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Council Building
2 High Street
Perth
PH1 5PH

Tuesday, 15 November 2016

A Meeting of the **Audit Committee** will be held in the **Hay Room, Dewars Centre, Glover Street, Perth, PH2 0TH** on **Wednesday, 23 November 2016** at **14:00**.

If you have any queries please contact Committee Services on (01738) 475000 or email Committee@pkc.gov.uk.

BERNADETTE MALONE
Chief Executive

Those attending the meeting are requested to ensure that all mobile phones and other communication devices are in silent mode.

Members:

Councillor Dave Cuthbert (Convener)
Councillor Barbara Vaughan (Vice-Convener)
Councillor Henry Anderson
Councillor Kathleen Baird
Councillor Joe Giacomazzi
Councillor Willie Wilson
Councillor Anne Younger

Audit Committee

Wednesday, 23 November 2016

AGENDA

MEMBERS ARE REMINDED OF THEIR OBLIGATION TO DECLARE ANY FINANCIAL OR NON-FINANCIAL INTEREST WHICH THEY MAY HAVE IN ANY ITEM ON THIS AGENDA IN ACCORDANCE WITH THE COUNCILLORS' CODE OF CONDUCT.

- 1 WELCOME AND APOLOGIES/SUBSTITUTES**
- 2 DECLARATIONS OF INTEREST**
- 3 MINUTE OF MEETING OF THE AUDIT COMMITTEE OF 28 SEPTEMBER 2016 FOR APPROVAL AND SIGNATURE 5 - 12**
- 4 INTERNAL AUDIT FOLLOW UP 13 - 24**
Report by Chief Internal Auditor (copy herewith 16/517)
- 5 INTERNAL AUDIT UPDATE 25 - 38**
Report by Chief Internal Auditor (copy herewith 16/518)
- (i) CORPORATE AND DEMOCRATIC SERVICES**
- (a) 16-03 SALES LEDGER 39 - 52**
copy herewith (16/519)
- (ii) EDUCATION AND CHILDREN'S SERVICES**
- (a) 16-06(B) - FINANCIAL MANAGEMENT OF THROUGH SCHOOLS 53 - 64**
(copy herewith 16/520)
- (iii) THE ENVIRONMENT SERVICE**
- (a) 16-21 - PROPERTY MAINTENANCE 65 - 74**
(copy herewith 16/521)

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AUDIT COMMITTEE

Minute of meeting of the Audit Committee held in the Hay Room, Dewar's Centre, Glover Street, Perth on Wednesday 28 September 2016 at 10.00am.

Present: Councillors D Cuthbert, B Vaughan, H Anderson, K Baird, W Wilson and A Younger.

In Attendance: B Malone, Chief Executive; J Clark, C Irons, A O'Brien, L Simpson, J Symon, G Taylor and S Walker (all Corporate and Democratic Services); J Cockburn (Education and Children's Services); S Mackenzie (Environment Service); B Atkinson and F Low (both Housing and Community Care).

Also in Attendance: S Boyle and P Tate, Audit Scotland; A Shaw and M Wilkie, KPMG

Apology: Councillor J Giacobazzi

Councillor Cuthbert, Convener, Presiding.

. WELCOME AND APOLOGIES/SUBSTITUTIONS

The Convener welcomed everyone to the meeting. An apology was noted as above.

. DECLARATIONS OF INTEREST

There were no Declarations of Interest made in terms of the Councillors' Code of Conduct.

. MINUTE

The minute of meeting of the Audit Committee of 29 June 2016 (Arts. 536 – 546) was submitted and approved as a correct record and authorised for signature.

In response to a question from Councillor W Wilson on Art 540, J Clark advised she would update Councillor Wilson on actions required by Corporate and Democratic Services and Education and Children's Services.

Members agreed to vary the order of business on the agenda:-

INTERNAL AUDIT UPDATE

(i) Housing and Community Care

(a) 16-07 – Financial Assessment and Charging

There was submitted a report by the Chief Internal Auditor (16/416), on an audit to ensure that (1) relevant information and guidance was available to the Assessment and Charging Team and their clients, (2) financial assessments and calculation of

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charges were identified and invoiced properly and (3) charges invoiced were accurate.

Councillor B Vaughan expressed concern that previously agreed improvement actions have not been maintained. Councillor Vaughan added that Services should ensure that progress was maintained and should not require Internal Audit to continue to monitor their practices.

B Atkinson advised that the Service was working hard to address issues, however, he set some context to the changes and the speed of processing changes to vulnerable persons was important.

Councillor B Vaughan suggested that telephone calls be recorded to be able to provide evidence. B Atkinson stated there was a need to balance recording the evidence and vulnerability and sensitivity. B Atkinson agreed to discuss the matter with the Council's Information Compliance Manager.

Councillor W Wilson referred to instances of supervisory oversight and existing pressures on staff and requested an update on these issues. B Atkinson confirmed issues were being addressed and practices improved.

It was noted the one-off exercise required to ensure that all invoices on hold were reviewed with appropriate action taken was currently underway and would be completed within the next two months.

Resolved:

- (i) Internal Audit's findings, as detailed in Report 16/416, be noted.
- (ii) Internal Audit provide an interim report to this Committee in March 2017 with a full report in June 2017.

(b) 16-08 – Adult Protection

There was submitted a report by the Chief Internal Auditor (16/417) on an audit to provide assurance over the process being followed for the protection of vulnerable adults referred to the Council.

It was noted that Action Point 2 in respect of the development of the webpage and literature was now completed, and that Action Point 6 in respect of always having a quorum for meetings of the Adult Protection Committee was difficult due to the requirement to have multi-agency representation.

Resolved:

Internal Audit's findings, as detailed in Report 16/ 417, be noted.

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(c) 16-09 – Housing Options

There was submitted a report by the Chief Internal Auditor (16/418), on an audit to ensure that adequate arrangements were in place within the Housing Options process.

It was noted that Action Point 3 in respect of the Training Toolkit was now being developed by the Scottish Government for rolling out as a pilot scheme in early 2017.

Resolved:

Internal Audit's findings, as detailed in Report 16/418, be noted.

B ATKINSON LEFT AT THIS POINT IN THE MEETING.

DRAFT AUDITED ANNUAL ACCOUNTS 2015/16 AND DRAFT 2015/16 ANNUAL AUDIT REPORT TO MEMBERS AND THE CONTROLLER OF AUDIT

There was submitted a report by the Head of Finance (16/424), presenting (1) The Council's Draft Audited Accounts for the financial year 2015/16 in accordance with the Local Authority Accounts (Scotland) regulations 2014, (2) the draft 2015/16 Annual Report to Members and the Controller of Audit and (3) providing an update on the Council's new external auditors from financial year 2016/17.

The Convener thanked Audit Scotland for their diligence as the Council's auditors and welcomed KPMG who were taking over the role. The Convener referred to the unqualified accounts as an excellent document.

Councillor W Wilson referred to the Annual Audit Report to Members as having clarity and brevity and giving an early indication of the overall situation as being satisfactory.

Councillor B Vaughan expressed concern at the impact of the revenue budget underspend and that it had increased from the previous year. Councillor Vaughan added that if there was a projected underspend, services where savings had been implemented could be reintroduced. As underspends were regularly reported to the Strategic Policy and Resources Committee action could be taken to progress other services or projects.

J Symon advised that while there was a £16million underspend reported this equated to 3.9% of the overall budget in comparison to 3.3% the previous year but there has been an increase in the budget due to increased Council Tax collection rates on a continuing basis.

J Symon added that the report to the previous Strategic Policy and Resources Committee on 21 September 2016 projected an

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underspend of £0.94million in 2016/17 due to a focus on utilising available money.

B Malone advised that underspend was a very general term and further information was required to fully explain the position.

Demand-led services, such as those provided to young and old people, were very difficult to predict.

While there were genuine underspends there were also increased income and accelerated savings to take into account.
A full analysis would be undertaken to be clear on all funds available.

B Malone acknowledged Audit Scotland's suggestion that there was scope to refine the in-year financial management arrangements to consider the impact of underspends on service performance.

Councillor B Vaughan stated that while she was aware many services were demand-led, she considered the Council had erred on the side of caution and the Executive Officer Team required to look at the whole process. It was also important for Councillors to understand the process more fully. B Malone advised an executive summary would be provided for Councillors.

Councillor W Wilson referred to other factors affecting the budget such as, market forces and the weather, and proposed that road repairs should be an area of work which could be brought forward if funds were available. Councillor Wilson stated, while bearing in mind the pressures on staff, the Council should be trying to work smarter. He acknowledged there was a delicacy to the budget process and fine tuning was required but it was important to work through to find a formula to improve the position with regard to underspends.

Councillor B Vaughan referred to the section of the Annual Accounts which detailed that the budget was consistently underspent and by considerable amounts. Councillor Vaughan also referred to Audit Scotland highlighting a risk that the Council would be unable to deliver efficient and effective services and contribute to a prosperous, sustainable and inclusive economy for its area due to delays in investment or improvements to the asset base.

B Malone stated that as per reports to the Strategic Policy and Resources Committee the budget and programme delivery were not always aligned, ie a project could be completed but not fully funded. Also, some projects came in under-budget.

There was an extremely complex monitoring system in place and it was important to ensure the Capital Programme could be properly resourced and properly monitored.

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The Strategic Investment Group (SIG) had a robust process in place to monitor and assess the programme in detail.

To assist elected members a workshop could be provided on the process and the challenges faced.

Councillor W Wilson acknowledged that the capital budget had increased, but reiterated that staff were under pressure, suggesting consideration should be given to the appointment of staff on a fixed-term basis if that was necessary.

B Malone confirmed that as a very ambitious capital programme was being progressed it was necessary to ensure it was adequately resourced, including staffing.

S Boyle advised that the Audit Scotland report had been prepared to be considered along with the accounts and he was content with responses from officers.

The accounts were unqualified for the Council and the Charitable Trust Funds.

As it was the last meeting of the Committee for Audit Scotland, S Boyle wanted to record his thanks to the Committee and to Finance staff for their support, co-operation and positive approach over the last five years.

Resolved:

- (i) The contents of Audit Scotland's Draft 2015/16 Annual Audit Report to members and the Controller of Audit and covering memo be noted.
- (ii) The 2015/16 Annual Accounts be approved and the Leader of the Council, the Chief Executive and the Head of Finance be authorised to sign them.
- (iii) The appointment of KPMG as the Council's external auditors for financial years 2016/17 to 2020/21, be noted.

B MALONE, A O'BRIEN, S WALKER AND P TATE LEFT THE MEETING AT THIS POINT.

INTERNAL AUDIT FOLLOW-UP

There was submitted a report by the Chief Internal Auditor (16/411), presenting the Committee with a current summary of Internal Audit's follow up work.

Officers from the relevant Services were present to answer members' questions on the progress on outstanding actions as follows:

Corporate and Democratic Services

(a) Audit Scotland 6 – Action Point 11

In response to a question from Councillor W Wilson regarding the amount of time spent on this action point, L Simpson advised the opportunity had been taken to review the Minute of Agreement as the delivery of the service had not been reviewed since the 1990's. The document had been revised in collaboration with Angus and Dundee City Councils and a very positive meeting had been held with Tayside Contracts on the signing of the document.

L Simpson assured members that March 2017 was a realistic target for the conclusion of this Action Point.

Education and Children's Services

(a) 14–13 – Management of the Relationship with Live Active Leisure

A reassurance was given that the revised date of October 2016 would be met.

Housing and Community Care

(a) 15 -13 – School Transport Contracts

It was noted that the review of contracts and procedures to be carried out to ensure that the Council was fully compliant with the Protection of Vulnerable Groups (Scotland) Act 2007 was specifically in respect of School Transport Contracts.

Resolved:

An update be emailed to members following the meeting to be held in October to progress this issue.

The Environment Service

(a) 15-13 – Action Point 7 - School Transport Contracts

It was noted this Action Point was now complete.

THE NATIONAL FRAUD INITIATIVE 2014/15 AND 2016/17

There was submitted a report by the Chief Internal Auditor (16/412) presenting the reported findings of the 2014/15 National Fraud Initiative exercise and outlining preparations currently underway in respect of the 2016/17 exercise.

Councillor W Wilson asked for clarification on why this Council does not provide the Electoral Register to data match and L Simpson confirmed that the legal advice provided was that the Council was not at liberty to disclose the information for

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this purpose. J Symon advised that alternative, very successful, measures were used for data matching.

Resolved:

- (i) The outcomes within the Audit Scotland report on the National Fraud Initiative 2014/15 be noted.
- (ii) The work being undertaken for the 2016/17 exercise be noted.
- (iii) The Audit Scotland self-appraisal checklist relating to those charged with governance and attached at appendix B to report 16/412, be approved.

INTERNAL AUDIT UPDATE

There was submitted a report by the Chief Internal Auditor (16/413) presenting a summary of Internal Audit's work against the 2016/17 Annual Plan.

The Convener congratulated the Internal Audit team for completing the 2015/16 Audit Plan within the year.

It was noted that an update in respect of Audit 16-14, Named Person Follow-Up would be provided to the next Committee on 23 November 2016 and that Audit 16-21, Property Maintenance, was also on target to be reported to the next Committee.

Resolved:

- (i) A summary of Internal Audit's work against the 2016/17 annual plan be noted.
- (ii) The progress of work on the Internal Audit Plan for 2016/17 be noted.

The Committee considered the following final reports:-

(i) Corporate and Democratic Services

(a) 16-05 – Information Sharing

There was submitted a report by the Chief Internal Auditor (16/414), on an audit to ensure that (1) there were adequate corporate arrangements for data protection when sharing information with other organisations; (2) systems and processes were in place for sharing information which comply with legislation and corporate arrangements and (3) adequate protocols were in operation between the Council and organisations with which we share information.

J Clark advised a key issue was the lack of corporate knowledge about what Services were doing in relation to information sharing. Although nineteen draft protocols were held by the Information Compliance Manager only two protocols had been received in respect of the audit. Although there was no requirement for the Information Compliance Manager to be notified when such agreements were entered into, there was evidence of a need to manage these protocols.

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J Clark added that Services could have protocols which were inappropriate or be sharing information inappropriately.

L Simpson advised there were no issues regarding data breaches but protocols could set boundaries and required to be evidenced.

Councillor B Vaughan suggested that Services may not have been aware of what was required of them but that information sharing and the extent of it was an important issue.

L Simpson advised all staff should be aware of policy and procedures in relation to data protection, however, processes needed to be tightened up by May 2018 due to a change in legislation.

It was noted that while Directors were named as the responsible officers for actions and responsibility rested with them, the actions would be delegated to other officers.

Resolved:

Internal Audit's findings, as detailed in Report 16/414, be noted.

(b) Credit Cards

There was submitted a report by the Chief Internal Auditor (16/423) on the audit to ensure that (1) adequate arrangements were in place for the requesting and authorising of Council credit cards, (2) credit cards were used appropriately and were subject to appropriate control within Services and (3) credit card expenditure was adequately reconciled throughout the Council.

Resolved:

Internal Audit's findings, as detailed in Report 16/423, be noted.

(ii) Education and Children's Services

(a) 16-06(A) – Financial Management of Through Schools

There was submitted a report by the Chief Internal Auditor (16/415), on an audit to ensure that Fairview School, Perth was managed in accordance with the financial procedures as laid down by Education and Children's Services.

Resolved:

Internal Audit's findings, as detailed in Report 16/415, be noted.

PERTH AND KINROSS COUNCIL**Audit Committee****23 November 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 the Chief Internal Auditor to establish 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 106.
 - 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 6 had a completion date of July and August 2016 and are therefore detailed in the following Appendices B to D.
 - A further 13 actions not completed by their original date have been allocated revised dates for completion after 31 August 2016 and progress will be reported on these at a future Committee.
 - The number of agreed actions which have yet to be followed up as the date for completion is after 31 August 2016 is 87.
- 1.3 In both tables, the actions are grouped by Service and reported by 'importance' of the agreed actions. The importance of each action is documented in the original Internal Audit reports considered by the Audit Committee. Reported importance ratings range from 'critical', where there are significant financial, reputation, legal, performance, or safety issues, to 'low', where the risks are lower but there may be opportunities for improving processes and procedures. Reports produced by Audit Scotland do not

explicitly state the importance of each individual action and are therefore included in the tables as 'not rated'.

- 1.4 Appendices B to D present detailed follow-up information in respect of actions agreed for completion in the period of July and August 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 July and August that have not been completed for Education & Children's Services.
- 1.5 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 3 such instances of 'high' risk actions. One action relates to Housing and Community Care and is included in Appendix C and two are for The Environment Service and are included in Appendix D.

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.

Author

Name	Designation	Contact Details
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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 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 as at 31 August 2016 (figures in brackets reported in June 2016). This table includes actions not yet due for completion.

Service	Importance					
	Critical	High	Medium	Low	Not Rated	Total
Corporate & Democratic Services	0 (0)	0 (0)	18 (13)	4 (6)	3 (4)	25 (23)
Education & Children's Services	0 (0)	2 (2)	8 (11)	1 (3)	0 (0)	11 (16)
Housing & Community Care	0 (0)	13 (15)	19 (21)	11 (10)	3 (2)	46 (49)
The Environment Service	0 (0)	4 (4)	15 (20)	4 (5)	1 (2)	24 (31)
All Services	0 (0)	19 (21)	60 (65)	20 (24)	7 (8)	106 (119)

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)	3 (1)	0 (2)	2 (2)	5 (5)
Education & Children's Services	0 (0)	0 (0)	2 (1)	0 (3)	0 (0)	2 (4)
Housing & Community Care	0 (0)	1 (1)	3 (2)	0 (0)	1 (2)	5 (5)
The Environment Service	0 (0)	2 (0)	4 (5)	0 (1)	0 (1)	6 (7)
All Services	0 (0)	3 (1)	12 (9)	0 (6)	3 (5)	18 (21)
Actions with a completion date of July and August 2016 which have not been completed and therefore included on Appendices B to D						5
Those actions where the agreed date is not July and August 2016 which have been previously reported to Audit Committee						13

**Appendix B - Audit Follow-up
Corporate & Democratic Services
(Reporting for All dates on or before: August 2016)**

Action Plan	Dates	Status/Explanation
<p>15-17 - IT Disaster Recovery Planning Action Point : 6 - Single points of failure Importance: Medium</p> <p>Audit Committee Date: June 2016</p> <p>The IT Service will review key single points of failure and develop options and costs for increased resilience. These options will be considered at the Corporate Resources Group.</p> <p>(D Adams, Service Manager - ICT Support)</p>	<p>Aug 2016 Jan 2017</p>	<p>The Service states that this action is ongoing and will be completed by January 2017</p> <p>Internal Audit Opinion: Satisfactory</p>

Appendix C - Internal Audit Follow-up
Housing & Community Care
(Reporting for All dates on or before : August 2016)

Action Plan	Dates	Status/Explanation
<p>15-22 - Self-Directed Support Action Point : 19 - Individual Service Fund Enabling Agreements Importance: High</p> <p>Audit Committee Date: March 2016</p> <p>The procedure introduced will include a monitoring routine which checks that Individual Service Fund Enabling Agreements (ISFAs) are held. Monitoring of ISFAs will be undertaken initially by the Self Directed Support team but in the future by Commissioning and Contracting Team.</p> <p>(G Peters, Team Leader, Commissioning & Contracting)</p> <p>Required Evidence Of Completion : Evidence of monitoring</p>	<p>Aug 2016 Dec 2016</p>	<p>The Service has provided evidence of monitoring of an ISFA by Contracts and Commissioning Team. Internal Audit note the improvement by the Service however, the monitoring report provided was incomplete and some notes indicated that not all checks had been carried out. Internal Audit will await a completed report to confirm the monitoring arrangements.</p> <p>Internal Audit Opinion: Satisfactory</p>

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

Action Plan	Dates	Status/Explanation
<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 Dec 2016</p>	<p>The Service has advised that part of the business case for the Procurement Transformation project included funding to upgrade or introduce systems to improve our management of contracts and that a contract management module which integrates with the electronic tendering system has been identified and the roll out of the system has begun.</p> <p>Roles and responsibilities will be assigned to officers using the system. These are likely to be tiered levels of authority.</p> <p>Internal Audit Opinion: Accepted</p>
<p>16-15 - Fuel Management Action Point 1a – Fuel Card Contract Importance: High</p> <p>Audit Committee Date: June 2016</p> <p>The Fleet Management Service will investigate fuel usage and spend patterns on fuel cards across the Council. Using this information, the Service will review the potential suppliers from the National Category A shortlist and document the decision making process for the award of the direct call-off contract.</p>	<p>Aug 2016 Dec 2016</p>	<p>The Service has requested an extension as this task is underway and has involved more work than anticipated.</p> <p>Internal Audit Opinion Accepted</p>

Action Plan	Dates	Status/Explanation
<p>This decision will ensure that all aspects of the contract will be taken into consideration and ensure that the Council achieves best value. The Service will then sign a contract with the chosen supplier.</p> <p>(B Morton, Fleet Manager)</p>		
<p>15-15 - Fuel Management Action Point 1b – Fuel Card Contract Importance: High</p> <p>Audit Committee Date: June 2016</p> <p>The Fleet Management Service will liaise with the Procurement Manager to ensure that the Contracts Register is updated for all contracts held.</p> <p>(B Morton, Fleet Manager)</p>	<p>Aug 2016 Dec 2016</p>	<p>The Service has requested an extension as this task is underway and has involved more work than anticipated.</p> <p>Internal Audit Opinion Accepted</p>

PERTH AND KINROSS COUNCIL**Audit Committee****23 November 2016****INTERNAL AUDIT UPDATE****Report by the Chief Internal Auditor****PURPOSE OF REPORT**

This report presents a summary of Internal Audit's work against the 2016/17 annual plan. It also summarises the outcome of consultancy assignments and additional work undertaken by Internal Audit, where appropriate.

1. BACKGROUND / MAIN ISSUES

- 1.1 The Public Sector Internal Audit Standards (PSIAS) require that the Chief Internal Auditor reports periodically to the Audit Committee on internal audit activity and on performance relative to the approved plan.
- 1.2 Work has continued on assignments included within the Internal Audit Plan for 2016/17.
- 1.3 Since April 2016, Internal Audit has also been involved with six areas of unplanned activity. Of these assignments, five remain outstanding and one has been concluded without any further action required. Internal Audit's unplanned workload is within the resources allocated as part of the Internal Audit Planning process and there are currently no implications for this additional work on the completion of the Internal Audit Plan for 2016/17. However, this work may impact on the ability to complete work in accordance with the original schedule. The Audit Committee will be informed if there is any change to this situation.
- 1.4 Internal Audit has been involved with facilitating the National Fraud Initiative process, ensuring that the relevant fair processing notices are in place and the datasets have been uploaded.
- 1.5 In addition, Internal Audit has undertaken verification work supporting the Superconnected Cities Grant Claim (see Appendix A – reference 16-31). A report was considered by Audit Committee in February 2016 (Report 16/38 refers) which highlighted issues which have continued into last year's grant claim which has been subject to audit. However, Internal Audit are able to confirm on balance that the grant had been used for permitted expenditure.
- 1.6 Appendix A details those assignments where work has been completed since the last report to Audit Committee. Where appropriate, Internal Audit Reports for these assignments will be presented to the Audit Committee.

- 1.7 Appendix B shows a summary of each audit previously approved as part of the 2016/17 plan, along with the stage of progress for each assignment. The indicative date for the Audit Committee to consider the report is recorded. The achievement of these scheduled dates is dependent upon the level of unplanned investigation work and engagement with Services.
- 1.8 Appendix C details areas of work which are in addition to the approved Internal Audit Plan for 2016/17 arising from either Service requests for assistance or from investigatory work.

2. PROPOSED CHANGE TO THE AUDIT PLAN

- 2.1 The Internal Audit Plan for 2016/17 included an allocation of 5 days for following up the consultancy work undertaken in 2015/16 on the Named Person Service. Due to the delay in implementation of this at a national level, it is proposed to defer this assignment into 2017/18. It is not proposed to reallocate this small resource at present to a new assignment.

3. OUTCOMES FROM CONSULTANCY WORK

- 3.1 Within Appendix A there are a number of assignments which were identified as 'consultancy' within the Internal Audit Plan (report 16/156 refers).
- 3.2 Following approval from the Audit Committee in June 2016 of a revised reporting process for consultancy assignment (report 16/306 refers), this report will provide a summary of the completed work with regard to such assignments, where appropriate.
- 3.3 Consultancy assignments ongoing at present cover the subject of the European Social Fund and Universal Credit.

4. OUTCOMES FROM ADDITIONAL WORK

- 4.1 Additional work has been undertaken with regard to controls in place for overtime and standby within the Housing Repairs and Improvements Service (see Appendix A, reference 16-42). As a result of work undertaken by Internal Audit and the Service, supported by Human Resources, a number of improvements in the control environment are being progressed. A suite of procedures is being established and documented to ensure that all employees are aware of their responsibilities with regard to the management of the Housing Repairs and Improvements Service, including arrangements for the claiming and authorisation of additional payments. Internal Audit proposes to include a review of this area within the Internal Audit Plan for 2017/18, based on progress within the Service.

5. CONCLUSION AND RECOMMENDATIONS

- 5.1 This report presents a summary of Internal Audit's work against the 2016/17 annual plan, along with the outcomes from consultancy and additional work undertaken by Internal Audit. It is currently anticipated that the 2016/17 Internal Audit Plan will be completed within the year.
- 5.2 It is recommended that the Committee:
- 5.2.1 notes the progress of work against the plan for 2016/17;
- 5.2.2 approves the proposal to defer the Named Person Service Follow Up assignment into 2017/18;
- 5.2.3 notes the outcomes from consultancy work completed since the last Audit Committee; and
- 5.2.4 notes the outcomes from additional work.

Author(s)

Name	Designation	Contact Details
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You can also send us a text message on 07824 498145.

All Council Services can offer a telephone translation facility.

ANNEX

1. IMPLICATIONS, ASSESSMENTS, CONSULTATION AND COMMUNICATION

Strategic Implications	Yes / None
Community Plan / Single Outcome Agreement	None
Strategic 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 The risks are associated with the level of assurance provided on the control environment in the event that Internal Audit's planned work is not completed on time.

3. **Consultation**

3.1 Internal

3.1.1 The Chief Executive and Head of Finance 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 – Audit Activity Completed Since The Last Report To Audit Committee

Appendix B – Progress With Assignments Approved In The Internal Audit Plan for 2016/17

Appendix C – Progress With Assignments Not Included In The Internal Audit Plan for 2016/17

INTERNAL AUDIT UPDATE

Audit Activity Completed Since The Last Report To Audit Committee

Audit No.	Audit Title	Service
16-03	Sales Ledger	Corporate
16-06 (B)	Financial Management of All-Through Schools – St. John's RC Academy	Education & Children's Services
16-21	Property Maintenance	The Environment Service
16-31	Superconnected Cities Grant Claim *	The Environment Service
16-42	Housing Repairs and Improvements Service *	Housing & Community Care

* No report required for this assignment

Appendix B

Progress With Assignments Approved In The Internal Audit Plan for 2016/17 as at August 2016

Audit No.	Audit Title	Original Anticipated Audit Committee	Assignment brief approved	Factual accuracy confirmed	Draft Report issued	Final Report issued	Audit Committee Date ^
16-01	Debt Recovery & Write Off	Sep 2016	23 August 2016				February 2017
16-02	Credit Cards	Sep 2016	6 Apr 2016	19 May 2016	21 July 2016	16 September 2016	September 2016
16-03	Sales Ledger	Sep 2016	17 August 2016				November 2016
16-04	SWIFT	Feb 2017					February 2017
16-05	Information Sharing	Sep 2016	20 Apr 2016	25 May 2016	7 June 2016	24 August 2016	September 2016
16-06	Financial Management of All-Through Schools: (a) Fairview School (b) St. John's Academy	Sep 2016	26 May 2016	17 August 2016	17 August 2016	(a) 24 August 2016 (b) November 2016	(a) September 2016 (b) November 2016
16-07	Financial Assessment and Charging	Sep 2016	23 June 2016	14 July 2016	27 July 2016	26 August 2017	September 2016
16-08	Adult Protection	Sep 2016	12 Apr 2016	7 June 2016	9 June 2016	19 August 2016	September 2016
16-09	Housing Options	Nov 2016	10 May 2016	9 August 2016	9 August 2016	24 August 2016	September 2016

16-10	Charging for Services	Feb 2017							February 2017
16-11	Management of Relationship with Horsecross	Nov 2016							February 2017
16-12	Procurement	Nov 2016							March 2017
16-13	Performance & Capacity Management	Sep 2016							February 2017
16-14	Named Person Follow Up	Feb 2017							Proposed for removal
16-15	Fuel Management	Jun 2016	22 Apr 2016	19 May 2016	19 May 2016	31 May 2017			June 2016
16-16	Transformation	Feb 2017							March 2017
16-17	Pupil Support	Nov 2016							February 2017
16-18	Housing Rents	Feb 2017	19 September 2016						February 2017
16-19	Rent Arrears	Feb 2017							February 2017
16-20	LEADER	Feb 2017							February 2017
16-21	Property Maintenance	Nov 2016	10 August 2016	9 September 2016	13 September 2016	31 October 2016			November 2016
16-22	Roads Maintenance Partnership	Feb 2017							March 2017
16-23	Personalisation	Feb 2017							March 2017
16-24	Commissioned Services: Care At Home	Mar 2017							March 2017
16-25	Parking Services	Mar 2017							March 2017

16-26	Health & Social Care Partnership – Integrated Joint Board	Mar 2017							March 2017
16-27	Events and Festivals	Mar 2017							March 2017
16-28	BSOG April - September 2016 Grant Claim	Not Applicable	25 May 2016	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
16-29	BSOG October – March 2016 Grant Claim	Not applicable	25 May 2016						No report anticipated
16-30	Cycling Walking Safer Streets Grant Claim	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
16-31	Superconnected Cities Grant Claim	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
16-32	Childs Plan	Feb 2017							March 2017
16-33	European Social Fund	Nov 2016							February 2017
16-34	Tayside Contracts	Mar 2017							March 2017
16-35	Transformation	Mar 2017							March 2017
16-36	Corporate Governance	Mar 2017							March 2017
16-37	Universal Credit	Sep 2016							February 2017
16-38	Housing Technology Implementation Plan	Mar 2017							March 2017

^ Dates in bold are when reports have been considered by Audit Committee. Other dates are the current anticipated dates for consideration by Audit Committee where this differs from the originally anticipated date.

It is not anticipated that reports will be required to be issued for the certification of grant claims. Reports will only be issued where weaknesses in controls are identified which require action.

Appendix C

Progress With Assignments Not Included In The Internal Audit Plan for 2016/17

Ass No.	Assignment Description	State of progress	Draft Report issued	Final Report issued	Audit Committee Date
16-40	Bereavement Services	Completed	Not applicable	Not applicable	Not applicable
16-41	Housing & Community Care Internal Controls	Ongoing			
16-42	Housing & Community Care Repairs and Improvements Service	Completed	Not applicable	Not applicable	Not applicable
16-43	Whistleblowing – Staff Parking	Ongoing			
16-44	TES correspondence	Ongoing			
16-45	Whistleblowing – The Environment Service	Ongoing			
16-46	ECS advice	Completed	Not applicable	Not applicable	Not applicable
16-47	Whistleblowing – the Environment Service	Ongoing			

When additional work is undertaken during the year, a report will only be issued where the review highlights areas for improvement in the control environment or significant risks.



Internal Audit Report
Corporate
Sales Ledger Assignment No.16-03
October 2016

Final Report

Finance Division
Corporate and Democratic Services
Perth & Kinross Council
Blackfriars Development Centre
North Port
Perth PH1 5LU

Internal Audit

“Internal Audit is an independent, objective assurance and consulting activity designed to add value and improve an organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes”. Public Sector Internal Auditing Standards (PSIAS)

On 27th March 2013, the Council’s Audit Committee approved the PSIAS as the relevant standard for its Internal Audit activity.

Background and Introduction

This audit was carried out as part of the audit plan for 2016/17, which was approved by the Audit Committee on 30 March 2016.

Sales ledger records credit sales transactions across the Council, where payment has not been made in advance or at the point of sale. Whilst responsibility for raising sales ledger invoices lies with Services, the systems and processes for control and pursuit of sales ledger income are established and maintained by the Exchequer section in Corporate and Democratic Services’ Finance Division.

Scope and Limitations

The audit involved review of procedures, interviews with Sales Ledger and Financial Systems teams in corporate finance and finance staff within all Services and interrogation of the accounting system, Integra.

The audit did not include commercial or housing rent or planning income and departmental processes ensure no duplication with Audits 16-07 Assessment and Charging and 16-01 Debt Recovery and Write-off.

Control Objectives and Opinions

This section describes the purpose of the audit and summarises the results. A ‘control objective’ is a management objective that requires the maintenance of adequate and effective internal controls to ensure that it is achieved. Each control objective has been given a rating describing, on the basis of the audit work done, the actual strength of the internal controls found to be in place. Areas of good or poor practice are described where appropriate.

Control Objective: To ensure that the Council identifies and properly, and timeously, records all sales ledger transactions
Audit Comments: There is a good foundation to the control environment in respect of high level controls, documented in the Financial Regulations. Testing confirmed that sales ledger invoices are raised for credit sales in accordance with Financial Regulations, with minor exceptions.
Services raise invoices as appropriate for a wide range of services and to recover costs, in accordance with the Regulations, Schemes of Charges and procedures.
Systems and processes employed by the Sales Ledger and Financial Systems teams ensure that all invoices detail services and prices and allocate income to appropriate ledger codes. Invoices state that the charge is payable at the point of

Internal Audit Report

issue and further information regarding the range of payment methods is included with the invoice and in the accompanying narrative. This information is also available on the Council's website. Over 75% of debts raised are recovered within the first sixty days.

The Exchequer section is working with Housing to reduce the incidence and impact of late billing by Housing Repairs and Improvements for mixed tenure housing, where improvement works have been carried out.

The authorised signatory process does not include the delegated authority to place invoices on hold, when under query.

Credit Notes were found to have been raised to reduce outstanding debts for Housing & Community Care's Contributions Policy customers following consideration by the Discretion Panel rather than the amounts being properly written off in accordance with the Regulations.

Each Service presents their proposed Scheme of Charges to their themed committee for approval; however there is no mechanism to ensure that the charges agreed by Council are made available on the Pay For It page on the Council's website. At the time of testing all Schemes of Charges on the page were for 2015/16.

Strength of Internal Controls:

Moderately Strong

Control Objective: To ensure that the Council identifies and pursues outstanding sales ledger debt appropriately

Audit Comments: The Council identifies and pursues outstanding sales ledger debt appropriately as evidenced below.

The accounting system (Integra) automatically generates reports which identify accounts for which payment is overdue. The system processes initiate and progress recovery actions. The Sales Ledger team proactively pursue debts to optimise recovery. Recovery actions are appropriately recorded on the system by Sales Ledger team.

Strength of Internal Controls:

Strong

Control Objective: To ensure that adequate system controls are in place to ensure the integrity of the system

Audit Comments: Access to the sales ledger module of the accounting system is controlled through a clear authorisation process and user access is reviewed annually by Financial Systems team and line management.

The Integra permission level of "Data Entry" allows both the raising of invoices and credit notes. Currently there is no check to confirm that those with "data entry" access are also authorised to raise credit notes in accordance with the Authorised Signature process. Instances were noted where officers raising credit notes did so

without that authority, although authorised under the Integra login process. Testing identified instances where credit notes were raised by the officer responsible for the creation of the original invoice. To improve controls over this area an electronic form to ensure proper authority for credit notes is currently being piloted by the Exchequer Section and Housing and Community Care.	
Strength of Internal Controls:	Moderate

Management Action and Follow-Up

Responsibility for the maintenance of adequate and effective internal controls rests with management.

Where the audit has identified areas where a response by management is required, these are listed in Appendix 1, along with an indication of the importance of each 'action point'. Appendix 2 describes these action points in more detail, and records the action plan that has been developed by management in response to each point.

It is management's responsibility to ensure that the action plan presented in this report is achievable and appropriate to the circumstances. Where a decision is taken not to act in response to this report, it is the responsibility of management to assess and accept the risks arising from non-implementation.

Achievement of the action plan is monitored through Internal Audit's 'follow up' arrangements.

Management should ensure that the relevant risk profiles are reviewed and updated where necessary to take account of the contents of Internal Audit reports. The completeness of risk profiles will be examined as part of Internal Audit's normal planned work.

Acknowledgements

Internal Audit acknowledges with thanks the co-operation of Sales Ledger and Financial Systems teams in Finance, finance officers and the Financial Controllers during this audit.

Feedback

Internal Audit welcomes feedback from management, in connection with this audit or with the Internal Audit service in general.

Distribution

This report has been distributed to:

B Malone, Chief Executive

J Walker, Depute Chief Executive, HCC (Corporate and Community Development Services) and Chief Operating Officer

J Symon, Head of Finance;

E Sturgeon, Chief Exchequer Officer;

N Copland, Business and Resource Manager;

J. Cockburn Finance and Governance Manager,

Internal Audit Report

F Crofts, Finance and Resources Manager;
C. Robertson, Central Services Manager;
J Beverley, Service Manager, Housing;
L Law, Financial Systems Team Leader
S Welsh, Finance and Governance Team Leader;
F Low, Business and Resources Team Leader
S Walker, Chief Accountant
G Taylor, Head of Democratic Services
K McNamara, Head of Community Planning, Strategic Commissioning and
Organisational Development
L Simpson, Head of Legal and Governance Services
P Dickson, Complaints & Governance Officer
External Audit

Authorisation

The auditor for this assignment was A Gallacher. The supervising auditor was M Morrison

This report is authorised for issue:

Jacqueline Clark
Chief Internal Auditor
Date: 31 October 2016

Appendix 1: Summary of Action Points

No.	Action Point	Risk/Importance
1	Prompt raising of invoices	Low
2	Schemes of Charges Webpage	Low
3	HCC Discretion Panel- Credit Notes	Medium
4	Late Billing – Housing Repairs	Medium
5	Delegated Authority for Accounts “on hold”	Low
6	Credit Note Authority	Medium
7	Reasons for Raising Credit Notes	Low

Appendix 2: Action Plan

Action Point 1 - Prompt Raising of Invoices

Whilst the Financial Regulations state that Directors should raise invoices promptly, there is no corresponding guidance to instruct officers of this requirement.

The Sales Ledger User Manual provides instruction for the raising and processing of sales ledger transactions, but again provides no instruction as to the timescales for raising sales ledger invoices or the importance of raising timely invoices to reduce the chances of late or non payment.

Operational Financial Regulations would also benefit from some review to implement this requirement of the Financial Regulations.

Management Action Plan

- a) The Sales Ledger User Manual will include an instruction relating to the timely raising of invoices and will direct users to their Service's Operational Financial Regulations.
- b) -e) Operational Financial Regulations will determine the Service requirements to ensure that invoices are issued on a timely basis.

Importance:	Low
Responsible Officer:	<ul style="list-style-type: none"> a) E. Sturgeon, Chief Exchequer Officer b) S. Welsh, Finance and Governance Team Leader, TES c) N Copland, Business and Resources Manager, HCC d) J Cockburn, Finance and Governance, Manager, ECS e) C Robertson, Central Services Manager, CADS
Lead Service:	<ul style="list-style-type: none"> a) Corporate and Democratic Services b) The Environment Service c) Housing and Community Care d) Education and Children's Services e) Corporate and Democratic Services
Date for Completion (Month / Year):	<ul style="list-style-type: none"> a) December 2016 b) –e) April 2017

Internal Audit Report

Required Evidence of Completion:	a) Sales Ledger User Manual b) -e) Operational Financial Regulations
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Auditor's Comments

Satisfactory

Action Point 2 - Schemes of Charges Webpage

At the time of audit testing (August 2016), all Schemes of Charges on the Council's website's "Pay For It" page were for the financial year 2015-16.

Schemes of Charges are presented to the relevant themed committee around January each year. Proposed charges are subject to final approval as part of the budget setting process each February.

There is currently, no mechanism to ensure that all final approved Schemes of Charges are available for public view, on this website page.

Management Action Plan

The Financial Systems Team will ensure that the Council's Pay For It page holds the details of current Schemes of Charges.

Importance:	Low
Responsible Officers:	L Law, Financial Systems Team Leader
Lead Service:	Corporate and Democratic Services
Date for Completion (Month / Year):	November 2016
Required Evidence of Completion:	pkc.gov.uk "Pay For It" webpage

Auditor's Comments

Satisfactory

Action Point 3 - Discretion Panel

Community Care's Discretion Panel's role as part of the Council's Contribution Policy includes deciding on reducing or waiving invoiced charges, where people feel that they would suffer financial hardship as a result of the implementation of the Policy (Report 13/113 refers).

The Panel "Process" document also includes the consideration of cases where the client does not agree with the interpretation of the guidelines and requests a review.

Testing found that reductions and cancelation of charges as a result of Discretion Panel decisions were implemented by raising credit notes. As the invoices were raised correctly, credit notes should not be raised, and should be written off.

In addition where errors were made regarding the information provided to the client, credit notes were also raised. These too should be subject to write-off, and the correct approvals sought, if the debt is unrecoverable.

Management Action Plan

- a) In discussion with the Chief Exchequer Officer it was agreed that a separate write-off code will be introduced to capture any part of Community Care debts which are considered to cause financial hardship by the Discretion Panel.
- b) The Discretion Panel's decisions will be implemented in accordance with Council Financial Regulations.

Importance:	Medium
Responsible Officer:	<ul style="list-style-type: none"> a) E Sturgeon, Chief Exchequer Officer b) F Low, Business and Resources Team Leader
Lead Service:	<ul style="list-style-type: none"> a) Corporate and Democratic Services b) Housing and Community Care
Date for Completion (Month / Year):	<ul style="list-style-type: none"> a) December 2016 b) January 2017
Required Evidence of Completion:	<ul style="list-style-type: none"> a) Write off codes b) Discretion Panel minutes

Auditor's Comments

Satisfactory

Action Point 4 - Late Billing – Housing Repairs

The level of late billing to private owners for improvement works to housing in mixed tenure properties is under consideration by officers from the Finance Division and the Housing Repairs and Improvements Service, within Housing and Community Care. There are now improvement actions in place to provide owners with a number of alternative payment options for capital works following the Council receiving interim and final accounts from contractors.

Management Action Plan

- a) The wording of letters to be sent to liable owners, at the time rechargeable capital works are notified, is to be agreed between the Housing Repairs and Improvement Service and the Finance Division. This will ensure evidence of liability is obtained and provide information on ways to reduce debt.
- b) Procedures for Housing Repairs and Improvements in relation to raising invoices in respect of rechargeable capital works will be updated to reflect these changes in working practices.

Importance:	Medium
Responsible Officer:	a) E Sturgeon, Chief Exchequer Officer b) J Beverley, Senior Service Manager, Housing
Lead Service:	a) Corporate and Democratic Services b) Housing and Community Care
Date for Completion (Month / Year):	a) December 2016 b) February 2017
Required Evidence of Completion:	a) Revised wording on letter templates b) Revised Procedures

Auditor's Comments

Satisfactory

Action Point 5 - Delegated Authority for Accounts “on hold”

Where invoices are under query, accounts are put “on hold” to prevent recovery action until the queries have been investigated.

A limited number of senior finance officers within each Service have the authority to request that an account is placed on hold and the list of those named officers is held by the Sales Ledger Team. Procedures ensure that only requests in writing will be accepted by the Sales Ledger Team. There is, however no evidence of the delegated authority to place sales ledger accounts on hold, or that the list is subject to regular review, as there is for Authorised Signatories.

Management Action Plan

The Finance Systems Team Leader will seek authority from Financial Controllers that the list held is relevant for their Service. The list will be reviewed on an annual basis.

Importance:	Low
Responsible Officer:	L Law, Financial Systems Team Leader
Lead Service:	Corporate and Democratic Services
Date for Completion (Month / Year):	Dec 2016
Required Evidence of Completion:	List of officers authorised to place accounts on hold

Auditor’s Comments

Satisfactory

Action Point 6 - Credit Note Authority

The accounting system has a permission level "Data Entry" which permits officers to raise invoices. This permission level also enables these officers to issue credit notes. However, these officers do not always have sufficient authority to raise Credit Notes under the delegated Authorised Signatory process. There is no check to ensure that those with Data Entry login permissions have sufficient authority to raise a Credit Note under the Authorised signatory process.

An Audit Scotland Report on the Main Financial Systems (Report 16/316 refers) found officers raising credit notes without sufficient authorisation, as did this audit. The agreed action has resulted in an e-form being piloted from 30 September 2016. The anticipated form would ensure that only officers with sufficient delegated authority will be able to authorise credit notes.

Review of the implementation of this action would ensure the enhancement of control.

Management Action Plan

The e-form for Credit Notes has been developed and is currently being piloted with one of the Services. It is anticipated that the form will be fully developed and implemented by March 2017.

Importance:	Medium
Responsible Officer:	E Sturgeon, Chief Exchequer Officer
Lead Service:	Corporate and Democratic Services
Date for Completion (Month / Year):	March 2017
Required Evidence of Completion:	Evidence of implementation of e-form

Auditor's Comments

Satisfactory

Action Point 7 - Reasons for Raising Credit Notes

In accordance with the Financial Regulations, a credit note may only be raised when an invoice is incorrect. When raising a Credit Note the officer will be asked to provide a "reason" for the credit. The drop down menu includes reasons such as "Invoice cancelled" "Invoice amended" and "Advised by Sales Ledger Team". However, the Sales Ledger User Manual states that the "Narrative" field should be skipped.

The available explanations do not indicate the way in which the invoice was incorrect e.g. incorrect debtor, incorrect price, incorrect address, incorrect product, incorrect VAT.

Management Action Plan

The credit note e-form currently being piloted, as discussed in Action Point 6 includes explanations for the raising of the credit notes identifying the error in the original invoice. The effective implementation of these controls will ensure that the reason for raising the credit note is held on the system.

Importance:	Low
Responsible Officer:	L Law, Financial Systems Team Leader
Lead Service:	Corporate and Democratic Services
Date for Completion (Month / Year):	January 2017
Required Evidence of Completion:	As Action Point 6

Auditor's Comments

Satisfactory



Internal Audit Report
Education & Children's Service
Financial Management of Through Schools
St Johns RC Academy Assignment No.16-06(b)
October 2016

Final Report

Finance Division
Corporate and Democratic Services
Perth & Kinross Council
Blackfriars Development Centre
North Port
Perth PH1 5LU

Internal Audit

“Internal Audit is an independent, objective assurance and consulting activity designed to add value and improve an organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes”. Public Sector Internal Auditing Standards (PSIAS)

On 27th March 2013, the Council’s Audit Committee approved the PSIAS as the relevant standard for its Internal Audit activity.

Background and Introduction

This audit was carried out as part of the audit plan for 2016/17, which was approved by the Audit Committee on 30 March 2016.

Financial Policies and Procedures have been prepared by the Education & Children’s Services (ECS) Finance Support Team. They provide the framework for financial management in establishments within the Service.

St John’s RC Academy – which came into existence in 2009 with the merger of St John’s Primary and St Columba’s High School – is a Catholic, all through school. The school is situated within North Inch Community Campus, and provides education for children and young people from Nursery through to Secondary, from ages 2 to 18.

Scope and Limitations

In order to arrive at an opinion on the achievement of the control objectives, the audit included interviews with the staff in ECS’s Finance Support Team and visits to St Johns RC Academy to review and test Financial Procedures. Visits to the school took place during August 2016

Control Objectives and Opinions

This section describes the purpose of the audit and summarises the results. A ‘control objective’ is a management objective that requires the maintenance of adequate and effective internal controls to ensure that it is achieved. Each control objective has been given a rating describing, on the basis of the audit work done, the actual strength of the internal controls found to be in place. Areas of good or poor practice are described where appropriate.

Control Objective: To ensure that the school is managed in accordance with the Financial Procedures as laid down by Education and Children's Service.	
<p>Audit Comments: The Council's Financial Regulations are supplemented by Education & Children's Services, Financial Policies and Procedures which support financial management of schools and are published on Eric.</p> <p>Audit confirmed that overall the school is well managed in accordance with financial procedures.</p> <p>The financial management information was up to date. Monthly monitoring statements were being prepared, reflecting the current budget, committed and spend to date with the projected outturn highlighting any over/under spends. These statements are reviewed by the Business Manager, and the school's financial management system is updated to reflect current spend and out turn.</p> <p>The school does not have specific written procedures for the daily office routines/duties to be followed, for use in the event of unplanned staff absences. However they do operate an effective system involving job rotation; annually rotating roles and responsibilities for administrative tasks to ensure staff maintain an understanding of each of the job roles.</p> <p>Professional Electronic Commerce on Line System (PECOS) is used for ordering goods and services.</p> <p>The petty cash was found to be held securely, controlled and authorised adequately with proof of purchases available for transactions.</p> <p>Testing revealed that although there is an inventory list it is not kept up to date. Furthermore, items were not marked as property of Perth & Kinross Council as per procedural requirements.</p> <p>Testing confirmed that financial policies and procedures were where possible being adhered to in respect of School Funds. From October the school participated in the piloting of a new financial package which was subsequently abandoned in January. As a consequence the school's fund cashbook was not reconciled to the bank statements as required. ECS finance support team have provided assistance during this period and bank reconciliations were carried out in June and September.</p> <p>Although there is a booking system in place in respect of the school's 33 laptops there is scope to improve the security arrangements that are currently in place.</p> <p>At the time of the audit, cancelled cheques were not being retained. The school advised that all cancelled cheques were now being retained in accordance with procedures.</p>	
Strength of Internal Controls:	Moderately Strong

Management Action and Follow-Up

Responsibility for the maintenance of adequate and effective internal controls rests with management.

Where the audit has identified areas where a response by management is required, these are listed in Appendix 1, along with an indication of the importance of each

Internal Audit Report

'action point'. Appendix 2 describes these action points in more detail, and records the action plan that has been developed by management in response to each point. Appendix 3 lists issues identified during the audit, which would benefit from attention, but are considered to be out-with the scope. This will also be monitored via the follow up arrangements.

It is management's responsibility to ensure that the action plan presented in this report is achievable and appropriate to the circumstances. Where a decision is taken not to act in response to this report, it is the responsibility of management to assess and accept the risks arising from non-implementation.

Achievement of the action plan is monitored through Internal Audit's 'follow up' arrangements.

Management should ensure that the relevant risk profiles are reviewed and updated where necessary to take account of the contents of Internal Audit reports. The completeness of risk profiles will be examined as part of Internal Audit's normal planned work.

Acknowledgements

Internal Audit acknowledges with thanks the co-operation of Education and Children's Services Finance Support Team and the staff at St Johns RC Academy during this audit..

Feedback

Internal Audit welcomes feedback from management, in connection with this audit or with the Internal Audit service in general.

Distribution

This report has been distributed to:

B Malone, Chief Executive

J Fyffe, Senior Depute Chief Executive, ECS (Equality, Community Planning and Public Service Reform)

J Walker, Depute Chief Executive, HCC (Corporate and Community Development Services) and Chief Operating Officer

S Devlin, Director, Education & Children's Services

R Hill, Head of Education (Secondary and Inclusion)

S Johnston Head of Education (Early Years & Primary)

K McNamara, Head of Strategic Commissioning and Organisational Development

J Symon, Head of Finance

L Simpson, Head of Legal Services

SP Hagney, Campus Leader/Headteacher,

G Boland, Senior Business and Resources Manager

J Cockburn, Finance and Governance Manager

G Taylor, Head of Democratic Services)

Internal Audit Report

P Dickson, Complaints & Governance Officer
KPMG

Authorisation

The auditor for this assignment was J O'Connor. The supervising auditor was M Morrison

This report is authorised for issue:

M Morrison

Senior Internal Auditor

Date: 31 October 2016

Appendix 1: Summary of Action Points

No.	Action Point	Risk/Importance
1	Internal procedures	Low
2	Inventory	Low
3	Laptop security	Low
4	Cancelled cheques	Low

Appendix 2: Action Plan

Action Point 1 - Internal Procedures

It was noted that there was a lack of documented internal procedures relating to financial management. Whilst staff are aware of their day to day duties, in the event of absence of a member of staff, the daily routines may not be followed in their entirety and as such, control checks may not be carried out correctly.

There is a risk that without the required level of guidance daily routines will not be carried out in an efficient manner particularly if there is an unplanned staff absence.

Management Action Plan

Daily routines relating to financial management to be documented so that it is clear what actions are to be taken in the event of the absence of a member of clerical staff.

Importance:	Low
Responsible Officer:	S McIntosh, Business Manager
Lead Service:	Education & Children's Services
Date for Completion (Month / Year):	March 2017
Required Evidence of Completion:	Documented daily routines

Auditor's Comments

Satisfactory

Appendix 2: Action Plan

Action Point 2 - Inventory

Education & Children's Services, Financial Policies and Procedures require all Council establishments to maintain an asset inventory listing; recording items of equipment held in the establishment with a purchase price of £100 or more. The list should act as a key control for assets purchased, transferred and disposed of.

Testing revealed that the inventory listing in place was not kept up to date, in that an updated entry is not made when a transaction occurs altering the Inventory e.g. the purchase of equipment, an item being transferred to or from another base and/or the disposal of an item.

Furthermore, items were not marked as property of Perth & Kinross Council as per procedural requirements.

Management Action Plan

- 1) An updated Inventory List will be compiled in accordance with the Financial Policies and Procedures.
- 2) All items to be checked to ensure that council property is appropriately identified

Importance:	Low
Responsible Officer:	S McIntosh, Business Manager
Lead Service:	Education & Children's Services
Date for Completion (Month / Year):	March 2017
Required Evidence of Completion:	1) Updated Inventory 2) Confirmation that items have all been checked

Auditor's Comments

Satisfactory

Action Point 3 – Laptop Security

Education & Children's Services, Financial Policies and Procedures require the Establishment Manager / Budget Manager to ensure that reasonable precautions are taken for the security and safekeeping of Inventory items.

North Inch Community Campus library stores 33 laptops for use throughout the school. Although there is a booking system in place, testing revealed that it was not normal practise to sign out the item and/or sign and date when it is returned. In addition no checks are carried out to ensure that laptops have been returned to the library.

Management Action Plan

The security arrangements in place will be reviewed, ensuring that laptops are signed in and out and returned to the library and reconciled on a regular basis.

Importance:	Low
Responsible Officer:	S McIntosh, Business Manager
Lead Service:	Education & Children's Services
Date for Completion (Month / Year):	March 2017
Required Evidence of Completion:	Review of security arrangements and copy of reconciliation

Auditor's Comments

Satisfactory

Action Point 4 – Cancelled Cheques

Testing highlighted four occasions whereby a cheque had been completed and then cancelled, without being retained. To minimise the risk of fraudulent use and/or the account being misused, cancelled cheques should be defaced and retained.

Management Action Plan

School has confirmed that all cancelled cheques are now retained.

Importance:	Low
Responsible Officer:	S McIntosh, Business Manager
Lead Service:	Education & Children's Services
Date for Completion (Month / Year):	Completed
Required Evidence of Completion:	Copies of cancelled cheques

Auditor's Comments

Satisfactory

Appendix 3: Action Plan

Action Point 5 - Disposal of non IT equipment

It was noted during the audit that the school was unaware of the appropriate procedures to follow when disposing of non IT equipment.

Management Action Plan

School to ensure that all staff are made aware of the appropriate procedures to follow when disposing of non IT equipment.

Importance:	Low
Responsible Officer:	S McIntosh, Campus Business Manager
Lead Service:	Education & Children's Services
Date for Completion (Month / Year):	November 2016
Required Evidence of Completion:	Confirmation that staff have been made aware of the appropriate procedures

Action Point 6 - Additional Finance Training

The head teacher indicated during the audit that he would like additional finance training to be provided to both himself and his senior leadership team.

Management Action Plan

The finance support team have been in contact with the school and will arrange for the requested training to be delivered after the October holidays

Importance:	Low
Responsible Officer:	P Anderson, Assistant Finance Manager
Lead Service:	Education & Children's Services
Date for Completion (Month / Year):	June 2017
Required Evidence of Completion:	Confirmation that training has been delivered



Internal Audit Report
The Environment Service
Property Maintenance
Assignment No. 16-21
October 2016

Final Report

Finance Division
Corporate and Democratic Services
Perth & Kinross Council
Blackfriars Development Centre
North Port
Perth PH1 5LU

Internal Audit

“Internal Audit is an independent, objective assurance and consulting activity designed to add value and improve an organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes”. Public Sector Internal Auditing Standards (PSIAS)

On 27th March 2013, the Council’s Audit Committee approved the PSIAS as the relevant standard for its Internal Audit activity.

Background and Introduction

This audit was carried out as part of the audit plan for 2016/17, which was approved by the Audit Committee on 30 March 2016.

Property Services, within The Environment Service, is responsible for the maintenance of the Council’s non-domestic property assets. This includes identifying and resolving maintenance requirements to ensure that the Council’s buildings are fit to deliver services in a safe and comfortable environment whilst maintaining their asset value, both now and into the future within available funding.

The Service advises that there are currently 155 operational owned buildings, 140 commercial leased buildings, 28 previously operational buildings (now vacant), and a multitude of sites with varying levels of responsibility (i.e. cemetery boundary walls, public clocks, war memorials, etc.). The 2016/17 revenue budget for the ongoing maintenance of these is £4.831 million, including £855,000 allocated to responding to reactive maintenance helpdesk requests. On average the Service receives approximately 135 reactive maintenance helpdesk requests each week.

The Environment Service Business Management Improvement Plan (BMIP) documents work taking place within Property Services to develop robust Property Asset Management Planning. This includes the implementation of a Property Asset Management System, Concerto, within 2015/16, in which Internal Audit were involved in the procurement consultation phase.

Audit testing was carried out in August and September 2016.

Scope and Limitations

Audit considered the arrangements for the identification of both planned and re-active maintenance requirements and to ensure that re-active maintenance work is procured from the appropriate suppliers;

This included review of the ongoing work by the Service to develop appropriate strategies and policies, helpdesk request processes, Maintenance Officer order processing, oversight and reporting processes. In addition, the audit focused on controls in place to ensure that re-active maintenance work identified is procured from the appropriate supplier.

In order to arrive at an opinion on the achievement of the Control Objectives, the audit included review of Service reports, plans, policies, procedures and other documents, and interviews with relevant staff.

Limitations of Scope:

The audit did not review the procurement of planned maintenance work; the procurement exercises carried out in relation to the award of Maintenance Contracts; and the controls in place to ensure that maintenance work procured was completed in a timely and cost-effective manner. In addition, the audit did not include a review of projects within the Capital programme. These may be topics for separate future audits.

Control Objectives and Opinions

This section describes the purpose of the audit and summarises the results. A 'control objective' is a management objective that requires the maintenance of adequate and effective internal controls to ensure that it is achieved. Each control objective has been given a rating describing, on the basis of the audit work done, the actual strength of the internal controls found to be in place. Areas of good or poor practice are described where appropriate.

Control Objective 1: To ensure that there are appropriate systems in place for identifying maintenance works required (both planned and re-active)

Audit Comments: Audit testing confirmed that there are appropriate systems in place to assist Property Services with the identification of maintenance work required. These include reporting of works required to a Property Helpdesk via the Customer Service Centre; forms and guidance on ERIC for requesting property alterations; building condition surveys and cyclical compliance maintenance programmes. In addition, it was observed that The Maintenance Team liaise closely with contractors, Service contacts and the other teams within their own Service.

The Maintenance Team has changed significantly in recent years, with the appointment of a new compliment of staff, implementation of a revised structure and introduction of new systems. Due to these changes, the Corporate Property Maintenance Policy and Strategy Plan as outlined in a report to the Property Sub-Committee in 2012 were not progressed.

However, as indicated within the Service BMIP and Risk Profile, there is work progressing to formulate a Property Asset Management Plan and associated Property Strategies, aligning with revisions being made to the Corporate Property Asset Management Strategy. Examples of work completed so far include the Property Reactive Maintenance Contracts Strategy and the Energy Policy and Strategy, both of which have been adopted within 2016. The Corporate Property Asset Management Strategy has been drafted and the Service advises that this is scheduled for presentation to the Property Sub-Committee in mid-2017. The Corporate Building Maintenance Policy, implemented in 2010, is also under review to reflect changes to personnel, structure and systems.

Audit testing revealed that all teams within the Property Service are working together to build a comprehensive overview of the condition of the estate to inform future planning. There is a system in place to identify and re-prioritise maintenance works for the current financial year and work is ongoing to further develop Concerto, the Property Asset Management System, to fully meet the

Internal Audit Report

Services needs and to provide centralised recording of detailed property condition and maintenance information. There are procedures detailing some aspects of the work undertaken by the Property Maintenance Service, although the Service recognises that there is the potential to develop these further.

Audit observed that, where the Service approach and accompanying procedures have not yet been fully documented, an element of key person dependency exists, most notably upon the Maintenance Team Leader.

Strength of Internal Controls:

Moderate

Control Objective 2: To ensure that re-active maintenance work is procured from the appropriate suppliers

Audit Comments:

As a result of testing, Audit is satisfied that re-active maintenance work is being procured from the appropriate suppliers.

The Concerto system has in-built functionality and controls to assist in ensuring that works are suitably procured. These include drop down menus to guide supplier selection, password verification for order placement and secondary authorisation of all invoices.

The authorisation process of invoices on Concerto is labour-intensive due to the volumes (approximately 13,000 during 2015/16). To provide more relevant assurance over works orders, the Service carry out more detailed checks of invoices on a sample basis. There is, however, scope to improve the documentation of this and to review Concerto authorisation control requirements.

Audit testing revealed that there is scope to improve the audit trail to provide more information on the actions taken by Maintenance Officers.

Similar to Control Objective 1, audit observed that there is an element of key person dependency for oversight checking and authorisation centred around the Maintenance Team Leader in relation to these tasks. Due to requirements for documentation, process improvements and further workload commitments current oversight controls may become unsustainable if this is not addressed.

Strength of Internal Controls:

Moderately Strong

Management Action and Follow-Up

Responsibility for the maintenance of adequate and effective internal controls rests with management.

Where the audit has identified areas where a response by management is required, these are listed in Appendix 1, along with an indication of the importance of each 'action point'. Appendix 2 describes these action points in more detail, and records the action plan that has been developed by management in response to each point.

It is management's responsibility to ensure that the action plan presented in this report is achievable and appropriate to the circumstances. Where a decision is taken

Internal Audit Report

not to act in response to this report, it is the responsibility of management to assess and accept the risks arising from non-implementation.

Achievement of the action plan is monitored through Internal Audit's 'follow up' arrangements.

Management should ensure that the relevant risk profiles are reviewed and updated where necessary to take account of the contents of Internal Audit reports. The completeness of risk profiles will be examined as part of Internal Audit's normal planned work.

Acknowledgements

Internal Audit acknowledges with thanks the co-operation of Property Services during this audit.

Feedback

Internal Audit welcomes feedback from management, in connection with this audit or with the Internal Audit service in general.

Distribution

This report has been distributed to:

B Malone, Chief Executive

J Valentine, Depute Chief Executive Sustainability, Strategic & Entrepreneurial Development

B Renton, Director (Environment)

S Crawford, Head of Property Services

J Symon, Head of Finance

K McNamara, Head of Community Planning, Strategic Commissioning and Organisational Development

L Simpson, Head of Legal and Governance Services

J Beveridge, Service Manager (Corporate Landlord)

R Graham, Maintenance Team Leader

G. Taylor, Head of Democratic Services

P Dickson, Complaints & Governance Officer

External Audit

Authorisation

The auditor for this assignment was L Ferguson. The supervising auditor was M Morrison.

This report is authorised for issue:

Jacqueline Clark

Chief Internal Auditor

Date: 31 October 2016

Appendix 1: Summary of Action Points

No.	Action Point	Risk/Importance
1	Property Maintenance Strategy & Policy	Medium
2	Written Procedures	Low
3	Audit Trail & Oversight	Medium
4	Key Person Dependency	Medium

Appendix 2: Action Plan

Action Point 1 - Property Maintenance Strategy & Policy

Due to a change in key personnel, the Corporate Property Maintenance Policy and Strategy Plan as outlined in a report to the Property Sub-Committee in 2012 were not progressed. However, there is work progressing within the Service to assist in the formulation of a Property Asset Management Plan and associated Property Strategies.

The Corporate Building Maintenance Policy, implemented in 2010, is under review to reflect changes to personnel, structure and approach.

Management Action Plan

The Service will formulate and document a Corporate Property Maintenance Strategy and will update the Corporate Building Maintenance Policy in line with changes.

Importance:	Medium
Responsible Officer:	J Beveridge, Service Manager (Corporate Landlord)
Lead Service:	The Environment Service
Date for Completion (Month / Year):	April 2017
Required Evidence of Completion:	Corporate Property Maintenance Strategy Updated Corporate Building Maintenance Policy

Auditor's Comments

Satisfactory

Action Point 2 - Written Procedures

There are procedure documents reflecting some aspects of the work completed by the Maintenance Team. There is, however, scope to improve existing procedures to further document the routine processes of the Maintenance Officers and Helpdesk staff. The recently introduced processes regarding vacant property visits would also benefit from being documented.

Management Action Plan

The Service will develop procedures to reflect the full scope of the work of the Helpdesk Operator and Maintenance Officers.

Importance:	Low
Responsible Officer:	R Graham, Maintenance Team Leader
Lead Service:	The Environment Service
Date for Completion (Month / Year):	April 2017
Required Evidence of Completion:	Procedures

Auditor's Comments

Satisfactory

Action Point 3 - Audit Trail & Oversight

There is scope to improve the audit trail to provide more information on the actions taken by Maintenance Officers. Examples of this include; where contracts are awarded to suppliers' out-with the reactive maintenance contract framework where specialist knowledge is required of specific systems; when Helpdesk orders are closed without a works order being placed and when evidencing that all Health & Safety guidance has been issued to contractors as required.

In addition, whilst the Service carries out sample checks of invoices to give assurance over works procured, there will be benefit in documenting this further.

There is scope to review the current level of authorisation requirements on Concerto.

Management Action Plan

The Service will include a section on audit trail within procedure documents. This will include making notes and uploading relevant correspondence to Concerto to evidence why the term contractor has not been selected and relevant health and safety documentation where necessary. Direction will also be given to staff to this effect.

The invoice sample checking process will be documented and a record of invoices checked will be maintained.

A review of authorisation requirements on Concerto will be undertaken.

Importance:	Medium
Responsible Officer:	J Beveridge, Service Manager (Corporate Landlord)
Lead Service:	The Environment Service
Date for Completion (Month / Year):	April 2017
Required Evidence of Completion:	Procedures documenting audit trail requirements Oversight procedure Evidence of review

Auditor's Comments

Satisfactory

Action Point 4 - Key Person Dependency

Audit observed that, where the Service approach and accompanying procedures have not yet been fully documented, an element of key person dependency exists, most notably upon the Maintenance Team Leader.

This also extends to the oversight checking and authorisation of invoices. There is a concern that, where there is a requirement for documentation, process improvements and further workload commitments current oversight controls may become unsustainable if this is not addressed.

Management Action Plan

Service Management will review areas identified within audit actions to try to negate areas of key person dependency.

Importance:	Medium
Responsible Officer:	J Beveridge, Service Manager (Corporate Landlord)
Lead Service:	The Environment Service
Date for Completion (Month / Year):	April 2017
Required Evidence of Completion:	Evidence of review

Auditor's Comments

Satisfactory