

PERTH AND KINROSS COUNCIL**Audit Committee – 19 June 2013****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 141. Table 2 shows the number of agreed actions that have been reported as incomplete as at their original agreed completion date; these total 32, of which 18 had a completion date of January, February and March 2013 and are therefore detailed in the following appendices B to E. A further 14 actions not completed by their original date have been allocated dates in the future for completion and progress will be reported on at a future committee. For information, a summary of these actions is included at Appendix F. Therefore, the number of agreed actions which have yet to be followed up as the date for completion is in the future is 109. In both tables, the actions are grouped by Service and reported by 'importance' of the agreed actions. There are no actions from Education & Children's Services which were due for completion in January, February or March which were not completed.
- 1.3 Appendices B to E present detailed follow-up information on a service-by-service basis, in respect of actions agreed for completion in the period of January, February and March 2013. In each case 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;
- (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
Jackie Clark	Chief Internal Auditor	Ext 75524 JClark@pkc.gov.uk

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Council Text Phone Number 01738 442573

1. IMPLICATIONS, ASSESSMENTS, CONSULTATION AND COMMUNICATION

The undernoted table should be completed for all reports. Where the answer is 'yes', the relevant section(s) should also be completed

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 Executive 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 - Internal Audit Follow-Up Chief Executive's Service

Appendix C - Internal Audit Follow-Up Housing and Community Care

Appendix D - Internal Audit Follow-Up The Environment Service

Appendix E - Internal Audit Follow-Up Chief Executive's Service (Exempt)

Appendix F - Outstanding Audit Actions previously reported to Audit Committee which do not have a January, February or March target date.

Appendix A: Summary of Agreed Actions

Table 1: All Agreed Actions for Follow-Up (figures in brackets reported in March 2013). This table includes actions not yet due for completion.

Service	Importance					
	Critical	High	Medium	Low	Not Rated	Total
Chief Executive's	0 (0)	1 (2)	25 (7)	19 (5)	7 (10)	52 (24)
Education & Children's Services	0 (1)	0 (1)	17 (12)	6 (8)	5 (5)	28 (27)
Housing & Community Care	0 (0)	2 (3)	14 (16)	8 (9)	0 (2)	24 (30)
The Environment Service	2 (0)	9 (2)	14 (9)	5 (4)	6 (6)	37 (21)
All Services	2 (1)	12 (8)	70 (44)	38 (26)	18 (23)	140 (102)

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

Service	Importance					
	Critical	High	Medium	Low	Not Rated	Total
Chief Executive's	0 (0)	0 (0)	6 (3)	2 (0)	3 (2)	11 (5)
Education & Children's Services	0 (1)	0 (0)	0 (2)	0 (1)	0 (0)	0 (4)
Housing & Community Care	0 (0)	0 (0)	5 (7)	3 (1)	0 (0)	8 (8)
The Environment Service	0 (0)	1 (1)	6 (7)	3 (2)	2 (1)	13 (11)
All Services	0 (1)	1 (1)	17 (19)	8 (4)	5 (3)	31 (28)
Actions with a completion date of January , February and March 2013 which have not been completed and therefore included on Appendices B to F						17
Those actions where the agreed date is not January, February and March 2013 which have been previously reported to Audit Committee (see Appendix G for summary)						14

Appendix B – Internal Audit Follow-up
Chief Executive's Service
(Reporting for All dates on or before: March 2013)

Action Plan	Dates	Status/Explanation
<p>11-09 - Information Security Action Point: 7(4) - Information Security Training Importance: Medium</p> <p>Audit Sub-Committee Date: June 2012</p> <p>Once funding is available, the e-learning Information Security training package will be updated and will refer to the Council's Information Security standards linked to corresponding Information Security guidance on the Council's intranet site.</p> <p>(D Henderson, Information Security Manager)</p>	<p>Mar 2013 Mar 2014</p>	<p>The Division is currently investigating the suitability and likely cost of suitable e-Learning packages with a view to either identifying or seeking appropriate funding</p> <p>Internal Audit Opinion: Accepted</p>
<p>12-07 - Managing Sickness Absence Action Point 1 - Health and Attendance Procedure for Teachers Importance: Medium</p> <p>Audit Sub-Committee Date: November 2012</p> <p>The Human Resources Team Plan includes an action for a review of the Health and Attendance Procedure with a view to ensuring consistency between the policies.</p> <p>(K Donaldson, Personnel Manager)</p>	<p>Jan 2013 Jun 2013 (for review)</p>	<p>Discussions are still ongoing with the intention of having a further review at the end of June.</p> <p>Internal Audit Opinion: Satisfactory</p>
<p>Audit Scotland's Annual report on 2011/12 audit</p> <p>Action Point: 8</p>	<p>Jan 2013 Sep 2013</p>	<p>Work is in progress to gather information from Services which will inform the risk assessment process. It is anticipated that</p>

Action Plan	Dates	Status/Explanation
<p>Importance : Not Given</p> <p>A risk assessment will be carried out to determine whether the Council requires to introduce additional procedures to comply with the provisions of the Bribery Act 2010, which introduced an offence on failure to prevent bribery.</p> <p>(I Innes, Head of Legal Services)</p>		<p>this action will be complete by September 2013.</p> <p>Internal Audit Opinion: Satisfactory</p>

Appendix C - Internal Audit Follow-up
Housing & Community Care
(Reporting for All dates on or before : March 2013)

Action Plan	Dates	Status/Explanation
<p>11-11 - Cash & Banking Action Point : 18 - H&CC: Operational Financial Regulations Importance: Low</p> <p>Audit Sub-Committee Date: November 2012</p> <p>Some hyperlink references have now been linked and others will be reviewed and addressed/removed as appropriate.</p> <p>(N Copland, Business and Resources Manager)</p>	<p>Jan 2013 Jun 2013</p>	<p>The Service states that their Operational Financial Regulations v5 were published on eric on 26 March 2013, although some issues with hyperlinks remain.</p> <p>Internal Audit Opinion: Satisfactory</p>
<p>11-12 - Commissioning Services - Temporary Accommodation Action Point : 14 - Monitoring and Annual Reports Importance: Medium</p> <p>Audit Sub-Committee Date: June 2012</p> <p>The requirement to present 6- monthly reports to Committee regarding monitoring activity of Service Level Agreements will be raised at Policy & Governance Group as this presents an onerous pressure on resources within the Service.</p> <p>(S Rankin, Planning and Commissioning Manager)</p>	<p>Jan 2013 Jun 2013</p>	<p>The Service states that this is to be tabled for consideration by the Policy and Governance Group at the meeting on the 14 June 2013.</p> <p>Internal Audit Opinion: Satisfactory</p>
<p>12-05 - Housing Rents Action Point : 5 - Procedures Importance: Low</p>	<p>Feb 2013 May 2013</p>	<p>The Service states that this action is partially completed. Arrears procedures, including write off for</p>

Action Plan	Dates	Status/Explanation
<p>Audit Sub-Committee Date: November 2012</p> <p>The Neighbourhood Services Manager will review the appropriateness of maintaining current tenant and former tenant arrears procedures. Thereafter the procedures will each be updated or combined into one tenant arrears procedure. They will also be updated to show they belong to Neighbourhood Services. Procedures will be written and approved in respect of checking of the housing rents suspense account and issuing of quarterly rent statements.</p> <p>(L Cooper, Neighbourhood Services Manager)</p>		<p>former tenants, are currently awaiting Head of Service approval.</p> <p>Internal Audit Opinion: Satisfactory</p>
<p>12-05 - Housing Rents Action Point: 10 - Rent Arrears Policy Importance: Medium</p> <p>Audit Sub-Committee Date: November 2012</p> <p>The Neighbourhood Services Manager will draft a formal Rent Arrears Policy for approval at Committee level which stipulates how the Council deals with the detection and recovery of rent arrears.</p> <p>(L Cooper, Neighbourhood Services Manager)</p>	<p>Mar 2013 Aug 2013</p>	<p>The Service states that the Rent Arrears Policy will be presented for approval by Committee following acceptance by Head of Service.</p> <p>Internal Audit Opinion: Satisfactory</p>

Appendix D - Internal Audit Follow-up
The Environment Service
(Reporting for All dates on or before: March 2013)

Action Plan	Dates	Status/Explanation
<p>07/019 - Property Management Action Point: 1 - Property Management Policy Importance: High</p> <p>Audit Sub-Committee Date: May 2008</p> <p>The commercial estate will be reviewed under the approved Asset Management Plan this year, subject to availability of resources. The review of non-commercial property is beyond the scope of Estates Management alone. Estates Management will be reviewing 'core processes' over a period of 18 months, commencing in April 2008 as part of a general exercise in the whole of Property Division. Following completion of this exercise, a property management policy framework will be drafted for submission to appropriate committee.</p> <p>(J McCrone, Conservation and Regeneration Manager)</p>	<p>Dec 2009 Jun 2010 Mar 2011 Mar 2012 Sep 2012 Mar 2013 Sep 2013</p>	<p>The Council has already agreed a policy for managing the disposal of property through its approval of the Disposal of Land and Buildings Policy by Property Sub Committee in January 2013.</p> <p>A report on the priorities for disposal of property in the Commercial Property portfolio has been considered by the Service Management Team and will be presented to the Strategic Policy and Resources Committee in September 2013. In addition, a report on the priorities for acquisition and development of new property through the Commercial Property Investment Programme has been considered by the Service Management Team and will be presented to the Enterprise and Infrastructure Committee in September 2013.</p> <p>Internal Audit Opinion: Accepted</p>
<p>09/010 - Corporate Health, Safety and Well-being: Statutory Action Point: 2 - The previous Occupational Health and Safety Policy Importance: Medium</p> <p>Audit Sub-Committee Date: May 2011</p> <p>Following the revision of the Occupational Health and Safety Policy there now follows a substantial programme of policy</p>	<p>Jul 2011 Dec 2011 Jul 2012 Mar 2013 Sep 2013</p>	<p>The new Health, Safety and Wellbeing Manager was recruited in November 2012.</p> <p>To ensure consistency a revised Corporate Occupational Health and Safety Policy which replaces the previous corporate policy and all Service policies will be presented to SP&R in September 2013 for approval. The draft policy includes incident reporting.</p>

Action Plan	Dates	Status/Explanation
<p>revision and development in support of this general policy. Revising the accident reporting and investigation procedures will be included in this programme of policy/procedure revision and development.</p> <p>(J Handing, Health, Safety and Wellbeing Manager)</p>		<p>The report includes the recommendation to develop and implement supplementary arrangements as they are reviewed and agreed by the corporate team and the Corporate Health and Safety Consultative Committee.</p> <p>Internal Audit Opinion: Accepted</p>
<p>09/010 - Corporate Health, Safety and Well-being: Statutory Action Point: 3 - Service Health and Safety Policies Importance: Medium</p> <p>Audit Sub-Committee Date: May 2011</p> <p>This is being addressed through the new policy approved by SP&R in December 2010 and the review of the Health & Safety structure for the Council. The requirement for consistency between health and safety documents within Services is to be addressed with Services with a view to ensuring that a consistent approach is adopted. It will also be addressed through the development of accident responding procedures as outlined in the Service's response to Action Point 2.</p> <p>(J Handing, Health, Safety and Wellbeing Manager)</p>	<p>Dec 2011 Jul 2012 Mar 2013 June 2013</p>	<p>See Action Point 2 above.</p>
<p>09/010 - Corporate Health, Safety and Well-being: Statutory Action Point: 4 - Corporate Health and Safety Guidance Importance: Low</p> <p>Audit Sub-Committee Date: May 2011</p>	<p>Jul 2011 Dec 2011 Jul 2012 Mar 2013 June 2013</p>	<p>See Action Point 2 above.</p>

Action Plan	Dates	Status/Explanation
<p>It is recognised the procedural documentation setting out how incidents must be recorded, investigated and reported under RIDDOR require to be revised as has been stated in the Service's Management Action Plan for Action Point 2</p> <p>(J Handing, Health, Safety and Wellbeing Manager)</p>		
<p>09/010 - Corporate Health, Safety and Well-being: Statutory Action Point: 5 - Performance information for corporate managers Importance: Medium</p> <p>Audit Sub-Committee Date: May 2011</p> <p>It is recognised the procedural documentation setting out how incidents must be recorded, investigated and reported under RIDDOR require to be revised as has been stated in Management Action Plan for Action Point 2. In addition, the Service will incorporate the changes consequent on the above comments in the Annual Report for 2010/11.</p> <p>(J Handing, Health, Safety and Wellbeing Manager)</p>	<p>Jul 2011 Dec 2011 Jul 2012 Mar 2013 June 2013</p>	<p>See Action Point 2 above.</p>
<p>09/010 - Corporate Health, Safety and Well-being: Statutory Action Point: 7 - Remaining staff of RIDDOR requirements Importance: Medium</p> <p>Audit Sub-Committee Date: May 2011</p>	<p>Jul 2011 Dec 2011 Jul 2012 Mar 2013 June 2013</p>	<p>See Action Point 2 above.</p>

Action Plan	Dates	Status/Explanation
<p>Clarification of responsibilities with regard to ensuring that the Council is able to comply with RIDDOR requirements will be addressed through the development of a clear procedure for incident recording, investigation and reporting as identified under the Management Action Plan for Action Point 2.</p> <p>(J Handing, Health, Safety and Wellbeing Manager)</p>		
<p>11-04 - Creditors/Purchase Ledger Assignment Action Point Number: 2.1</p> <p>Audit Sub-Committee Date: June 2012</p> <p>Financial Controllers will ensure that guidelines are produced for staff within their Services for the Service-based procedures as required by Financial Regulations and Purchase Ledger Manual guidelines.</p> <p>(F Crofts, Business & Resource Manager)</p>	<p>Jan 2013 Feb 2013 Nov 2013</p>	<p>This review was delayed as the Finance Officer who was to lead this review has been absent from work for some time and this task had not been reassigned.</p> <p>It has now been agreed that the Finance and Governance Team Leader will lead this review, to commence August 2013 and be completed by 30th November 2013.</p> <p>Each finance team within TES currently have their own purchase ledger procedures and although these pre-date the current finance structure they comply with the financial regulations and will form the starting point for the review.</p> <p>Internal Audit Opinion: Accepted</p>
<p>Audit Scotland's Annual report on 2011/12 audit Action Point: 10 Importance : Not Given</p> <p>A report will be taken to Strategic Policy & Resources Committee on a 6 month basis to update members on Audit</p>	<p>Mar 2013 Sep 2013</p>	<p>Work is being undertaken to identify relevant Audit Scotland national reports and to ensure that they are systematically reported to the relevant committee.</p> <p>Internal Audit Opinion: Satisfactory</p>

Action Plan	Dates	Status/Explanation
Scotland's national reports. (S MacKenzie, Head of Performance & Resources)		

Appendix E: Internal Audit Follow-Up

Chief Executive's Services

(Reporting for All dates on or before: March 2013)

Action Plan	Dates	Status/Explanation
<p>11-07 - Licensing Action Point: 11 - Licence Application Forms Importance: Low</p> <p>Audit Sub-Committee Date: September 2012</p> <p>The Service has recently redrafted licence guidance and application forms; these will be further reviewed for refinement and consistency in the titling of the guidance and include statements that receipts are issued in respect of licence fees.</p> <p>(S Rodger, Legal Manager)</p>	<p>Feb 2013 Jun 2013</p>	<p>This action will be complete by the end of June 2013.</p> <p>Internal Audit Opinion: Satisfactory</p>
<p>11-07 - Licensing Action Point 5(2) - Returned Cheques Importance: Low</p> <p>Audit Sub-Committee Date: September 2011</p> <p>The Service will discuss the timescales for cheques being returned with Finance to establish whether the timescale can be reduced.</p> <p>(S Rodger, Legal Manager)</p>	<p>Feb 2013 Jun 2013</p>	<p>This action will be complete by the end of June 2013.</p> <p>Internal Audit Opinion: Satisfactory</p>

Appendix F: Outstanding Audit Actions previously reported to Audit Committee which do not have a January, February or March target date

Summary of Outstanding Action	Original & revised date for completion	Importance
The Scheme of Administration will be updated to reflect changes in Contract Rules	Dec 2010; May 2013	Medium
Information asset owners will be advised of their responsibilities	Dec 2011; May 2013	Medium
The Information Security section of the Information Management Strategy will be updated to reflect the revised Information Security Action Plan	Dec 2012; Jun 2013	Medium
The Minute of Agreement with Tayside Contracts is to be reviewed.	Dec 2012; Jun 2013	Not given
The legal position regarding the debt owed by Kinross Common Good Fund will be examined and corrected.	Dec 2012; Aug 2013	Not given
Improvements in control over changes to access to council systems are being developed for employees who change their roles.	Dec 2012; Aug 2013	Medium
The Corporate Equalities Policy will be updated in line with new legislation.	Dec 2010; Apr 2013	Low
Guidance will be provided to Services on gender equalities consultation to be detailed in annual reports.	Jun 2010; Apr 2013	Medium
Guidance will be provided to Services on the format for annual reports for reporting Specific not General Duties.	Jun 2010; Apr 2013	Medium
There will be a consolidation of Service Level Agreements for Commissioned Services	Dec 2012; Apr 2013	Medium
The Waste Management Action Plan will be presented to Elected Members	Mar 2012; Jun 2013	Low
The Failure to Meet Level of Service for winter maintenance will be recorded and reported.	Sep 2012; Sep 2013	Medium
The Winter Policy report presented to Committee will include winter statistics	Sep 2012; Sep 2013	Medium
The Council should adopt the use of whole life costing and provide guidance.	Dec 2012; Sep 2013	Not given