 Oct 2013 Apr 2014 Dec 2014 Jun 2015 Oct 2015 Apr 2016 Mar 2017</p>	<p>The Minute of Agreement is still awaiting signing by Angus and Dundee Councils.</p> <p>Internal Audit Opinion: accepted, awaiting confirmation of an anticipated date of completion.</p>

Appendix C - Internal Audit Follow-up
Education & Children Services
(Reporting for All dates on or before : March 2016)

Action Plan	Dates	Status/Explanation
<p>14-13 - Management of the Relationship with Live Active Leisure Action Point : 2 - Contract Monitoring Importance: Medium</p> <p>Audit Committee Date: February 2015</p> <p>A new contract is being drawn up for 2015/16 which will ensure that all the current performance indicators are reviewed and that a clear distinction is made between information that is core and material to contract performance which should continue to be presented regularly and other secondary indicators where the information must be collated by Live Active Leisure and available to PKC as required.</p> <p>(F Robertson, Head of Public Sector Reform, Culture and Community Development)</p>	<p>Apr 2015 Apr 2016 Oct 2016</p>	<p>Following the Council's decision to expand the remit for Live Active Leisure, there has been further dialogue regarding the contract. As such, completion of this action has been deferred until October 2016. This will allow negotiations for the new agreement to take place and incorporate the new indicators.</p> <p>Internal Audit Opinion: Accepted</p>

Appendix D - Internal Audit Follow-up
Housing & Community Care
(Reporting for All dates on or before : March 2016)

Action Plan	Dates	Status/Explanation
<p>15-13 - School Transport Contracts Action Point: 5 - Conditions of Contract Importance: Medium</p> <p>Audit Committee Date: March 2016</p> <p>A review of contracts and procedures will be carried out to ensure that the council is fully complying with Protection of Vulnerable Groups (Scotland) Act 2007.</p> <p>(B Atkinson, Director (Housing & Community Care))</p>	<p>Jun 2016 Oct 2016</p>	<p>The Service states that a meeting will be convened in October to progress this issue.</p> <p>Internal Audit Opinion: Satisfactory</p>
<p>15-22 - Self-Directed Support Action Point : 1(a) - Responsibility for SDS Importance: High</p> <p>Audit Committee Date: March 2016</p> <p>The Chief Social Work Officer will review the Scheme of Administration and recommend amendments be made to reflect the Social Care Self-Directed Support (Scotland) Act 2013 roles carried out by Education and Children's Services.</p> <p>(B Atkinson, Director (Housing & Community Care))</p>	<p>Jun 2016 Dec 2016</p>	<p>The Service states that the recommended amendments will be presented to Council in December 2016.</p> <p>Internal Audit Opinion: Satisfactory</p>
<p>15-22 - Self-Directed Support Action Point : 7 - Performance Information Importance: Medium</p>	<p>Jun 2016 Mar 2017</p>	<p>The Service states that the Community Care dashboard development will commence in November 2016 following completion of the Housing</p>

Action Plan	Dates	Status/Explanation
<p>Audit Committee Date: March 2016</p> <p>The Service Manager SDS will liaise with the Business Improvement Team to review the SDS dashboard information to ensure that it is incorporated into the Community Care performance dashboard. A report will be sent to the Service Senior Management Team recommending adoption of revised key indicators. The reporting of performance information to the Community Care Management Team and the Senior Management Team will thereafter be implemented.</p> <p>(S Strathearn, Business Improvement Manager)</p>		<p>Dashboard.</p> <p>This development will also ensure the capture of community Health activity and Hospital activity, to incorporate it into the dashboard to report at a joint Health and Social Care Partnership level.</p> <p>This will be phased in by business area with full completion planned for March 2017. SDS may be considered for early release.</p> <p>Audit opinion: Satisfactory</p>

Appendix E - Audit Follow-up
The Environment Service
(Reporting for All dates on or before: March 2016)

Action Plan	Dates	Status/Explanation
<p>15-13 - School Transport Contracts Action Point: 2 - Authority to Contract Importance: Medium</p> <p>Audit Committee Date: March 2016</p> <p>The authorisation limits for Public Transport Officers and Public Transport Technicians will be reviewed to ensure that they can award contracts with the appropriate authorisation. Updated guidance will be provided to all Public Transport Unit staff.</p> <p>(A Warrington, Public Transport Manager).</p>	<p>Mar 2016 Jun 2016 Dec 2016</p>	<p>The authorised signatories list has been updated and an email issued to staff.</p> <p>Internal procedures will be also be updated to reflect the above as part of Management Action Point 1, relating to the review and updating of procedural documentation.</p> <p>Internal Audit Opinion: Accepted</p>
<p>15-13 - School Transport Contracts Action Point: 7 - Contract Oversight & Performance Monitoring Importance: Medium</p> <p>Audit Committee Date: March 2016</p> <p>The existing contract lists will be expanded to identify the nominated Contract Compliance Officer(s) and underpin the information required for publication on the Contract Register.</p> <p>(A Warrington, Public Transport Manager)</p>	<p>Mar 2016 Jun 2016 Sep 2016</p>	<p>The Service has advised that this task is mostly complete. Given other workload pressures it is anticipated that this task can be completed by September 2016.</p> <p>Internal Audit Opinion: Accepted</p>
<p>15-18 - Planning Applications Action Point: 4 - Reporting on</p>	<p>Jun 2016 Nov 2016</p>	<p>The Service have advised that the Planning Performance</p>

Action Plan	Dates	Status/Explanation
<p>Planning Performance Importance: Medium</p> <p>Audit Committee Date: March 2016</p> <p>The service will ensure that the most recent Planning Performance Framework will be submitted to Committee as soon as is appropriate.</p> <p>(P Marshall, Strategy & Policy Manager)</p>		<p>Framework was submitted to Scottish Ministers in July 2016 with feedback expected in early October 2016. It is anticipated that a report will be submitted to the Enterprise and Infrastructure Committee in November 2016.</p> <p>Internal Audit Opinion: Satisfactory</p>