

PERTH AND KINROSS COUNCIL**Audit Committee****29 June 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 68. 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 9 had a completion date of January to March 2016 and are therefore detailed in the following Appendices B to E. A further 10 actions not completed by their original date have been allocated revised dates for completion after 31 March 2016 and progress will be reported on these at a future Committee. Therefore, the number of agreed actions which have yet to be followed up as the date for completion is after 31 March 2016 is 49. In both tables, the actions are grouped by Service and reported by 'importance' of the agreed actions.
- 1.3 Appendices B to E present detailed follow-up information in respect of actions agreed for completion in the period of January to March 2016. The appendices also record service management's explanations of the status of each action point and internal audit comments where relevant. There are no actions with a completion date of January to March 2016 that have not been completed for Housing & Community Care.

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 The Environment Service

Appendix A: Summary of Agreed Actions

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

Service	Importance					
	Critical	High	Medium	Low	Not Rated	Total
Corporate & Democratic Services	0 (0)	1 (3)	13 (10)	9 (14)	3 (5)	26 (32)
Education & Children's Services	0 (0)	0 (1)	8 (8)	5 (8)	0 (0)	13 (17)
Housing & Community Care	0 (1)	4 (8)	5 (9)	3 (10)	0 (0)	12 (28)
The Environment Service	0 (0)	0 (1)	10 (10)	3 (9)	0 (0)	13 (20)
All Services	0 (1)	5 (13)	36 (37)	20 (41)	3 (5)	63 (97)

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)	2 (6)	2 (5)	3 (5)	7 (16)
Education & Children's Services	0 (0)	0 (0)	1 (1)	3 (0)	0 (0)	4 (1)
Housing & Community Care	0 (0)	0 (3)	1 (1)	0 (1)	0 (0)	1 (5)
The Environment Service	0 (0)	0 (0)	4 (2)	1 (4)	0 (0)	5 (6)
All Services	0 (0)	0 (3)	8 (10)	6 (10)	3 (5)	17 (28)
Actions with a completion date of January to March 2016 which have not been completed and therefore included on Appendices B to E						10
Those actions where the agreed date is not January to March 2016 which have been previously reported to Audit Committee						8

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 7 - Audit Scotland's Review of Data Management Action Point: 4 - Data Sharing Agreements</p> <p>Audit Committee Date: September 2013</p> <p>A register of data sharing agreements is already planned to be published including the responsible officer and the review date. Responsible officers will be given reminders of the need to review agreements.</p> <p>(D Henderson, Information Compliance Manager)</p>	<p>Mar 2015 Mar 2016 Sep 2016</p>	<p>The Service states that major work on Data Protection has been delayed due to unavoidable staff absence. Completion is now anticipated by September 2016.</p> <p>Internal Audit Opinion: Accepted</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>15-16(b) - City of Perth Early Childhood Centre Action Point : 1 - Inventory Importance: Low</p> <p>Audit Committee Date: February 2016</p> <p>A complete Inventory List will be compiled in accordance with the Financial Policies and Procedures.</p> <p>(S Rivers, Centre Leader)</p>	<p>Mar 2016 Aug 2016</p>	<p>Since the audit, there has been a change in Centre Leader for the City of Perth Early Childhood Centre. The Finance Officer has met with the new Centre Leader and he is now aware of the requirements and will work on them for 31 August.</p> <p>Internal Audit Opinion: Satisfactory</p>
<p>15-16(b) - City of Perth Early Childhood Centre Action Point : 2 - Internal Procedures Importance: Low</p> <p>Audit Committee Date: February 2016</p> <p>Daily routines will be documented so that it is clear what actions are to be taken in the event of the absence of the clerical member of staff.</p> <p>(S Rivers, Centre Leader)</p>	<p>Mar 2016 Aug 2016</p>	<p>Since the audit, there has been a change in Centre Leader for the City of Perth Early Childhood Centre. The Finance Officer has met with the new Centre Leader and he is now aware of the requirements and will work on them for 31 August.</p> <p>Internal Audit Opinion: Satisfactory</p>
<p>15-16(b) - City of Perth Early Childhood Centre Action Point : 3 - School Funds Committee Importance: Low</p> <p>Audit Committee Date: February 2016</p> <p>The Centre Leader was aware of this oversight and will ensure that the procedures in respect of the school fund committee are</p>	<p>Mar 2016 Aug 2016</p>	<p>Since the audit, there has been a change in Centre Leader for the City of Perth Early Childhood Centre. The Finance Officer has met with the new Centre Leader and he is now aware of the requirements and will work on them for 31 August.</p> <p>Internal Audit Opinion: Satisfactory</p>

Action Plan	Dates	Status/Explanation
adhered to. (S Rivers, Centre Leader)		

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

Action Plan	Dates	Status/Explanation
<p>13-18 - Fleet Management Action Point: 9 - Service Level Agreement Importance: Low</p> <p>Audit Committee Date: June 2014</p> <p>Service level agreements will be finalised between Fleet and other Council services which detail the requirement to comply with the Corporate Fleet Transport Policy and Procedure Arrangements.</p> <p>(B Morton, Fleet Manager)</p>	<p>Sep 2014 Mar 2015 Jul 2015 Mar 2016 Jul 2016</p>	<p>Meetings have been held or are scheduled imminently with each Service. Any suggested amends are to be considered and where appropriate added to the SLA before sign off from each Service, this is likely to be done by 31 July 2016 to allow time for the SLA to be presented by the Service Contact to each Service SMT if appropriate.</p> <p>Internal Audit Opinion: Accepted</p>
<p>14-11 - Management of Contracts Action Point : 5 - The Council's corporate rules on contract management Importance: Medium</p> <p>Audit Committee Date: February 2015</p> <p>The Corporate Procurement Team are working on a "roles and responsibilities" framework to help services identify appropriate measures; e.g., requirements for Contract Officers and their supervisors, to ensure that contract management is effective and proportionate, and Council decision-makers are regularly assured of same.</p> <p>(M Mitchell, Corporate Procurement Manager)</p>	<p>Sep 2015 Feb 2016 Jul 2016</p>	<p>The Service states that this is being progressed following the approval of the Procurement Strategy.</p> <p>Internal Audit Opinion: Accepted</p>
<p>15-13 - School Transport</p>	<p>Mar 2016</p>	<p>The Service has advised that</p>

Action Plan	Dates	Status/Explanation
<p>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>Jun 2016</p>	<p>authorisation limits have been reviewed and updated within the team. The required changes to PECOS will be actioned with all changes for The Environment Service in June.</p> <p>Internal Audit Opinion: Satisfactory</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</p>	<p>Work on completing this action is ongoing. It has involved significantly more resource than originally anticipated and is due to be completed by the end of June.</p> <p>Internal Audit Opinion: Satisfactory</p>