

## PERTH AND KINROSS COUNCIL

## Audit Sub-Committee – 12 September 2012

## INTERNAL AUDIT FOLLOW UP

## Report by Chief Internal Auditor

**ABSTRACT**

This report presents a current summary of Internal Audit's 'follow up' work.

**1. RECOMMENDATIONS**

## 1.1 The Audit Sub-Committee is asked to:

- (i) note the current position in respect of the agreed actions arising from internal and external audit work;
- (ii) consider the most appropriate action to be taken to progress the agreed action plans, taking into account the recorded audit opinions.

**2. BACKGROUND**

- 2.1 CIPFA's "Code of Practice for Internal Audit in Local Government in the United Kingdom" places upon management the responsibility for ensuring that the agreed actions arising from audit reports are implemented. It is the duty of the Chief Internal Auditor to seek assurance that the actions have been completed and to put in place 'escalation procedures' where this does not appear to have been the case. To assist the Audit Sub-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 them.
- 2.2 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 102. Table 2 shows the number of agreed actions that have been reported as incomplete as at their original agreed completion date; these total 36, of which 9 had a completion date of April to June 2012 and are therefore detailed in the following appendices B to E. A further 27 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 date. Therefore, the number of agreed actions which have yet to be followed up as their date has yet to pass is 66. In both tables, the numbers are grouped by service and reported by 'importance' of the agreed actions.
- 2.3 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 April

to June 2012. In each case the appendices also record service management's explanations of the status of each action point and internal audit comments where relevant.

### **3. PROPOSALS**

- 3.1 It is recommended that the Sub-Committee seeks assurance that there are clear and achievable action plans for completing the agreed actions noted above.

### **4. CONSULTATION**

- 4.1 All Council services have been consulted in the preparation of the report.

### **5. RESOURCE IMPLICATIONS**

- 5.1 There are no resource implications arising from this report.

### **6. COUNCIL CORPORATE PLAN OBJECTIVES 2009-2012**

- 6.1 The Council's Corporate Plan 2009-2012 lays out five Objectives which provide clear strategic direction, inform decisions at a corporate and service level and shape resources allocation. They are as follows:-

- (i) A Safe, Secure and Welcoming Environment
- (ii) Healthy, Caring Communities
- (iii) A Prosperous, Sustainable and Inclusive Economy
- (iv) Educated, Responsible and Informed Citizens
- (v) Confident, Active and Inclusive Communities

- 6.2 The Chief Executive's Service provides a range of functions for internal and front-line customers alike. These functions support the work of the whole Council by assisting them in the delivery of the Council's Corporate Objectives. As a consequence, this report does not specifically relate to one of the objectives, but assists with the delivery of all five.

### **7. EQUALITIES ASSESSMENT**

- 7.1 The Council's Corporate Equalities Assessment Framework requires an assessment of functions, policies, procedures or strategies in relation to race, gender and disability and other relevant equality categories. This supports the Council's legal requirement to comply with the duty to assess and consult on relevant new policies to ensure there is no adverse impact on any community group or employees.

- 7.2 The function, policy, procedure or strategy presented in this report was considered under the Corporate Equalities Assessment Framework and the determination was made that the items summarised in this report do not require further assessment as they do not have an impact on people's wellbeing.

## **8. STRATEGIC ENVIRONMENTAL ASSESSMENT**

- 8.1 Strategic Environmental Assessment (SEA) is a legal requirement under the Environmental Assessment (Scotland) Act 2005 that applies to all qualifying plans, programmes and strategies, including policies (PPS).
- 8.2 However, no action is required as the Act does not apply to the matters presented in this report. This is because the Committee are requested to note the contents of the report only and the Committee are not being requested to approve, adopt or agree to an action or to set the framework for future decisions.

## **9. CONCLUSION**

- 9.1 This report presents a current summary of Internal Audit's 'follow-up' work.

**J CLARK**  
**Chief Internal Auditor**

**Note:** 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.

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**Date:** August 2012

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## Appendix A: Summary of Agreed Actions

Table 1: All Agreed Actions for Follow-Up (figures in brackets reported in June 2012)

Service	Importance					
	Critical	High	Medium	Low	Not Rated	Total
Chief Executive's	0 (0)	2 (0)	24 (38)	10 (17)	0 (0)	36 (55)
Education & Children's Services	1 (1)	0 (0)	9 (15)	5 (5)	0 (0)	15 (21)
Housing & Community Care	0 (0)	1 (3)	15 (13)	7 (6)	0 (0)	23 (22)
The Environment Service	0 (0)	2 (3)	20 (20)	5 (5)	1 (1)	28 (29)
<b>All Services</b>	<b>1 (1)</b>	<b>5 (6)</b>	<b>68 (86)</b>	<b>27 (33)</b>	<b>1 (1)</b>	<b>102 (127)</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)	0 (0)	5 (6)	0 (0)	0 (0)	5 (6)
Education & Children's Services	1 (1)	0 (0)	5 (7)	3 (3)	0 (0)	9 (11)
Housing & Community Care	0 (0)	3 (1)	1 (1)	0 (0)	0 (0)	4 (2)
The Environment Service	0 (0)	1 (2)	13 (9)	3 (3)	1 (1)	18 (15)
<b>All Services</b>	<b>1 (1)</b>	<b>4 (3)</b>	<b>24 (23)</b>	<b>6 (6)</b>	<b>1 (1)</b>	<b>36 (34)</b>
Those actions where the agreed date is not April to June 2012 which have been previously reported to Audit Sub-Committee						27
Actions with a completion date of January to March 2012 which have not been completed and therefore included on Appendices B to G						9

## Appendix B: Internal Audit Follow-Up

### Chief Executive's Service

(Reporting for actions due to be completed in April to June 2012)

Action Plan	Dates	Status/Explanation
<p>10/04 - Risk Management Action Point: 2 - Job Descriptions - Senior Management Teams Importance: Medium</p> <p>Risk management responsibilities will be specifically included in the job descriptions/appraisals of Chief Officers. Human Resources will support Executive Directors in undertaking this action.</p> <p>(K Donaldson, Personnel Manager)</p>	<p>Dec 2011 Apr 2012 Sep 2012</p>	<p>Chief Officer job profiles were reviewed at the time of recruitment to incorporate express mention of risk management, although this is one aspect of all chief officers' responsibilities in relation to Performance Management which is already an express term within all chief officers' profiles.</p> <p>The remaining job profiles were to be reviewed during the round of appraisal meetings which commenced in February 2012. Since all the appraisals have yet to be completed, a letter will be sent to those concerned, clarifying that risk is part of their responsibilities, being incorporated in their job profiles thereafter</p> <p>Internal Audit Opinion: Accepted</p>
<p>11-09 - Information Security Action Point: 10(1) - Baseline Personnel Security Standard Importance: Medium</p> <p>The Service will update the process map used by Managers to assist in the recruitment process to stipulate the need for Managers to check the nationalities of new employees to their passports and the immigration status/ID cards for non European Economic Area (EEA) applicants. A Managers Factsheet will also be issued giving guidance in this respect.</p> <p>(K Ridley, Personnel Manager)</p>	<p>Jun 2012 Aug 2012</p>	<p>The Managers factsheet, pro forma and email to managers have been revised and will be issued by the end of August. Minor operational issues have to be addressed before the new guidance is released.</p> <p>Employee Support have confirmed that Resource Link can log when someone has had a basic disclosure check for GSx purposes and if PKC goes forward on a wider scale with 3 yearly checks on all levels of disclosure then alerts can be sent out to line managers as and when required.</p> <p>Internal audit Opinion: Satisfactory</p>

**Appendix C: Internal Audit Follow-Up****Education & Children's Services****(Reporting for actions due to be completed in April to June 2012)**

Action Plan	Dates	Status/Explanation
<p>09/020 - School Transport (Entitlement) Action Point: 6 Informing committee of school transport arrangements Importance: Medium</p> <p>The value of contracts for School Transport as reported to the Enterprise &amp; Infrastructure Committee as part of the contracts awarded for Public, Education and Community Care Transport, be referred to within the report to Lifelong Learning Committee on Tenders Accepted and Works Awarded Under Delegated Powers.</p> <p>(K Robertson, Operations Manager)</p>	<p>Aug 2011 Apr 2012 Mar 2013</p>	<p>This action was initially put back to April 2012 as the Enterprise &amp; Infrastructure Committee was not due to meet until early 2012 to consider and approve the awarding of tenders and contracts.</p> <p>The awarding of tenders and contracts was, however, delayed until following the Local Government elections and will now form part of the usual six month report by the Executive Director (Environment) to the November 2012 meeting of the Enterprise and Infrastructure Committee. Thereafter, it will be referred to Lifelong Learning Committee at the next meeting following November (dates not yet confirmed for 2013).</p> <p>Internal Audit Opinion: Accepted</p>
<p>10/07 - Hardware Asset Management Action Point: 10 Hardware Lifecycle Importance: Low</p> <p>The Service will draft a report for consideration by the Corporate Resource Group with recommendations on the lifecycle for all desktop hardware.</p> <p>(K Wilson, IST Business Manager)</p>	<p>Dec 2011 Apr 2012 Sep 2012</p>	<p>I.T. will present a paper to CRG with a recommendation that Services adopt a policy for the lifecycle for replacement of desktop pc hardware. Future developments in IT purchasing such as the use of thin/zero client will be addressed as information regarding the longevity of such devices becomes available.</p> <p>Internal Audit Opinion: Accepted</p>
<p>10/08 - School Lets Action Point: 6 Short Life Working Group</p>	<p>Jun 2012 Dec 2012</p>	<p>All Member Officer Working Groups are currently under review. It is likely to be</p>

<p>Importance: Low</p> <p>North Inch Community Campus fully opened in October 2011. The MOWG will consider its future roles and remit at its next meeting by April 2012.</p> <p>(W Atkinson, Depute Director (ECS))</p>		<p>Christmas before a meeting would take place to implement recommendations made in this regard.</p>
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## **Appendix D: Internal Audit Follow-Up**

### **The Environment Service**

**(Reporting for actions due to be completed in April to June 2012)**

<b>Action Plan</b>	<b>Dates</b>	<b>Status/Explanation</b>
<p>11/15 - Carbon Reduction Commitment Action Point: 2.1</p> <p>As per minutes of 13th May 2010 Sustainable Development Member Officer Working Group meeting, a report detailing the requirements of the CRC scheme will be submitted to the Strategic Policy and Resources Committee.</p> <p>(G Dick, Facilities Management Officer (Energy))</p>	<p>Apr 2012 Sep 2012</p>	<p>A report was approved by Property Sub-Committee and the minute will be submitted to the next Strategic Policy &amp; Resources Committee meeting on the 19th September 2012.</p> <p>Internal Audit Opinion: Satisfactory</p>



## Appendix E: Internal Audit Follow-Up

### Housing & Community Care

(Reporting for actions due to be completed in April to June 2012)

Action Plan	Dates	Status/Explanation
<p>08/013 - Equalities - Access to Services Action Point: 1 - Corporate Equality Policy Review Importance: Low</p> <p>The Corporate Equalities policy is currently being reviewed and will be updated in line with the new Equality Bill which is expected to receive Royal Assent by Spring 2010, and will replace all existing equalities legislation. In addition, Scottish Ministers are currently consulting on proposed Specific Statutory Duties to support the new Equalities Bill. Existing regulations will be replaced by new legislation covering all equality protected categories.</p> <p>(P Graham, Corporate Organisational Development Manager)</p>	<p>Dec 2010 Jun 2011 Dec 2011 May 2012 April 2013</p>	<p>The Service advises that the Specific Duties were published by the Scottish Government in April 2012. A report outlining the Council's approach to ensure compliance was approved by the Equality &amp; Diversity MOWG in August. Following presentation to the MOWG in November, it is expected that a revised Equalities Policy will be presented to Committee for approval by April 2013.</p> <p>Internal Audit Opinion: Accepted</p>
<p>08/013 - Equalities - Access to Services Action Point: 2 - Gender Equality Consultation Importance: Medium</p> <p>Guidance will be given to the Services on the requirement to detail consultation work in annual progress reports.</p> <p>(P Graham, Corporate Organisational Development Manager)</p>	<p>Jun 2010 Dec 2010 Jun 2011 Dec 2011 May 2012 April 2013</p>	<p>As Action 1.</p> <p>Internal Audit Opinion: Accepted</p>

<p>08/013 - Equalities - Access to Services  Action Point: 6 - Annual Report Format - Gender  Importance: Medium</p> <p>Guidance will be given to the Services to ensure that information contained in Annual Reports relating to the Gender Equality Scheme is aligned to the Specific Duties and not General Duties.</p> <p>(P Graham, Corporate Organisational Development Manager)</p>	<p>Jun 2010  Dec 2010  Jun 2011  Dec 2011  May 2012  April 2013</p>	<p>As Action 1</p> <p>Internal Audit Opinion: Accepted</p>
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