

**PERTH AND KINROSS COUNCIL****Audit Committee****25 November 2015****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 89. Table 2 shows the number of agreed actions that have been reported as incomplete as at their original agreed completion date; these total 25, of which 6 had a completion date of July and August 2015 and are therefore detailed in the following Appendices B to D. A further 19 actions not completed by their original date have been allocated revised dates for completion after 31 August 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 August 2015 is 64. In both tables, the actions are grouped by Service and reported by 'importance' of the agreed actions.
- 1.3 Appendices B to D present detailed follow-up information in respect of actions agreed for completion in the period of July and August 2015. 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 July and August 2015 that have not been completed for Education & Children's Services.
- 1.4 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 1 such instances. The action relating to the Chief Executive Service relates to Internal Audit Report 14-07 Data Protection and concerns the provision of guidance regarding the information security classification for the proper storage and destruction of confidential information (Report 14/516 refers). This action is now due for completion in November 2015 and evidence of completion of this action will be requested after this date.

## **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**

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## ANNEX

### 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 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 Chief Executive's Service

Appendix C - Audit Follow-Up Housing & Community Care

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 September 2015). This table includes actions not yet due for completion.

Service	Importance					
	Critical	High	Medium	Low	Not Rated	Total
Chief Executive's	0 (0)	2 (2)	9 (10)	11 (10)	6 (7)	28 (29)
Education & Children's Services	0 (0)	2 (2)	5 (5)	7 (7)	0 (0)	14 (14)
Housing & Community Care	2 (0)	6 (5)	13 (16)	15 (13)	0 (1)	36 (35)
The Environment Service	0 (0)	2 (2)	3 (3)	6 (6)	0 (0)	11 (11)
<b>All Services</b>	<b>2 (0)</b>	<b>12 (11)</b>	<b>30 (34)</b>	<b>39 (36)</b>	<b>6 (8)</b>	<b>89 (89)</b>

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)	1 (1)	5 (6)	4 (2)	6 (6)	16 (15)
Education & Children's Services	0 (0)	0 (1)	1 (1)	0 (0)	0 (0)	1 (2)
Housing & Community Care	0 (0)	0 (0)	2 (0)	1 (2)	0 (0)	3 (2)
The Environment Service	0 (0)	0 (0)	1 (1)	4 (4)	0 (0)	5 (5)
<b>All Services</b>	<b>0 (0)</b>	<b>1 (8)</b>	<b>9 (8)</b>	<b>9 (8)</b>	<b>6 (6)</b>	<b>25 (24)</b>
Actions with a completion date of July and August 2015 which have not been completed and therefore included on Appendices B to E						6
Those actions where the agreed date is not July and August 2015 which have been previously reported to Audit Committee						19



**Appendix B - Audit Follow-up**  
**Chief Executive's Service**  
**(Reporting for All dates on or before: June 2015)**

Action Plan	Dates	Status/Explanation
<p>14-08 - Employee Expenses  Action Point: 1 - Council policy and employee expenses  Importance: Low</p> <p>Audit Committee Date:  November 2014</p> <p>The policy currently in place is well known to managers and staff, and no changes are envisaged, so there is no urgent need for presentation to Council / Committee. The Council's HR policies are reviewed at regular intervals on a cyclical basis. The approval process for all of these policies is currently being reappraised. On the next occasion when the policy for travel and subsistence is reviewed, then it will be dealt with in accordance with the approval procedure in effect at that time.</p> <p>(K Ridley, Personnel Manager)</p>	<p>Aug 2015  Dec 2015</p>	<p>As part of the changes to Chief Officer terms and conditions the Travel and Subsistence information on ERIC has been streamlined.</p> <p>In view of the cross over between central HR information and payroll, further work is required to review all the documents, policies, forms and guidance on these pages.</p> <p>Internal audit Opinion:  Satisfactory</p>





**Appendix C - Audit Follow-up  
Housing & Community Care  
(Reporting for All dates on or before: June 2015)**

Action Plan	Dates	Status/Explanation
<p>15-07 - Reablement Action Point : 1(a) - Operational Procedures Importance: Medium</p> <p>Audit Committee Date: June 2015</p> <p>Operational Instructions and Guidance will be updated to reflect the generic outcome focussed assessment and outcome focussed review processes and to reflect Keyworker monitoring reviews and Reablement weekly updates.</p> <p>(V Riddell, Team Leader)</p>	<p>Jul 2015 Dec 2015</p>	<p>The Service advises that the review of Reablement procedures to ensure clear guidance will require further work and a revised date of December 2015 is anticipated.</p> <p>Internal Audit Opinion: Satisfactory</p>
<p>15-07 - Reablement Action Point : 1(b) - Operational Procedures Importance: Medium</p> <p>Audit Committee Date: June 2015</p> <p>Management will update current policies on Assessment and Review to include monitoring.</p> <p>(P Kippen, Service Manager, Older People)</p>	<p>Jul 2015 Dec 2015</p>	<p>See Action Point 1(a)</p> <p>Internal Audit Opinion: Satisfactory</p>



**Appendix D - Audit Follow-up**  
**The Environment Service**  
**(Reporting for All dates on or before: June 2015)**

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 Procedural Arrangements (CFTPPA).</p> <p>(B Morton, Fleet Manager)</p>	<p>Sep 2014  Mar 2015  Jul 2015  March 2016</p>	<p>A draft SLA is being piloted with a view to ensuring its adequacy prior to rolling this out to all Services. It is now anticipated that all SLAs should be in place for the next financial year.</p> <p>Internal Audit Opinion: Accepted</p>
<p>13-18 - Fleet Management  Action Point: 13 - Embedding the Policy and Procedures  Importance: Low</p> <p>Audit Committee Date: June 2014</p> <p>E-learning modules will be developed on the CFTPPA, to inform staff and to provide guidance on the application of relevant procedures.</p> <p>(B Morton, Fleet Manager)</p>	<p>Dec 2014  Aug 2015  Dec 2015</p>	<p>The e-learning module rolled out relates to the changes to driving licences only and not the whole CFTPPA. The Service is developing a communication strategy and induction package in order to raise awareness of all aspects of the arrangements.</p> <p>Internal Audit Opinion: Accepted</p>
<p>13-18 - Fleet Management  Action Point: 16 - Embedding the Policy and Procedures  Importance: Low</p> <p>Audit Committee Date: June 2014</p> <p>The CFTPPA will be the subject of an Inside News Bulletin.</p> <p>(B Morton, Fleet Manager)</p>	<p>Dec 2014  Aug 2015  Dec 2015</p>	<p>See Action Point 13</p> <p>Internal Audit Opinion: Accepted</p>

