

PERTH AND KINROSS COUNCIL

Audit Committee

23 May 2018

INTERNAL AUDIT FOLLOW UP

Report by Chief Internal Auditor (Report No. 18/167)

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 the Chief Internal Auditor to establish 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 65.
 - Table 2 shows the number of agreed actions that have been reported as incomplete as at their original agreed completion date. These total 20, of which 5 had a completion date of January and February 2018 and are therefore detailed in the following Appendices B to E.
 - A further 15 actions not completed by their original date have been allocated revised dates for completion after 28 February 2018 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 28 February 2018 is 45.
- 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 the 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 external audit do not explicitly state the importance of each individual action and are therefore included in the tables as 'not rated'.

- 1.4 The grouping of actions by Services has, for this report, retained the Service structure as at 31 March 2018, as the actions were due to have been delivered under this old structure. A review will be undertaken of all actions with regard to their relevant Service prior to the next meeting of the Audit Committee.
- 1.5 Appendices B and C present detailed follow-up information in respect of actions agreed for completion in the period of January and February 2018. There are no incomplete actions with a due date of January or February for Corporate & Democratic Services and Education & Children's Services.
- 1.6 The Audit Committee has requested information regarding any action with a 'critical' or 'high' risk rating which has not been completed on its originally agreed date. Table two highlights two such instances of 'high' risk actions. One of these actions relates to the audit on Personalisation in respect of monitoring risk and the other relates to the audit of LEADER and update of the Business Plan and is included in Appendix C.

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.

Author

Name	Designation	Contact Details
Moirra Morrison	Senior Internal Auditor	InternalAudit@pkc.gov.uk

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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 Housing & Community Safety

Appendix C – Audit Follow-Up The Environment Service