

**PERTH AND KINROSS COUNCIL****Audit Committee – 27 March 2013****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 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 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 28, of which 14 had a completion date of November and December 2012 and are therefore detailed in the following appendices B to G. 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 date. For information, a summary of these actions is included at Appendix H. Therefore, the number of agreed actions which have yet to be followed up as their date has yet to pass is 74. In both tables, the numbers are grouped by service and reported by 'importance' of the agreed actions.

- 2.3 Appendices B to G present detailed follow-up information on a service-by-service basis, in respect of actions agreed for completion in the period of November and December 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 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:** March 2013

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## Appendix A: Summary of Agreed Actions

Table 1: All Agreed Actions for Follow-Up (figures in brackets reported in January 2013)

Service	Importance					
	Critical	High	Medium	Low	Not Rated	Total
Chief Executive's	0 (0)	2 (6)	7 (17)	5 (5)	10 (3)	24 (31)
Education & Children's Services	1 (1)	1 (0)	12 (5)	8 (2)	5 (5)	27 (13)
Housing & Community Care	0 (0)	3 (4)	16 (24)	9 (11)	2 (0)	30 (39)
The Environment Service	0 (0)	2 (1)	9 (11)	4 (4)	6 (5)	21 (21)
<b>All Services</b>	<b>1 (1)</b>	<b>8 (11)</b>	<b>44 (57)</b>	<b>26 (22)</b>	<b>23 (13)</b>	<b>102 (104)</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)	3 (4)	0 (0)	2 (0)	5 (4)
Education & Children's Services	1 (1)	0 (0)	2 (4)	1 (2)	0 (0)	4 (7)
Housing & Community Care	0 (0)	0 (0)	7 (5)	1 (1)	0 (0)	8 (6)
The Environment Service	0 (0)	1 (1)	7 (11)	2 (4)	1 (1)	11 (17)
<b>All Services</b>	<b>1 (1)</b>	<b>1 (1)</b>	<b>19 (24)</b>	<b>4 (7)</b>	<b>3 (1)</b>	<b>28 (34)</b>
Actions with a completion date of November and December 2012 which have not been completed and therefore included on Appendices B to G						14
Those actions where the agreed date is not November and December 2012 which have been previously reported to Audit Committee (see Appendix H for summary)						14

## Appendix B: Internal Audit Follow-Up

### Chief Executive's Service

(Reporting for actions due to be completed in November & December 2012)

Action Plan	Dates	Status/Explanation
<p>09/012 - ICT Purchasing Action Point: 13 - Amendment of Prime Council Documents Importance: Medium</p> <p>Audit Sub-Committee Date: June 2010</p> <p>[2] The changes to the Contract Rules will facilitate the required changes to be made to the Scheme of Administration and Financial Regulations.</p> <p>(G Taylor, Head of Democratic Services &amp; J Symon, Head of Finance)</p>	<p>Dec 2010 Dec 2012</p>	<p>The required changes have been made to the Financial Regulations.</p> <p>Internal Audit is in discussion with Democratic Services with regard to the necessary update requirements for the Scheme of Administration.</p> <p>Internal Audit Opinion: Accepted</p>
<p>09/013 - Applications Software - Development &amp; Maintenance Action Point: 7 - Information Security Awareness - Acquisitions &amp; Maintenance Importance: Medium</p> <p>Audit Sub-Committee Date: March 2011</p> <p>Work is under way to identify asset owners and managers (whose roles have been agreed including security of information systems) in order to advance their understanding of relevant issues.</p> <p>D Henderson, Information Security Manager</p>	<p>Dec 2011 Jul 2012 Nov 2012 March 2013</p>	<p>The list of owners and managers prepared by IT was not considered suitable for this task. Compilation of a revised list is almost complete and relevant personnel will be contacted to raise awareness of information security issues before the end of March 2013.</p> <p>Internal Audit Opinion: Accepted</p>
<p>11-09 - Information Security Action Point: 12 - Government Information Security Measure Importance: Medium</p>	<p>Dec 2012 Jun 2013</p>	<p>The revision of the Information Strategy has been delayed for a number of reasons. The revised document will contain</p>

Action Plan	Dates	Status/Explanation
<p>Audit Sub-Committee Date: June 2012</p> <p>The revised Information Management Strategy Information Security section will be updated to reflect the above revised Information Security action plan.</p> <p>(D Henderson, Information Security Manager)</p>		<p>information from the current Information Security action plan.</p> <p>Internal Audit Opinion: Satisfactory</p>
<p>Audit Scotland's Annual Report on 2011/12 audit Action Point: 4.1 Importance: Not given</p> <p>Audit Committee Date: January 2013</p> <p>The Minute of Agreement should be revisited to ensure that actual practice complies with the constituent authorities intentions.</p> <p>(I Innes, Head of Legal Services)</p>	<p>Dec 2012 Jun 2013</p>	<p>Meetings have taken place between the Heads of Legal Services in the constituent authorities with a view to resolving criticisms raised by External Audit in all authorities. This action forms part of this exercise which is progressing.</p> <p>Internal Audit Opinion: Satisfactory</p>
<p>Audit Scotland's Annual Report on 2011/12 audit Action Point: 5 Importance: Not given</p> <p>Audit Committee Date: January 2013</p> <p>The legal position regarding the debt owed by Kinross Common Good Fund will be examined along with options for correcting this issue.</p> <p>(I Innes, Head of Legal Services)</p>	<p>Dec 2012 Aug 2013</p>	<p>The sale of Kinross Town Hall, which will repay the Common Good Fund's debt, is progressing and it is anticipated that, the sale will be achieved by August 2013.</p> <p>Internal Audit Opinion: Accepted</p>

## Appendix C: Internal Audit Follow-Up

### Education & Children's Services

(Reporting for actions due to be completed in November & December 2012)

Action Plan	Dates	Status/Explanation
<p>11-09 - Information Security Action Point: 8(2) - Computer Access Rights Importance: Medium</p> <p>Audit Sub-Committee Date: June 2012</p> <p>The IT Service will liaise with Employment Services Team with a view to agreeing the parameters to develop a monthly exception report that details staff having transferred duties. The IT Service will ensure that thereafter these reports are actioned in a timely manner.</p> <p>(J Cochrane, Team Leader Application Support)</p>	<p>Dec 2012 Mar 2013</p>	<p>The development of the monthly report to provide details of staff that have transferred duties has been delayed due to the absence of a key resource within the Employee Services Team. The staff member has now returned and will work to complete the report, with technical support from colleagues in IT, by the end of March 2013.</p> <p>Internal Audit Opinion: Satisfactory</p>

**Appendix D: Internal Audit Follow-Up**  
**Housing & Community Care**  
**(Reporting for actions due to be completed in November & December 2012)**

Action Plan	Dates	Status/Explanation
<p>11-012 - Commissioning Services - Temporary Accommodation  Action Point: 6 - Housing Support  Importance: Medium</p> <p>Audit Sub-Committee Date: June 2012</p> <p>There will be consolidation of Service Level Agreements / Contracts Service Level Agreements, after consultation with providers.</p> <p>(G Peters, Contracts and Commissioning Team Leader)</p>	<p>Dec 2012  Mar 2013</p>	<p>The Service advises that a consolidated Contract is currently in draft and is in the process of being scrutinised by Legal Services with a view to it being introduced with effect from 1st April 2013.</p> <p>Internal Audit Opinion:  Satisfactory</p>
<p>12-05 - Housing Rents</p> <p>Action Point : 2.2 - Roles and Responsibilities  Importance: Medium</p> <p>Audit Sub-Committee Date: November 2012</p> <p>The Neighbourhood Services Manager will liaise with the Business and Resource Manager to ensure that the Scheme of Delegation is amended in line with recent structural and procedural changes.</p> <p>(L Cooper, Neighbourhood Services Manager)</p> <p>Required Evidence Of Completion : Revised Scheme of Delegation</p>	<p>Dec 2012  Mar 2013</p>	<p>The Service advises that this Action is partially completed. The Scheme of Delegation has been updated although further changes have been recommended to the Head of Service in January and February 2013</p> <p>Internal Audit Opinion:  Satisfactory</p>



## Appendix E: Internal Audit Follow-Up

### The Environment Service

(Reporting for actions due to be completed in November & December 2012)

Action Plan	Dates	Status/Explanation
<p>11/15 - Carbon Reduction Commitment Action Point: 7.1 - Consistency of Management Information Importance: Medium</p> <p>Audit Sub-Committee Date: October 2011</p> <p>The Service will prepare a Report for their Senior Management Team detailing the need to ensure a consistent approach in describing and reporting carbon emissions.</p> <p>(K Colville, Senior Premises Management Officer)</p>	<p>Dec 2011 Aug 2012 Nov 2012 Mar 2013</p>	<p>Internal Audit has been advised that a report is to be tabled to SMT on 14 March 2013</p> <p>Internal Audit Opinion: Accepted</p>
<p>11/15 - Carbon Reduction Commitment Action Point: 7.3 - Consistency of Management Information Importance: Medium</p> <p>Audit Sub-Committee Date: October 2011</p> <p>Any carbon emissions that relate to the CRC scheme will be described as CRC emissions in any future reports.</p> <p>(K Colville, Senior Premises Management Officer)</p>	<p>Dec 2011 Aug 2012 Nov 2012 Mar 2013</p>	<p>Internal Audit has been advised that a report is to be tabled to SMT on 14 March 2013</p> <p>Internal Audit Opinion: Accepted</p>
<p>11/16 - Waste Management Plan Action Point: 3 - Annual Report Importance: Low</p> <p>Audit Sub-Committee Date: January 2012</p>	<p>Mar 2012 Jul 2012 Nov 2012 Jun 2013</p>	<p>The Waste Management Plan Annual Report is in development and will be submitted to the June Environment Committee. By reporting in June it provides us with an opportunity to provide</p>

<p>Elected members will be kept informed of progress through SWMOWG following verification of information by SEPA.</p> <p>(B Reekie, Waste Services Manager)</p>		<p>full recycling and composting data for the year 2012/13.</p>
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**Appendix H: Outstanding Audit Actions previously reported to Audit Committee which do not have a November or December target date**

<b>Summary of Outstanding Action</b>	<b>Original &amp; revised date for completion</b>	<b>Importance</b>
Development of processes and procedures for implementing changes to software applications	Mar 2012; Mar 2013	Medium
The value of contracts awarded for School Transport to be included in the Tenders Accepted and Works Awarded Under Delegated powers report to Lifelong Learning Committee	Aug 2011; Mar 2013	Medium
Review and update the Corporate Equalities Policy in line with the Equality Bill.	Dec 2010; Apr 2013	Low
Provide guidance to Services on gender equality consultations following on from the Corporate Equalities Policy review.	Dec 2010; Apr 2013	Medium
Provide guidance to services regarding the inclusion in the Annual Report on Equalities information relating to Specific Duties and not General Duties in relation to gender.	Dec 2010; Apr 2013	Medium
Implementation of improvements in collection of income for rechargeable repairs	May 2011; Mar 2013	Medium
The development of a property management policy framework	Dec 2009; Mar 2013	High
The development of a local scheme of delegation beyond Executive Director for Property.	Dec 2008; Feb 2013	Medium
The inclusion of amended information based on other finding from the report in the Annual Report for 2010/11	Jul 2011; Mar 2013	Medium
The revision of the remit of the Strategic Waste Member Officer Group.	Mar 2012; Jan 2013	Low
Implement improvements to the recording of failure to meet levels of service for winter maintenance	Sep 2012; Sep 2013	Medium
Inclusion of winter statistics in the Winter Policy report to Enterprise and Infrastructure Committee	Sep 2012; Sep 2013	Medium
The provision of service-based procedures for purchase ledger transactions: The Environment Service	Sep 2012; Feb 2013	Medium
The adoption of whole-life costing and guidance on how to implement it to be included within the Project management toolkit.	Dec 2008; Sep 2013	Not given

