

# PERTH AND KINROSS COUNCIL

## Audit Committee

27 June 2018

### UPDATE ON THE IMPLEMENTATION OF AGREED ACTIONS ARISING FROM THE INTERNAL AUDIT REPORT ON FINANCIAL ASSESSMENT AND CHARGING

Report by Chief Internal Auditor (Report No. 18/220)

#### PURPOSE OF REPORT

This report presents a summary of the Service's response to the outcomes of Internal Audit's report on Financial Assessment & Charging and provides an update on the implementation of the agreed action plan.

#### 1. BACKGROUND AND MAIN ISSUES

- 1.1 Internal Audit undertook an investigation relating to the charging for community meals as a result of a complaint in 2015 and reported to Audit Committee regarding agreed improvements in internal control ([report 15/384](#) refers). The Internal Audit Plan for 2016/17 subsequently included an audit of Financial Assessment & Charging.
- 1.2 In line with the approved 2016/17 Internal Audit Plan, the audit took place, with the outcome being reported to Committee in September 2016 ([report 16/416](#) refers). Internal Audit was proactive in highlighting that a more detailed follow up review would be required due to the nature of the findings arising from the audit. This approach was approved by Audit Committee, with an undertaking to report back on the findings in June 2017. However, in order to allow the Service to complete its annual reassessment, the Internal Audit Plan for 2017/18 reflected a revised date to complete this work in Quarter 2 ([report 17/150](#) refers).
- 1.3 As a result of the work undertaken in August and September 2017, the Audit Committee was informed that Internal Audit concluded that many of the control issues highlighted had not been fully addressed or sustained. As a result, the Service undertook a wholesale review of the arrangements for financial assessment and charging, supported by an external consultant. A revised date for reporting to Audit Committee was agreed as the middle of 2018 ([report 17/384](#) refers).

#### 2. ACTION TAKEN

- 2.1 The remit of the external consultant was re-directed to ensure that the work complimented that of Internal Audit and would therefore be beneficial in identifying further improvements to areas such as structures and service delivery.

- 2.2 In order to address the issues arising from the extended follow up of Internal Audit actions and those arising from the consultant's report, the Service established a Charging Governance Board. The purpose of the Board is to provide scrutiny and assurance to enable the Council to achieve its intended outcomes from: charges for community care services; the COSLA Threshold Project; and the recommendations arising from the consultant's report along with the previously agreed Internal Audit actions. The Chief Internal Auditor sits on this Board, along with the S95 Officer and the Monitoring Officer.
- 2.3 The Charging Governance Board has sought information and assurance regarding progress with clearing historic cases and has been provided with these assurances. A number of issues have been brought to the Board's attention which has raised other concerns regarding some processes. The Board has therefore taken a wider role in identifying improvements over and above those identified as part of the 2016 Internal Audit report.
- 2.4 The Service has subsequently been able to take action to redistribute resources to implement revised working arrangements which should assist in the management of the team's workload going forward.
- 2.5 Regarding the specific issues raised and actions agreed relating to the Internal Audit Report 16-07, Internal Audit has met with key officers to review progress with their implementation. This progress has appeared to be slow and additional resources have been identified to assist in this regard. The current status of each individual action is attached as an Appendix to this report.

### **3. SUMMARY OF OUTCOMES**

- 3.1 The Appendix highlights that a number of actions have been completed.
- 3.2 Whilst evidence has been provided that procedures and processes have been put in place for some of the agreed actions, the sustainability of these actions and controls going forward is less certain. As such, Internal Audit is proposing to review the sustainability of the actions as part of the Internal Audit Plan for 2018/19, which is on the agenda for today's meeting of the Audit Committee.
- 3.3 There are also a number of actions where improvements have yet to be implemented. Whilst this is disappointing, the Service appears to have plans in place to ensure that these actions are taken forward.

### **4. PROPOSALS**

- 4.1 Internal Audit proposes to review the actions in the 4<sup>th</sup> quarter of 2018/19 to ensure that those actions which have been completed have been sustained and to ensure that those which have yet to be completed are completed and sustained. The Chief Internal Auditor will continue to sit on the Charging Governance Board and will therefore be informed of progress against these and other agreed improvement actions.

## 5 CONCLUSION AND RECOMMENDATIONS

- 5.1 It is recommended that the Committee notes that:
- 5.1.1 there is progress to be made by the Service in implementing and sustaining the actions agreed in the 16-07 Financial Assessment and Charging Report; and
- 5.1.2 the Service appears to be committed to delivering the changes required to improve Service provision and internal control.
- 5.2 It is also recommended that the Committee requests that the Chief Internal Auditor provides a further update on the sustainability of agreed actions following the completion of the work to be agreed within the Internal Audit Plan for 2018/19.

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## 1. IMPLICATIONS, ASSESSMENTS, CONSULTATION AND COMMUNICATION

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