

PERTH AND KINROSS COUNCIL

Audit Committee

1 February 2017

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 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 120.
 - Table 2 shows the number of agreed actions that have been reported as incomplete as at their original agreed completion date. These total 19, of which 6 had a completion date of September and October 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 31 October 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 31 October 2016 is 101.
- 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 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 September and October 2016. The appendices also record service management's explanations of the status of each action point and internal audit comments where relevant.
- 1.5 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 four such instances of 'high' risk actions. Two actions relate to Housing and Community Care, one of which is included in Appendix D. The second for this Service was included in the Internal Audit Follow Up report to Audit Committee in November 2016 (report 16/517 refers) and relates to completion of checks relating to the Individual Service Fund Enabling Agreements for Self Directed Support. Internal Audit was satisfied at the time with the progress being made within the Service. There are two 'high' actions for The Environment Service which were also included in November's Internal Audit Follow Up report and these both relate to the contract arrangements for the purchasing of fuel for fleet using fuel cards. Internal Audit accepted that progress was being made by the Service with these actions.

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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ANNEX

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 as at 31 August 2016 (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 (0)	24 (18)	19 (4)	3 (3)	46 (25)
Education & Children's Services	0 (0)	4 (2)	5 (8)	9 (1)	0 (0)	18 (11)
Housing & Community Care	0 (0)	12 (13)	13 (19)	6 (11)	0 (3)	31 (46)
The Environment Service	0 (0)	6 (4)	17 (15)	2 (4)	0 (1)	25 (24)
All Services	0 (0)	22 (19)	59 (60)	36 (20)	3 (7)	120 (106)

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)	3 (3)	2 (0)	2 (2)	7 (5)
Education & Children's Services	0 (0)	0 (0)	2 (2)	0 (0)	0 (0)	2 (2)
Housing & Community Care	0 (0)	2 (1)	2 (3)	0 (0)	0 (1)	4 (5)
The Environment Service	0 (0)	2 (2)	4 (4)	0 (0)	0 (0)	6 (6)
All Services	0 (0)	4 (3)	11 (12)	2 (0)	2 (3)	19 (18)
Actions with a completion date of September and October 2016 which have not been completed and therefore included on Appendices B to E						6
Those actions where the agreed date is not September and October 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: October 2016)

Action Plan	Dates	Status/Explanation
<p>15-32 - Governance Arrangements for ALEOs and Statutory Bodies Action Point: 1 - Formal requirement for the review of Scheme of Administration Importance: Low</p> <p>Audit Committee Date: June 2016</p> <p>It is intended that there will be an updated Scheme submitted to the Council meeting in June 2016. Thereafter, an annual review will take place which will support the production of the annual governance statement.</p> <p>(G Taylor, Head of Democratic Services)</p>	<p>Jun 2016 Oct 2016 Apr 2017</p>	<p>All updates to the Scheme of Administration are due to be considered by Elected Members in April 2017.</p> <p>Internal Audit Opinion: Accepted</p>
<p>16-02 - Credit Cards Assignment Action Point: 27 - Card Holder Security Arrangements Importance: Medium</p> <p>Audit Committee Date: September 2016</p> <p>Corporate & Democratic Services will request the agreement of the Head of Finance for the removal of specific credit cards from the office for business need.</p> <p>(G Taylor, Head of Democratic Services)</p>	<p>Oct 2016 Jan 2017</p>	<p>The Service states that this action is in the process of being completed.</p> <p>Internal Audit Opinion: Satisfactory</p>

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

Action Plan	Dates	Status/Explanation
<p>15-32 - Governance Arrangements for ALEOs and Statutory Boards Action Point : 6 - Scrutiny and oversight of ALEOs' performance Importance: Medium</p> <p>Audit Committee Date: June 2016</p> <p>The Head of Public Service Reform, Culture and Community Development will ensure that the ALEOs' performance will be reported to Scrutiny Committee at least every six months.</p> <p>(F Robertson, Head of Public Service Reform)</p> <p>Required Evidence Of Completion : Report to Scrutiny Committee</p>	<p>Sep 2016 Feb 2017</p>	<p>ALEO performance will be reported to the next Scrutiny Committee in February 2017.</p> <p>Internal Audit Opinion: Accepted</p>

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

Action Plan	Dates	Status/Explanation
<p>15-22 - Self-Directed Support Action Point: 13 - Responsibility for SDS Importance: High</p> <p>Audit Committee Date: March 2016</p> <p>The Council website will be updated to ensure that the SDS information is more accessible to people requiring services for Children and Young People. The response to the draft Joint Commissioning Strategy will ask for the reference to SDS to be changed to reflect its applicability to Children/Young People and all relevant adult client groups.</p> <p>(D Fraser, Joint Head of Community Care)</p>	<p>Sep 2016 Jan 2017</p>	<p>The Service advises that changes have been made to the presentation of information for SDS as it applies to children and young people. However further work is required to ensure that the information provided is complete and consistent.</p> <p>Internal Audit Opinion: Satisfactory</p>
<p>16-05 - Information Sharing Action Point : 3 - Fair Processing Notices for Health and Social Care Importance: Medium</p> <p>Audit Committee Date: September 2016</p> <p>Fair processing notices used in consent forms for Social Care, will be amended to reflect the uses of personal data in the development and planning of services, as outlined in the Scottish Government Strategic Framework.</p> <p>(Diane Fraser/Colin Johnson, Heads of Community Care)</p>	<p>Oct 2016 Mar 2017</p>	<p>This action is currently being progressed. The Service anticipates that it will be completed by March 2017</p> <p>Internal Audit Opinion: Satisfactory</p>

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

Action Plan	Dates	Status/Explanation
<p>16-15 - Fuel Management Action Point: 4 - Fuel Site Sharing & Charging Agreement Importance: Medium</p> <p>Audit Committee Date: June 2016</p> <p>The Fleet Manager will discuss the reciprocal fuel site sharing agreement with Tayside Contracts and with Legal and Governance Services to ensure an appropriate arrangement is entered into by both parties. This should include charging structures and invoice calculations.</p> <p>(B Morton, Fleet Manager)</p>	<p>Oct 2016 Mar 2017</p>	<p>The Service states that discussions regarding a reciprocal site sharing agreement and charging arrangements with Tayside Contracts are ongoing.</p> <p>Internal Audit Opinion: Satisfactory</p>