



Securing the future... • *Improving services*
• *Enhancing quality of life* • *Making the best use of public resources*

Council Building
2 High Street
Perth
PH1 5PH

Monday, 22 January 2018

A Meeting of the **Audit Committee** will be held in **the Council Chamber, 2 High Street, Perth, PH1 5PH** on **Wednesday, 31 January 2018** 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 electronic equipment is in silent mode.

Please note that the meeting will be recorded and will be publicly available on the Council's website following the meeting.

Members:

Councillor Eric Drysdale (Convener)
Councillor Bob Band (Vice-Convener)
Councillor Audrey Coates
Councillor Harry Coates
Councillor Stewart Donaldson
Councillor David Illingworth
Councillor Xander McDade

Audit Committee

Wednesday, 31 January 2018

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 22 NOVEMBER 2017 5 - 8**
- 4 INTERNAL AUDIT FOLLOW UP 9 - 22**
Report by Chief Internal Auditor (copy herewith 18/22)
- 5 INTERNAL AUDIT PRODUCT SHARING PROTOCOL 23 - 30**
Report by Chief Internal Auditor (copy herewith 18/23)
- 6 INTERNAL AUDIT UPDATE 31 - 40**
Report by Chief Internal Auditor (copy herewith 18/24)
- (i) CORPORATE AND DEMOCRATIC SERVICES**
- (a) 17-22 - ELECTED MEMBERS ALLOWANCES 41 - 50**
(copy herewith 18/25)
- (ii) HOUSING AND COMMUNITY SAFETY**
- (a) 17-01 - GENERIC OUTCOME FOCUSSED ASSESSMENTS 51 - 60**
(copy herewith 18/26)
- (iii) THE ENVIRONMENT SERVICE**
- (a) 17-28 - CORPORATE HEALTH AND SAFETY 61 - 70**
(copy herewith 18/27)

If you or someone you know would like a copy of this document in another language or format, (on occasion, only a summary of the document will be provided in translation), this can be arranged by contacting the Customer Service Centre on 01738 475000.

You can also send us a text message on 07824 498145.

All Council Services can offer a telephone translation facility.

AUDIT COMMITTEE

Minute of meeting of the Audit Committee held in the Council Chambers, 2 High Street, Perth on Wednesday 22 November 2017 at 10.00am.

Present: Councillors E Drysdale, B Band, S Donaldson, D Illingworth, I James and X McDade.

In Attendance: J Clark, C Flynn, K Molley, M Morrison and D Williams (all Corporate and Democratic Services); J Cockburn (Education and Children's Services); J Dixon (Environment Service) and N Copland (Housing and Community Care).

Apology: Councillor H Coates.

Councillor Drysdale, Convener, Presiding.

658. WELCOME AND APOLOGIES/SUBSTITUTIONS

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

659. DECLARATIONS OF INTEREST

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

660. MINUTES

The minute of meeting of the Audit Committee of 27 September 2017 (Arts. 528-535) was submitted and approved as a correct record and authorised for signature, subject to the following amendment;

With reference to 'Internal Audit Strategy & Plan 2017/18', final sentence to read as follows;

'It was noted that whilst it was useful to have input from Councillors on suggested areas, if Councillors had a particular concern about controls in any area they should normally raise that concern with the relevant Director or Head of Service before referring the matter to Internal Audit.'

661. INTERNAL AUDIT FOLLOW UP

There was submitted a Report by the Chief Internal Auditor (17/383) presenting a current summary of Internal Audit's 'follow up' work.

Resolved:

The current position in respect of the agreed actions arising from internal and external work, be noted.

PERTH AND KINROSS COUNCIL
AUDIT COMMITTEE
22 NOVEMBER 2017

662. INTERNAL AUDIT UPDATE

There was submitted a Report by the Chief Internal Auditor (17/384) presenting a summary of Internal Audit's work against the 2017/18 annual plan.

In response to a query from Councillor X McDade regarding Internal Audit procedures, J Clark informed members that some areas, such as Elected Members' allowances, were audited on a cyclical basis. J Clark added that some areas were looked at more frequently due to their high risk.

In response to a query from Councillor I James regarding staffing resources, J Clark informed members that when pulling together the annual plan, staffing resources are considered.

Councillor E Drysdale asked for an update regarding work with Perth & Kinross Integration Joint Board Audit & Performance Committee. J Clark informed Councillor Drysdale that it would be taken up with the Chief Auditor of NHS Tayside as to why a recent meeting of the Committee was cancelled.

Councillor E Drysdale raised concern regarding the progress on the Assessment on Charging. N Copland informed Councillor Drysdale that issues had arisen regarding staffing and workload, although added that additional staff have been taken on. N Copland informed members that the Depute Chief Executive has requested an interim report.

In response to a query from Councillor McDade regarding prioritisation of backlogged pieces of work, and the resources required to help clear such backlog, N Copland explained that some prioritisation had taken place and that there was no advantage to having more additional staff as this would involve extensive training on benefits.

Resolved:

- (i) The progress of work against the plan for 2017/18, be noted.
- (ii) The removal of assignments 17 – 16 New Process Development, and 17-31 GOFA, from Internal Audit plans for 2017/18 as detailed in section 1.5 to 1.7 of this report, be approved.
- (iii) The outcome from consultancy work, be noted.
- (iv) Internal Audit will continue to engage with Housing & Community Safety to deliver improvements in the management of the financial assessment and charging function and will provide Audit Committee with a full report on the extended follow up of 16-07 in mid-2018, be noted.

PERTH AND KINROSS COUNCIL
AUDIT COMMITTEE
22 NOVEMBER 2017

The Committee considered the following final reports:-

(i) **Education and Children's Services**

(a) **17-24 Early Learning and Childcare**

There was submitted a report by the Chief Internal Auditor (17/385) on an audit to ensure the Council is preparing adequately for the implementation of 1140 hours of early learning and childcare.

Resolved:

Internal Audit's findings, as detailed in Report 17/385, be noted.

(ii) **The Environment Service**

(b) **LEADER**

There was submitted a report by the Chief Internal Auditor (17/386) on an audit to ensure Regulatory requirements are met by reviewing the systems in place to deliver LEADER as well as the financial processes.

Councillor Donaldson raised concerns regarding the fact LEADER was funded by the European Union, and questioned whether the next Internal Audit Assessment would look at interim arrangements post-March 2019. J Clark informed Councillor Donaldson that LEADER will appear in Internal Audit plans until it ceases.

Resolved:

Internal Audits findings, as detailed in report 17/386, be noted.

~~~~~





**PERTH AND KINROSS COUNCIL****Audit Committee****31 January 2018****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 81.
  - Table 2 shows the number of agreed actions that have been reported as incomplete as at their original agreed completion date. These total 31, of which 13 had a completion date of September and October 2017 and are therefore detailed in the following Appendices B to E.
  - A further 18 actions not completed by their original date have been allocated revised dates for completion after 31 October 2017 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 October 2017 is 51.
- 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 E present detailed follow-up information in respect of actions agreed for completion in the period of September and October 2017. The appendices also record service management's explanations of the status of each action point and internal audit comments where relevant.
- 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 seven such instances of 'high' risk actions. Five of these actions relate to actions arising for Services from the Information Sharing audit; one is from the Self-Directed Support Internal Audit report and relates to the Scheme of Administration; and one action relates to the audit on LEADER. The final action relates to the audit on Personalisation and is included on Appendix C.

## **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**

| <b>Name</b>  | <b>Designation</b>     | <b>Contact Details</b>                                                 |
|--------------|------------------------|------------------------------------------------------------------------|
| Jackie Clark | Chief Internal Auditor | <a href="mailto:LegalServices@pkc.gov.uk">LegalServices@pkc.gov.uk</a> |

If you or someone you know would like a copy of this document in another language or format, (on occasion, only a summary of the document will be provided in translation), this can be arranged by contacting the Customer Service Centre on 01738 475000.

You can also send us a text message on 07824 498145.

All Council Services can offer a telephone translation facility.

## 1. IMPLICATIONS, ASSESSMENTS, CONSULTATION AND COMMUNICATION

| <b>Strategic Implications</b>                       | <b>Yes / None</b> |
|-----------------------------------------------------|-------------------|
| Community Plan / Single Outcome Agreement           | None              |
| Corporate Plan                                      | Yes               |
| <b>Resource Implications</b>                        |                   |
| Financial                                           | None              |
| Workforce                                           | None              |
| Asset Management (land, property, IST)              | None              |
| <b>Assessments</b>                                  |                   |
| Equality Impact Assessment                          | Yes               |
| Strategic Environmental Assessment                  | None              |
| Sustainability (community, economic, environmental) | None              |
| Legal and Governance                                | None              |
| Risk                                                | Yes               |
| <b>Consultation</b>                                 |                   |
| Internal                                            | Yes               |
| External                                            | None              |
| <b>Communication</b>                                |                   |
| Communications Plan                                 | None              |

### 1. Strategic Implications

#### 1.1 Corporate Plan

- 1.1.1 The Council's Corporate Plan 2013 – 2018 lays out five outcome focussed strategic objectives which provide clear strategic direction, inform decisions at a corporate and service level and shape resources allocation. They are as follows:

- (i) Giving every child the best start in life;
- (ii) Developing educated, responsible and informed citizens;
- (iii) Promoting a prosperous, inclusive and sustainable economy;
- (iv) Supporting people to lead independent, healthy and active lives; and
- (v) Creating a safe and sustainable place for future generations.

- 1.1.2 This report relates to all of these objectives.

## 2. Assessments

### 2.1 Equality Impact Assessment

- 2.1.1 Under the Equality Act 2010, the Council is required to eliminate discrimination, advance equality of opportunity, and foster good relations between equality groups. Carrying out Equality Impact Assessments for plans and policies allows the Council to demonstrate that it is meeting these duties.

- 2.1.2 The information contained within this report has been considered under the Corporate Equalities Impact Assessment process (EqIA) and has been assessed as **not relevant** for the purposes of EqIA.

2.2 Risk

- 2.2.1 There is a risk to the strength of the control environment if the agreed action plans are not carried out in a timely manner.

**3. Consultation**

3.1 Internal

- 3.1.1 The Chief Executive and all Directors have been consulted in the preparation of this report.

**2. BACKGROUND PAPERS**

No background papers, as defined by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information) were relied on to any material extent in preparing the above report.

**3. APPENDICES**

Appendix A – Summary of Agreed Actions

Appendix B – Audit Follow-Up Corporate & Democratic Services

Appendix C – Audit Follow-Up Education & Children's Services

Appendix D – Audit Follow-Up Housing & Community Safety

Appendix E – Audit Follow-Up The Environment Service

## Appendix A: Summary of Agreed Actions

Table 1: All Agreed Actions for Follow-Up as at 31 October 2017 (figures in brackets reported in November 2017). This table includes actions not yet due for completion.

| Service                         | Importance   |               |                |                |              |                |
|---------------------------------|--------------|---------------|----------------|----------------|--------------|----------------|
|                                 | Critical     | High          | Medium         | Low            | Not Rated    | Total          |
| Corporate & Democratic Services | 0 (0)        | 1 (3)         | 4 (6)          | 14 (7)         | 2 (2)        | 21 (17)        |
| Education & Children's Services | 0 (0)        | 4 (4)         | 6 (10)         | 2 (8)          | 0 (0)        | 12 (22)        |
| Housing & Community Safety      | 0 (0)        | 1 (1)         | 8 (8)          | 5 (5)          | 0 (0)        | 14 (14)        |
| The Environment Service         | 0 (0)        | 3 (3)         | 16 (18)        | 16 (16)        | 0 (0)        | 35 (37)        |
| <b>All Services</b>             | <b>0 (0)</b> | <b>9 (11)</b> | <b>34 (42)</b> | <b>37 (36)</b> | <b>2 (2)</b> | <b>82 (90)</b> |

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)        | 1 (1)        | 1 (3)          | 4 (4)          | 2 (2)        | 8 (9)          |
| Education & Children's Services                                                                                                        | 0 (0)        | 3 (2)        | 3 (1)          | 0 (5)          | 0 (0)        | 6 (8)          |
| Housing & Community Care                                                                                                               | 0 (0)        | 1 (1)        | 3 (2)          | 2 (2)          | 0 (0)        | 6 (5)          |
| The Environment Service                                                                                                                | 0 (0)        | 3 (3)        | 4 (7)          | 4 (3)          | 0 (0)        | 11 (13)        |
| <b>All Services</b>                                                                                                                    | <b>0 (0)</b> | <b>8 (7)</b> | <b>11 (13)</b> | <b>10 (14)</b> | <b>2 (2)</b> | <b>31 (35)</b> |
| Actions with a completion date of September and October 2017 which have not been completed and therefore included on Appendices B to E |              |              |                |                |              | 13             |
| Those actions where the agreed date is not September and October 2017 which have been previously reported to Audit Committee           |              |              |                |                |              | 18             |



**Appendix B - Audit Follow-up**  
**Corporate & Democratic Services**  
**(Reporting for All dates on or before: October 2017)**

| Action Plan                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Dates                         | Status/Explanation                                                                                                                                                                           |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>17-05 - Management of Contracts<br/> Action Point : 1 - Authority to Enter Into Contracts<br/> Importance: Medium</p> <p>Audit Committee Date:<br/> September 2017</p> <p>The Chief Accountant will raise the issues highlighted regarding the levels of authority to enter into contracts with Financial Controllers in order to reiterate the importance of operating within agreed authority limits. The Financial Controllers will agree a procedure for ensuring that these limits are not breached in this manner.</p> <p>(S Walker, Chief Accountant)</p> | <p>Sep 2017<br/> Mar 2018</p> | <p>The issues highlighted during the audit have been raised with the Financial Controllers however a procedure has yet to be developed.</p> <p>Internal Audit Opinion:<br/> Satisfactory</p> |





**Appendix C - Audit Follow-up  
Education & Children's Services  
(Reporting for All dates on or before: October 2017)**

| Action Plan                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Dates                        | Status/Explanation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>16-23 - Personalisation<br/>Action Point : 2.2 - Risk,<br/>Implementation &amp; Monitoring<br/>Importance: High</p> <p>Audit Committee Date: June<br/>2017</p> <p>The outcomes from the review of<br/>the Audit Scotland report and<br/>the Statutory Guidance will be<br/>considered for inclusion within<br/>the Service's formal monitoring<br/>processes and risk register for<br/>2017/18 as appropriate.</p> <p>(C Mackie, Service Manager,<br/>Planning, Performance and<br/>Partnership Working)</p> | <p>Oct 2017<br/>Mar 2018</p> | <p>ECS Finance has been asked to<br/>help to lead a workshop /<br/>discussion around risk of<br/>implementation in relation to<br/>budget. A detailed discussion<br/>has already taken place at the<br/>Children &amp; Families Services<br/>Management Team. The<br/>workshop/discussion will explore<br/>further the risks of being over<br/>budget, expanding use of Self<br/>Directed Support and the<br/>potential impact of the reduction<br/>of pre fixed service level<br/>agreements etc.</p> <p>Basic risks are already included<br/>in the service risk register but<br/>these will be updated in line with<br/>the workshop outcomes and the<br/>ongoing joint discussions with<br/>HCS to develop the SDS<br/>Strategy.</p> <p>Internal Audit Opinion:<br/>Satisfactory</p> |
| <p>17-02(b) - Financial<br/>Management of Schools -<br/>Kinross High School<br/>Action Point : 4 - School Funds –<br/>Accounts Package<br/>Importance: Medium</p> <p>Audit Committee Date:<br/>September 2017</p> <p>Education &amp; Children's Services'<br/>recommended School Fund<br/>package will be installed and<br/>operational for the beginning of<br/>the next academic year.</p> <p>(C Palmer, Assistant Finance</p>                                                                                | <p>Sep 2017<br/>Jan 2018</p> | <p>The Service states that this<br/>action should be completed in<br/>January 2018.</p> <p>Internal Audit Opinion:<br/>Satisfactory</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |

| Action Plan                                                                                                                                                                                                                                                                                                                                                                                                                                   | Dates                         | Status/Explanation                                                                                                                                                                                                                   |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Manager)                                                                                                                                                                                                                                                                                                                                                                                                                                      |                               |                                                                                                                                                                                                                                      |
| <p>17-02(b) - Financial Management of Schools - Kinross High School<br/> Action Point : 7 - School Funds - Committee Arrangements<br/> Importance: Medium</p> <p>Audit Committee Date:<br/> September 2017</p> <p>A signed and dated declaration to be prepared which states that all committee members have read and will adhere to the Financial Policy &amp; Procedures for School funds.</p> <p>(L Prentice, Campus Business Manager)</p> | <p>Sep 2017<br/> Jan 2018</p> | <p>The last scheduled meeting did not take place and as yet the committee members have not signed the declaration. It is anticipated that this will take place in January 2018.</p> <p>Internal Audit Opinion:<br/> Satisfactory</p> |

**Appendix D - Internal Audit Follow-up**  
**Housing & Community Safety**  
**(Reporting for All dates on or before: October 2017)**

| Action Plan                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Dates                                                     | Status/Explanation                                                                                                                                                                                                                                                                                                                                                                                                    |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>14-16 - Housing Repairs<br/> Action Point : 10 - Verification:<br/> timeliness and meeting the<br/> specification of emergency<br/> repairs<br/> Importance: Medium</p> <p>Audit Committee Date: April<br/> 2015</p> <p>HRIS is already in close contact<br/> with the Council's IT Service in<br/> order to improve the capability of<br/> our mobile technology, in<br/> accordance with Housing's<br/> Technology and Improvement<br/> Plan.</p> <p>(J Beverley, Housing Repairs<br/> Service Manager)</p> | <p>Dec 2015<br/> Mar 2017<br/> Oct 2017<br/> Mar 2018</p> | <p>The Service states that<br/> Housing's mobile working<br/> project, which is part of the<br/> corporate IT Transformation<br/> project, has been delayed due to<br/> integration issues. The phased<br/> implementation of the system<br/> was due to commence in<br/> November 2017 with full roll out<br/> of the project being complete by<br/> 31 March 2018.</p> <p>Internal Audit Opinion:<br/> Accepted</p> |
| <p>15-07 - Reablement<br/> Action Point : 11 - Training &amp;<br/> Qualifications<br/> Importance: Low</p> <p>Audit Committee Date: June<br/> 2015</p> <p>Training needs to be completed<br/> in line with schedule</p> <p>(V Riddell, Team Leader)</p>                                                                                                                                                                                                                                                          | <p>Dec 2016<br/> Sep 2017<br/> June 2018</p>              | <p>The Service has now received<br/> SMT budget approval in order<br/> that Reablement staff can obtain<br/> SVQ training to meet registration<br/> requirements.</p> <p>Internal Audit Opinion:<br/> Accepted</p>                                                                                                                                                                                                    |
| <p>16-09 - Housing Options<br/> Action Point : 3 - Training Toolkit<br/> Importance: Low</p> <p>Audit Committee Date:<br/> September 2016</p> <p>The Service will continue to be<br/> involved in the Training Toolkit<br/> Steering Group to ensure that<br/> the toolkit is piloted in the first</p>                                                                                                                                                                                                           | <p>Mar 2017<br/> Sep 2017<br/> Mar 2018</p>               | <p>The Service states that the<br/> toolkit development project is<br/> progressing however there have<br/> delays in the procurement<br/> process. Tenders will be<br/> evaluated in November and<br/> once a supplier has been<br/> selected the Service will lead<br/> testing and piloting the toolkit.</p> <p>Progress will be reviewed in</p>                                                                   |

| Action Plan                                                                                                                                                                                                                                                                                                                                                                                                  | Dates                        | Status/Explanation                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>quarter of 2017.</p> <p>(E Ritchie, Service Manager)</p>                                                                                                                                                                                                                                                                                                                                                  |                              | <p>March 2018.</p> <p>Internal Audit Opinion:<br/>Satisfactory</p>                                                                                                                                                                                                                                                                                                                                                                                                  |
| <p>17-04 - Partnership Working - Community Justice Partnership Action Point : 8 - Monitoring of the Plan<br/>Importance: Medium</p> <p>Audit Committee Date:<br/>September 2017</p> <p>The 31 August 2017 Community Justice Partnership agenda will include an item regarding a monitoring mechanism for the outcomes improvement plan.</p> <p>(C Cranmer, Team Leader - Community Safety)</p>               | <p>Sep 2017<br/>Mar 2018</p> | <p>The Service advised that the first Community Justice Partnership Meeting was held on 31st August 2017 and a presentation delivered which included information pertinent to how the plan will be monitored.</p> <p>Further to discussions at the second partnership meeting, a monitoring mechanism/ framework will be drafted and submitted for approval by the Community Justice Partnership in March 2018.</p> <p>Internal Audit Opinion:<br/>Satisfactory</p> |
| <p>17-04 - Partnership Working - Community Justice Partnership Action Point : 9 - Monitoring of the Plan<br/>Importance: Medium</p> <p>Audit Committee Date:<br/>September 2017</p> <p>A framework will also be devised to measure and report on the actions in the plan. This framework will also be presented to the Community Justice Partnership.</p> <p>(C Cranmer, Team Leader - Community Safety)</p> | <p>Sep 2017<br/>Mar 2018</p> | <p>As per (8) above - The agreed monitoring mechanism/ framework will be drafted and presented to the Partnership for approval at the third Partnership meeting, to be held in March 2018.</p> <p>Internal Audit Opinion:<br/>Satisfactory</p>                                                                                                                                                                                                                      |

**Appendix E - Internal Audit Follow-up**  
**The Environment Service**  
**(Reporting for All dates on or before: October 2017)**

| Action Plan                                                                                                                                                                                                                                                                                                                                   | Dates                         | Status/Explanation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>16-27 - Events &amp; Festivals<br/> Action Point : 7 - Events &amp; Festivals Strategy and Reporting<br/> Importance: Low</p> <p>Audit Committee Date: April 2017</p> <p>A process will be introduced for determining which events are to be evaluated and to what extent (e.g. for economic impact).</p> <p>(M Boyle, Events Officer)</p> | <p>Sep 2017<br/> Sep 2018</p> | <p>The Service advises an independent evaluation of the economic impact of all PKC-led events within the past 12-18 months was carried out to inform a revised Events Strategy. The revised Events Strategy, scheduled for completion in September 2018 will include detail regarding monitoring and evaluation.</p> <p>Internal Audit Opinion:<br/> Satisfactory</p>                                                                                                                                                                                          |
| <p>16-27 - Events &amp; Festivals<br/> Action Point : 8 - Support for Event Organisers<br/> Importance: Low</p> <p>Audit Committee Date: April 2017</p> <p>A Council wide application and assessment process will be introduced.</p> <p>(M Boyle, Events Officer)</p>                                                                         | <p>Sep 2017<br/> Apr 2018</p> | <p>Following the changes in TES management structure, work is progressing on this action. Current application systems are being reviewed and identification of delegated responsibility for each of the Council assets currently utilised for events is almost complete. The Service is liaising with Legal Services regarding Roads Network delegated powers. Once the above has been clarified, a clear and consistent procedure for the hire and booking of PKC assets will be adopted and rolled out.</p> <p>Internal Audit Opinion:<br/> Satisfactory</p> |
| <p>16-27 - Events &amp; Festivals<br/> Action Point : 9 - Support for Event Organisers<br/> Importance: Low</p> <p>Audit Committee Date: April 2017</p> <p>The Council website will be revised to include, for example,</p>                                                                                                                   | <p>Sep 2017<br/> Apr 2018</p> | <p>As per action point 8, the Events pages of the Council website will be updated following review of the asset base and design of an appropriate application and assessment process.</p> <p>Internal Audit Opinion:<br/> Satisfactory</p>                                                                                                                                                                                                                                                                                                                     |

| Action Plan                                                                                                                                                                                                                                                                             | Dates | Status/Explanation |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------|--------------------|
| <p>the main Events page including contact details; information about holding events within Perth and Kinross; the vision for the Council in relation to Events &amp; Festivals; and publication of an application form once this has been defined.</p> <p>(M Boyle, Events Officer)</p> |       |                    |

**PERTH AND KINROSS COUNCIL****Audit Committee****31 January 2018****INTERNAL AUDIT PRODUCT SHARING PROTOCOL****Report by the Chief Internal Auditor****PURPOSE OF REPORT**

This report presents the Product Sharing Protocol for outputs from the Internal Audit process relating to the Integrated Joint Board.

**1. BACKGROUND / MAIN ISSUES**

- 1.1 Following the creation of the three Integrated Joint Boards (IJBs) within the NHS Tayside area, there has been a corresponding need, informed by the Integrated Resource Advisory Group (IRAG) guidance, for each of these bodies to have an Internal Audit function. The nature of Health and Social Care Integration is such that the control systems of the Health Board, the Integrated Joint Boards (IJB) and the three Local Authorities are inextricably linked and it is therefore necessary to consider how relevant audit outputs of each of these bodies should be shared.
- 1.2 Following discussions with the NHS Chief Internal Auditor and the Chief Internal Auditors for Angus and Dundee City Councils, the attached paper has been prepared for consideration by all relevant Audit Committees. It was considered and approved by the Audit Committee of NHS Tayside in August 2017 and the IJB in September 2017.
- 1.3 In addition there is the need to consider the rights of IJB audit staff who may require access to Perth & Kinross Council employees, documents and property. Currently, under the Internal Audit Charter, such rights are granted to Perth & Kinross Council auditors.

**2. ASSESSMENT**

- 2.1 The IRAG guidance requires the sharing of IJB Internal Audit plans and annual reports with the parent bodies. The attached paper extends that principle to allow for relevant assurances to be provided to each body. Additional consideration will also need to be given to the scope of the information provided. At present, Internal Audit reports for Perth & Kinross Council are presented in full and are publically available. This is not the case for NHS Tayside, whose Internal Audit Reporting protocol allows all Audit Committee members full access to all NHS Tayside Internal Audit Reports, with reports graded 'D' or below presented in full to the NHS Audit Committee. There will need to be further discussion on the issue of whether IJB Audit Committee members will be entitled to receive full reports from NHS Tayside

and whether Perth & Kinross Council and NHS Tayside will be entitled to receive full reports from the IJB.

- 2.2 In order to ensure that IJB audits can be conducted efficiently and effectively, and to promote partnership working, it is necessary for all auditors to have equal rights of access to relevant officers and information required to undertake their duties, whether these officers are employed by, or the relevant information is held by, the NHS or Perth & Kinross Council. It is therefore sensible for NHS Tayside auditors undertaking IJB audits to have rights of access as detailed within Perth & Kinross Council's Internal Audit Charter (report 17/313 refers). Perth & Kinross Council auditors will also require similar access for relevant NHS records and officers.

### 3. CONCLUSION AND RECOMMENDATIONS

- 3.1 This report presents a protocol for sharing outputs from the Internal Audit process relating to the IJB.
- 3.2 It is recommended that the Committee approves:
- 3.2.1 the Product Sharing Protocol as the basis for an agreement with the NHS and IJB Internal Auditors; and
- 3.2.2 that NHS Internal Auditors will have the same rights of access as Perth & Kinross Council Internal Auditors to all relevant Council officers and information while conducting approved IJB audit work.

#### Author(s)

| Name         | Designation            | Contact Details                                                        |
|--------------|------------------------|------------------------------------------------------------------------|
| Jackie Clark | Chief Internal Auditor | <a href="mailto:LegalServices@pkc.gov.uk">LegalServices@pkc.gov.uk</a> |

If you or someone you know would like a copy of this document in another language or format, (on occasion, only a summary of the document will be provided in translation), this can be arranged by contacting the Customer Service Centre on 01738 475000.

You can also send us a text message on 07824 498145.

All Council Services can offer a telephone translation facility.



## 1. IMPLICATIONS, ASSESSMENTS, CONSULTATION AND COMMUNICATION

| <b>Strategic Implications</b>                       | <b>Yes / None</b> |
|-----------------------------------------------------|-------------------|
| Community Plan / Single Outcome Agreement           | None              |
| Strategic Plan                                      | Yes               |
| <b>Resource Implications</b>                        |                   |
| Financial                                           | None              |
| Workforce                                           | None              |
| Asset Management (land, property, IST)              | None              |
| <b>Assessments</b>                                  |                   |
| Equality Impact Assessment                          | Yes               |
| Strategic Environmental Assessment                  | None              |
| Sustainability (community, economic, environmental) | None              |
| Legal and Governance                                | None              |
| Risk                                                | Yes               |
| <b>Consultation</b>                                 |                   |
| Internal                                            | Yes               |
| External                                            | None              |
| <b>Communication</b>                                |                   |
| Communications Plan                                 | None              |

### 1. Strategic Implications

#### 1.1 Corporate Plan

- 1.1.1 The Council's Corporate Plan 2013 – 2018 lays out five outcome focussed strategic objectives which provide clear strategic direction, inform decisions at a corporate and service level and shape resources allocation. They are as follows:

- (i) Giving every child the best start in life;
- (ii) Developing educated, responsible and informed citizens;
- (iii) Promoting a prosperous, inclusive and sustainable economy;
- (iv) Supporting people to lead independent, healthy and active lives; and
- (v) Creating a safe and sustainable place for future generations.

- 1.1.2 This report relates to all of these objectives.

## 2. Assessments

### 2.1 Equality Impact Assessment

- 2.1.1 Under the Equality Act 2010, the Council is required to eliminate discrimination, advance equality of opportunity, and foster good relations between equality groups. Carrying out Equality Impact Assessments for plans and policies allows the Council to demonstrate that it is meeting these duties.

- 2.1.2 The information contained within this report has been considered under the Corporate Equalities Impact Assessment process (EqIA) and has been assessed as **not relevant** for the purposes of EqIA.

## 2.2 Risk

- 2.2.1 The risks are associated with the level of assurance provided on the control environment in each of the parent bodies and the IJB.

## 3. **Consultation**

### 3.1 Internal

- 3.1.1 The Chief Executive and Head of Legal and Governance Services 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 – Internal Audit Product Sharing Protocol

### **Tayside IJBs / NHS Tayside / Tayside Local Authorities – Sharing of Audit Outputs Protocol**

#### **Introduction**

FTF Audit, the Internal Audit service providers for NHS Tayside, were appointed to provide the Chief Internal Auditor function for all Tayside IJBs with the Internal Auditors of both parties providing input to the delivery of the IJB audit plans. This arrangement will be reviewed by all Tayside IJBs in 2017/18.

In the new integrated environment, there may be a need to share internal audit outputs beyond the organisation that commissioned the work, in particular where the output (e.g. internal audit reports, follow-up reports, internal audit plans and internal audit annual report / opinion) is considered relevant to one or more of the other partners for assurance purposes. It is important that this sharing of information happens in a controlled manner to facilitate joint working, protect confidentiality and avoid duplication of effort.

Integrated Resource Advisory Group (IRAG) guidance states that “ *To ensure that the risk based audit plans for the Integration Joint Board, Local Authority and Health Board are co-ordinated to ensure proper coverage, avoid duplication of efforts and determine areas of reliance from the work of each team, it is recommended that the Chief Internal Auditors for each of the respective bodies share information, co-ordinate activities with each other and with other external providers of assurance and consulting services.* ”

This paper sets out principles in relation to the sharing of Internal Audit outputs and granting of access, in order that all parts of the system receive appropriate information on the adequacy and effectiveness of internal control within their purview, including controls operated by other bodies which impact on their control environment. Throughout this paper, Audit Committee refers to the Standing Committee of the organisation charged with responsibility for audit and assurance.

#### **Audit Planning**

IRAG guidance states that ‘*The risk based audit plan should be developed by the Chief Internal Auditor of the Integration Joint Board and approved by the Integration Joint Board or other committee (see 2.6 Audit Committees). It is recommended that it is shared with the relevant committees of the Health Board and Local Authority.*’ This principle is agreed and the approved IJB annual internal audit plans will be shared with the relevant committees of NHS Tayside and the Tayside Local Authorities.

Given that the IJBs are reliant on assurances provided by the parties on their systems and also to ensure that plans can be seen to be coherent over the whole system, the Internal Audit plans of the Health Board and Local Authorities will also be presented to the IJB Audit Committee for noting. This will also provide each Audit Committee, whilst respecting the primacy of the organisation for whom the report is prepared, with the opportunity to identify any relevant audits from another body which they may wish to receive assurance from and to highlight any areas where they might wish to ensure that particular issues, relevant to their IJB are taken into account.

## **Individual Audit Reports**

### **IJB Audits**

When conducting audits of the IJB, FTF and Local Authority Internal Auditors will use their respective methodologies, both of which are compliant with Public Sector Internal Audit Standards (PSIAS). However, an agreed standard report format will be used for all IJB Internal Audit Reports. The Internal Auditors have separately agreed a joint working protocol which sets out the audit process for all work which will be conducted within the terms of Internal Audit Charter approved by each IJB Audit Committee and the requirements of PSIAS.

A summary final report for each audit assignment will be presented to the IJB Audit Committee for scrutiny purposes, with a full copy available to IJB Audit Committee members on request. These summary reports shall also be shared with the NHS Tayside and relevant council Audit Committee(s).

### **NHS and Local Authority Internal Audits**

At the beginning of each audit year, and on an ongoing basis, the respective internal auditors, taking into account the views of the IJB Chief Officer, IJB Chief Internal Auditor and IJB Audit Committee, will review their audit plans to identify any audits of the parent bodies (NHS Tayside and Dundee City Council, Perth & Kinross Council, Angus Council) that may be of relevance to the IJB. For these audits, summaries of the final reports, or relevant issues from within those reports, will be presented to the IJB Audit Committee.

If, for any other completed audits, the auditor believes there may be issues which impact on the IJB control environment, the IJB Chief Internal Auditor will be notified so that arrangements can be made to report the relevant findings to the IJB Audit Committee.

The final audit reports issued shall follow the normal reporting routes established for internal audit reports within the parent bodies; this shall include being presented to their respective Audit Committees. The parent body Audit Committee shall be advised if the report, or any part thereof, is to be shared with the IJB Audit Committee.

When either an NHS Tayside or a Dundee City Council/ Perth & Kinross Council/ Angus Council final internal audit report has been identified as relevant to the IJB, the audit report shall be presented in summary at the next meeting of the IJB Audit Committee. These summary reports shall also be shared between NHS Tayside and Dundee City Council / Perth & Kinross Council / Angus Council internal audit services.

## **Annual Internal Audit reports**

IRAG guidance states that *'It is recommended that the Integration Joint Board annual internal audit report is shared with the partner Health Board and Local Authority through the reporting arrangements in those bodies for internal audit.'* The IJB Chief Internal Auditor shall prepare an IJB Internal Audit Annual Report and opinion and in accordance with IRAG guidance, it will be shared with the parent bodies and reported through their own internal audit reporting procedures. Again, this principle will be extended and reciprocated so that Local Authority and Health Board Annual Internal Audit Reports are presented to the IJB Audit Committee for noting as part of the overall assurance portfolio in support of the governance statement.

Review Date: September 2018



**PERTH AND KINROSS COUNCIL****Audit Committee****31 January 2018****INTERNAL AUDIT UPDATE****Report by the Chief Internal Auditor****PURPOSE OF REPORT**

This report presents a summary of Internal Audit's work against the 2017/18 annual plan.

**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 Plans for 2017/18, as approved by Audit Committee in April 2017 (report 17/150) and September (report 17/312).
- 1.3 Since April 2017, Internal Audit has been contacted on 13 occasions to provide advice, assurance and / or assistance to services regarding specific issues. Internal Audit will follow up on these areas during the year, where necessary. This unplanned workload is contained within the resources allocated as part of the Internal Audit Planning process. The Audit Committee will be informed if there is any change to this situation.
- 1.4 Internal Audit works in collaboration with Highland Council to deliver audits where a higher level of IT audit skills are required than are held within the team. Reports arising from this work will be considered by Audit Committee in line with all Internal Audit Reports on Council activity.
- 1.5 Internal Audit has continued to work with colleagues in NHS Tayside to support the Audit and Performance Committee of the Integrated Joint Board. A report is included on the agenda for this meeting regarding Internal Audit Report Sharing protocols.
- 1.6 In addition, Internal Audit has continued to facilitate the National Fraud Initiative to ensure that Services are investigating relevant data matches appropriately. A separate report will be provided to the next Audit Committee on the outcomes for this exercise.
- 1.7 Appendix A details those assignments where work has been completed since the last report to the Audit Committee. Where appropriate, Internal Audit Reports for these assignments will be presented to the Audit Committee.

- 1.8 Appendix B shows a summary of each audit previously approved as part of the 2017/18 plan, along with the date that the outcome has been considered by Audit Committee.

## 2. CONCLUSION AND RECOMMENDATIONS

- 2.1 This report presents a summary of Internal Audit's work against the 2017/18 annual plan.
- 2.2 It is recommended that the Committee notes the progress of work against the plan for 2017/18.

### Author(s)

| Name         | Designation            | Contact Details                                                        |
|--------------|------------------------|------------------------------------------------------------------------|
| Jackie Clark | Chief Internal Auditor | <a href="mailto:LegalServices@pkc.gov.uk">LegalServices@pkc.gov.uk</a> |

If you or someone you know would like a copy of this document in another language or format, (on occasion, only a summary of the document will be provided in translation), this can be arranged by contacting the Customer Service Centre on 01738 475000.

You can also send us a text message on 07824 498145.

All Council Services can offer a telephone translation facility.



## 1. IMPLICATIONS, ASSESSMENTS, CONSULTATION AND COMMUNICATION

| <b>Strategic Implications</b>                       | <b>Yes / None</b> |
|-----------------------------------------------------|-------------------|
| Community Plan / Single Outcome Agreement           | None              |
| Strategic Plan                                      | Yes               |
| <b>Resource Implications</b>                        |                   |
| Financial                                           | None              |
| Workforce                                           | None              |
| Asset Management (land, property, IST)              | None              |
| <b>Assessments</b>                                  |                   |
| Equality Impact Assessment                          | Yes               |
| Strategic Environmental Assessment                  | None              |
| Sustainability (community, economic, environmental) | None              |
| Legal and Governance                                | None              |
| Risk                                                | Yes               |
| <b>Consultation</b>                                 |                   |
| Internal                                            | Yes               |
| External                                            | None              |
| <b>Communication</b>                                |                   |
| Communications Plan                                 | None              |

### 1. Strategic Implications

#### 1.1 Corporate Plan

- 1.1.1 The Council's Corporate Plan 2013 – 2018 lays out five outcome focussed strategic objectives which provide clear strategic direction, inform decisions at a corporate and service level and shape resources allocation. They are as follows:

- (i) Giving every child the best start in life;
- (ii) Developing educated, responsible and informed citizens;
- (iii) Promoting a prosperous, inclusive and sustainable economy;
- (iv) Supporting people to lead independent, healthy and active lives; and
- (v) Creating a safe and sustainable place for future generations.

- 1.1.2 This report relates to all of these objectives.

## 2. Assessments

### 2.1 Equality Impact Assessment

- 2.1.1 Under the Equality Act 2010, the Council is required to eliminate discrimination, advance equality of opportunity, and foster good relations between equality groups. Carrying out Equality Impact Assessments for plans and policies allows the Council to demonstrate that it is meeting these duties.

- 2.1.2 The information contained within this report has been considered under the Corporate Equalities Impact Assessment process (EqIA) and has been assessed as **not relevant** for the purposes of EqIA.

## 2.2 Risk

- 2.2.1 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

**INTERNAL AUDIT UPDATE**

**Internal Audit Activity Completed Since The Last Report To Audit Committee**

| <b>Audit No.</b> | <b>Audit Title</b>                  | <b>Service</b>                                                 |
|------------------|-------------------------------------|----------------------------------------------------------------|
| 17-01            | General Outcome Focussed Assessment | Adult Social Work and Social Care / Housing & Community Safety |
| 17-22            | Elected Members Allowances          | Corporate & Democratic Services                                |
| 17-28            | Corporate Health & Safety           | The Environment Service                                        |



## Appendix B

### Progress With Assignments Approved In The Internal Audit Plan for 2017/18 as at November 2017

| <b>Audit No.</b> | <b>Audit Title</b>                                                                 | <b>Original Anticipated Audit Committee</b> | <b>Assignment brief approved</b> | <b>Factual accuracy confirmed</b> | <b>Draft Report issued</b> | <b>Final Report issued</b> | <b>Audit Committee Date ^</b>       |
|------------------|------------------------------------------------------------------------------------|---------------------------------------------|----------------------------------|-----------------------------------|----------------------------|----------------------------|-------------------------------------|
| 17-01            | General Outcome Focussed Assessment                                                | September 2017                              | August 2017                      | November 2017                     | November 2017              | December 2017              | <b>January 2018</b>                 |
| 17-02            | Financial Management of Secondary Schools:<br>Perth Academy<br>Kinross High School | June 2017<br>September 2017                 | April 2017<br>April 2017         | May 2017<br>August 2017           | May 2017<br>August 2017    | May 2017<br>August 2017    | <b>June 2017<br/>September 2017</b> |
| 17-03            | Capital Programme                                                                  | June 2017                                   | April 2017                       | May 2017                          | May 2017                   | May 2017                   | <b>June 2017</b>                    |
| 17-04            | Partnership Working – Community Justice Partnership                                | November 2017                               | July 2017                        | August 2017                       | August 2017                | August 2017                | <b>September 2017</b>               |
| 17-05            | Management of Contracts                                                            | September 2017                              | May 2017                         | August 2017                       | August 2017                | August 2017                | <b>September 2017</b>               |
| 17-06            | Northgate Housing                                                                  | November 2017                               | October 2017                     | November 2017                     | December 2017              |                            |                                     |
| 17-07            | Financial Assessment and Charging Follow Up                                        | November 2017                               | July 2017                        | September 2017                    |                            |                            |                                     |
| 17-08            | LEADER                                                                             | November 2017                               | August 2017                      | October 2017                      | November 2017              | November 2017              | <b>November 2017</b>                |
| 17-09            | Child's Plan                                                                       | September 2017                              | June 2017                        | August 2017                       | August 2017                | August 2017                | <b>September 2017</b>               |

| <b>Audit No.</b> | <b>Audit Title</b>                         | <b>Original Anticipated Audit Committee</b>                                      | <b>Assignment brief approved</b>                                                                  | <b>Factual accuracy confirmed</b> | <b>Draft Report issued</b> | <b>Final Report issued</b> | <b>Audit Committee Date ^</b> |
|------------------|--------------------------------------------|----------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------|-----------------------------------|----------------------------|----------------------------|-------------------------------|
| 17-10            | Embedding new Risk Management Arrangements | March 2018                                                                       |                                                                                                   |                                   |                            |                            |                               |
| 17-11            | IR35                                       | September 2017                                                                   | Not applicable. General advice provided at the start of the financial year.                       |                                   |                            |                            | <b>September 2017</b>         |
| 17-12            | Arms Length External Organisations         | November 2017                                                                    |                                                                                                   |                                   |                            |                            |                               |
| 17-13            | Transformation                             | March 2018                                                                       |                                                                                                   |                                   |                            |                            |                               |
| 17-14            | Corporate Governance                       | March 2018                                                                       |                                                                                                   |                                   |                            |                            |                               |
| 17-15            | Community Empowerment                      | November 2017                                                                    | August 2017                                                                                       | October 2017                      | October 2017               | October 2017               | <b>November 2017</b>          |
| 17-17            | Bus Service Operators Grant                | September 2017                                                                   | Completed. No report required as no weaknesses in controls were identified which required action. |                                   |                            |                            |                               |
| 17/18            | Contract Rules                             | November 2017                                                                    | September 2017                                                                                    | September 2017                    | September 2017             | September 2017             | <b>November 2017</b>          |
| 17/19            | Integrated Adult & Social Care             | Not applicable. Outcomes will be reported directly to the Integrated Joint Board |                                                                                                   |                                   |                            |                            |                               |
| 17/20            | Creditors                                  | March 2018                                                                       | January 2018                                                                                      |                                   |                            |                            |                               |
| 17/21            | IR35 – part 2                              | June 2018                                                                        | January 2018                                                                                      |                                   |                            |                            |                               |
| 17/22            | Elected Members Allowances                 | January 2018                                                                     | November 2017                                                                                     | December 2017                     | December 2017              | December 2017              | <b>January 2018</b>           |
| 17/23            | IT Change Management                       | March 2018                                                                       |                                                                                                   |                                   |                            |                            |                               |
| 17/24            | Early Learning and Child Care              | November 2017                                                                    | September 2017                                                                                    | October 2017                      | October 2017               | October 2017               | <b>November 2017</b>          |
| <b>Audit</b>     | <b>Audit Title</b>                         | <b>Original</b>                                                                  | <b>Assignment</b>                                                                                 | <b>Factual</b>                    | <b>Draft Report</b>        | <b>Final Report</b>        | <b>Audit</b>                  |

| <b>No.</b> |                                                            | <b>Anticipated Audit Committee</b> | <b>brief approved</b>                                                                                                                                                                                 | <b>accuracy confirmed</b> | <b>issued</b> | <b>issued</b> | <b>Committee Date ^</b> |
|------------|------------------------------------------------------------|------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|---------------|---------------|-------------------------|
| 17/25      | Pupil Equity Fund                                          | June 2018                          |                                                                                                                                                                                                       |                           |               |               |                         |
| 17/26      | Council Tax                                                | January 2018                       | January 2018                                                                                                                                                                                          |                           |               |               |                         |
| 17/27      | Housing Repairs & Improvement Service's Financial Controls | March 2018                         |                                                                                                                                                                                                       |                           |               |               |                         |
| 17/28      | Corporate Health & Safety                                  | March 2018                         | October 2017                                                                                                                                                                                          | November 2017             | November 2017 | December 2017 | <b>January 2018</b>     |
| 17/29      | European Social Fund                                       | January 2018                       | January 2018                                                                                                                                                                                          |                           |               |               |                         |
| 17/30      | Commissioning Strategy                                     | March 2018                         |                                                                                                                                                                                                       |                           |               |               |                         |
| 17/32      | Bus Service Operators Grant                                | March 2018                         | 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. |                           |               |               |                         |







Internal Audit Report  
Corporate & Democratic Services  
Elected Members Allowances  
17-22  
January 2018

## Final Report

Legal and Governance  
Corporate and Democratic Services  
Perth & Kinross Council  
Council Offices  
2 High Street  
Perth  
PH1 5PH

## 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)

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 2017/18, approved by Audit Committee on 27<sup>th</sup> September 2017. Audit testing was carried out in November & December 2017.

The framework for Councillors Pay was established by the Scottish Local Authorities Remuneration Committee (SLARC). This Committee was created to advise Scottish Ministers on the payment by local authorities of remuneration, pensions and allowances including the reimbursement of expenses incurred by Elected Members. SLARC’s recommendations were first implemented after local government elections in May 2007. SLARC stood down as a Committee in February 2013, but the principles of its work continue in force.

Guidance is based on the Local Governance (Scotland) Act 2004 (Remuneration) Regulations 2007 and Local Government (Allowances and Expenses) (Scotland) Regulations 2007 and subsequent amendment regulations.

## Scope and Limitations

This audit considered controls in place to ensure that Elected Members remuneration and expenses are evidenced, authorised and paid in accordance with regulation and guidance.

The review consisted of analysis of documentation and interviews with relevant Officers.

## 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 the adequacy of controls in respect of Elected Member remuneration and expenses                                                                                                                                                                                                                      |
| Audit Comments:<br>Internal Audit’s opinion is that there are satisfactory controls operating to ensure that Elected Members are remunerated and reimbursed for expenses appropriately. There is, however, scope to improve controls in relation to recharges to the Joint Board; and to further document and enhance guidance in |

## Internal Audit Report

relation to Elected Members absence and annual publication processes.

Remuneration levels are laid out in statute with additional payments being calculated in line with Scottish Government guidance and approved at the first meeting of the newly elected Council.

Training on remuneration and expenses was provided as part of an induction programme for Elected Members. This is supplemented by clear and comprehensive guidance which is available on the Councillor SharePoint site for reference.

There are procedure documents regarding the checking, authorising and processing of expense claims and officers interviewed demonstrated a good knowledge of these, and relevant regulation.

Internal Audit is satisfied that, overall, controls are operating adequately to ensure that expenses incurred, both directly by the Council and those which are reimbursed, are checked and authorised as appropriate; with sufficient evidence held to support expense claims made. In addition, there are robust controls in place to ensure that remuneration and expenses are processed accurately through Payroll.

|                                |                   |
|--------------------------------|-------------------|
| 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 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 Members Support and Payroll team Officers.

### Feedback

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

## Internal Audit Report

### Distribution

This report has been distributed to:

B Malone, Chief Executive

J Valentine, Depute Chief Executive (Executive Director, The Environment Service)

G Taylor, Head of Democratic Services

K McNamara, Head of Strategic Commissioning and Organisational Development

L Simpson, Head of Legal and Governance Services

S MacKenzie, Head of Finance

K Donaldson, Corporate Human Resources Manager

E Sturgeon, Chief Exchequer Officer

C Flynn, Democratic Services Manager

R Hughes, Team Leader/Senior Officer– Civic Services/Members' Support

V Iwanio, HR Team Leader (Employment & Payroll Services)

External Audit

Other officers may be added if necessary.

### 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: 16 January 2018

## Appendix 1: Summary of Action Points

| No. | Action Point                          | Risk/Importance |
|-----|---------------------------------------|-----------------|
| 1   | <a href="#">Joint Board Recharges</a> | Medium          |
| 2   | <a href="#">Councillor Absence</a>    | Low             |
| 3   | <a href="#">Annual Return</a>         | Low             |
| 4   | <a href="#">Minor Issues</a>          | Low             |

## Appendix 2: Action Plan

### Action Point 1 - Joint Board Recharges

Scottish Government guidance entitled 'Remuneration, Allowances and Expenses' requires local authorities to make administrative arrangements with Joint Boards for recouping the difference in salaries for Councillors paid an additional remuneration for carrying out Joint Board Convener or Vice Convener roles. This is reflected in Council Papers regarding the Appointment of Representatives to Partner Organisations and Outside Bodies for 2012 and 2017 also.

Audit testing revealed that:

- the additional remuneration element for the role of Convener of the Tayside Valuation Joint Board, held by a Perth and Kinross Councillor between June 2012 and May 2017, has not been reclaimed; and
- the recharge claimed from the Tayside Criminal Justice Authority was incorrectly invoiced for the financial year 2016/17 for the Vice Convener element. This was as a result of a change in remuneration of the Councillor due to a further appointment.

### Management Action Plan

A recharge for the Tayside Valuation Joint Board will be undertaken.

|                                     |                                 |
|-------------------------------------|---------------------------------|
| Risk/Importance:                    | Medium                          |
| Responsible Officer:                | S MacKenzie, Head of Finance    |
| Lead Service:                       | Corporate & Democratic Services |
| Date for Completion (Month / Year): | March 2018                      |
| Required Evidence of Completion:    | Recharge                        |

### Auditor's Comments

Satisfactory

## Action Point 2 - Councillor Absence

Scottish Government guidance notes that Councillors are entitled to Statutory Sick Pay and Maternity Pay on the same basis as other employees and that this should be considered alongside standing orders on when a Councillor ceases to be regarded as a Councillor.

There is scope to provide some clarification to elected members for when they are unable to work due to significant ill health. Furthermore, the Council's Standing Orders do not refer to elected member absences of more than six months.

### Management Action Plan

1. Standing Orders will be updated to include reference to the process to be followed where an elected member is absent from duties for more than 6 months.
2. The Head of Democratic Services will discuss arrangements for Councillors to declare any periods of ill health, which result in their being unable to undertake their duties, with other senior officers and political leaders.

|                                     |                                                                  |
|-------------------------------------|------------------------------------------------------------------|
| Risk/Importance:                    | Low                                                              |
| Responsible Officer:                | G Taylor, Head of Democratic Services                            |
| Lead Service:                       | Corporate & Democratic Services                                  |
| Date for Completion (Month / Year): | 1. February 2018<br>2. March 2018                                |
| Required Evidence of Completion:    | 1. Updated Standing Orders<br>2. Updated guidance to Councillors |

### Auditor's Comments

Satisfactory

### Action Point 3 - Annual Return

To comply with legislation, all Councils must publish information on Elected Members' salary, allowances and expenses in respect of the previous financial year on their website.

Audit reviewed the published 2016/17 return and noted that, whilst relevant information has been published, a small number of inconsistencies in how expenses have been categorised were identified.

Internal procedures regarding collation and publication of Elected Member allowances lack detail around what information is to be included within each column; and the standard annual return form recommended within the guidance is not being utilised.

The Service may benefit from reviewing the collation and publication process and documents to ensure there is clarity.

### Management Action Plan

Internal procedures relating to the annual return will be reviewed to ensure full compliance with Scottish Government guidance. Internal procedures will be updated, as required, to reflect the full scope of collation and recording practices carried out. Within this, consideration will be given to utilising the standard annual return form also.

|                                     |                                                            |
|-------------------------------------|------------------------------------------------------------|
| Risk/Importance:                    | Low                                                        |
| Responsible Officer:                | V Iwanio, HR Team Leader (Employment and Payroll Services) |
| Lead Service:                       | Corporate & Democratic Services                            |
| Date for Completion (Month / Year): | March 2018                                                 |
| Required Evidence of Completion:    | Revised procedure                                          |

### Auditor's Comments

Satisfactory



## Action Point 4 - Minor Issues

Internal Audit has identified a small number of minor issues where there is scope to review and update guidance to provide clarity. Information regarding these has been provided to the Services, this includes:

- updating the Payroll procedure regarding the treatment of mileage rates paid above 10,000 miles to be consistent with approved process and Councillor Financial Guidance;
- documenting the process regarding new starters and change of circumstance forms; and
- enhancing existing Councillor guidance in relation to the recording of times on claims forms.

In addition, Officers should be reminded of the importance of their role in relation to checking and authorisation as testing revealed a low number of instances where procedures were not fully followed.

## Management Action Plan

- a) The minor issues log will be reviewed and procedures updated as appropriate.
- b) An email will be sent initially, followed up by a DOO session with staff involved in the checking and authorisation process to advise of matters picked up within the audit and reiterate the value of their role in checking claim forms.

|                                     |                                                                                                                                               |
|-------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------|
| Risk/Importance:                    | Low                                                                                                                                           |
| Responsible Officer:                | a) and b) R Hughes, Team Leader<br>a) and b) V Iwanio, HR Team Leader<br>(Employment and Payroll Services)                                    |
| Lead Service:                       | Corporate and Democratic Services                                                                                                             |
| Date for Completion (Month / Year): | March 2018                                                                                                                                    |
| Required Evidence of Completion:    | a) Confirmation from Service that minor issues have been addressed with sample evidence of 3 of these<br>b) Evidence of discussion with staff |

## Auditor's Comments

Satisfactory





Internal Audit Report  
Housing and Community Safety  
Generic Outcome Focussed Assessments  
Assignment No.17-01  
December 2017

## Final Report

Legal and Governance  
Corporate and Democratic Services  
Perth & Kinross Council  
Council Offices  
2 High Street  
Perth  
PH1 5PH

## 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)

The Council’s Audit Committee approved the PSIAS as the relevant standard for its Internal Audit activity.

## Background and Introduction

This assignment forms part of the Internal Audit Plan for 2017/18, as presented to Audit Committee on 18th April 2017.

Generic Outcome Focussed Assessments (GOFAs) are undertaken to help identify outcomes to maintain and sustain living in the community as far as possible. Suitably trained and qualified staff undertake the assessment to ensure that people can live safely in their home or care home, establishing the support they need to enable them to maintain a safe way of life and, as far as possible, to live independently in community settings.

The initially agreed indicative scope was revised in light of ongoing changes to the process of assessment recording, following the introduction of Adult Integration Solution(AIS) the web-based version of SWIFT. Assurance was however, still sought regarding the assessment, identification and delivery of appropriate services.

Audit testing was carried out in August and September 2017.

## Scope and Limitations

The audit included interviews with relevant officers, review of policies and procedures; examination of assessments undertaken and management information used to inform decision making relating to Community Care Assessments.

The audit will not duplicate work covered in Internal Audit Assignment 16-07 Financial Assessment and Charging.

## 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 assessments for social care identify individual outcomes and ensure the provision of the necessary services to achieve those outcomes, on a timely basis. |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

|                 |
|-----------------|
| Audit Comments: |
|-----------------|

|                                                                                                                                                                     |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| The Audit noted that the majority of assessments were carried out within 28 days of initial request and enabled the achievement of personal outcomes for the people |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|

concerned.

Generally, the audit observed good practice in safeguarding people to ensure that the exposure to risk, due to frailty or ill health was minimised. In most instances, a longer period of delay from initial request to the delivery of services was due to the practice of preparing for hospital discharge, by requesting a GOFA, at the point of hospital admission. In many cases this resulted in a delay between the request and the assessment being carried out as the specific outcomes and the support required to attain them would not always be identifiable at the point of admission. Other delays were due to prioritising Occupational Therapy cases in accordance with eligibility criteria.

In a minority of cases, testing identified some delays in providing support services due to lack of capacity of the care providers; there were also delays in providing required residential care, when required, due to capacity in care homes.

There were some issues with the recording of information on AIS (Adult Integrated Solution), the case management system, as a number of cases mis-recorded the event triggering the GOFA and therefore associated the wrong date with it. This resulted in the under-reporting of timely assessments being carried out; which is required for public performance reporting.

Caseload reports are sent to management on a regular basis presenting the assessments completed and those which are incomplete. However, there are no routine management reports which identify cases marked "Progress to Assessment", for which no assessment has been carried out.

A Quality Assurance Group has been established by the Service to review data recording and reporting arrangements to support management in developing improvements to service delivery.

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. Appendix 3 describes one action point which, although outwith the scope, was considered of sufficient importance as to be brought to Management's attention.

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.

## Internal Audit Report

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 Housing and Community Safety during this audit.

### Feedback

Internal Audit welcomes feedback, 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

R Packham, Chief Officer Health & Social Care Partnership

L Cameron, Acting Director of Housing & Community Safety

D Fraser, Head of Adult Social Work and Social Care

A Taylor, Head of Corporate IT and Revenues

P Henderson, Service Manager, (Early Intervention and Prevention/Mental Health)

S Strathearn, Service Manager (Business Improvement)

K Ogilvy, Service Manager, (Fieldwork)

V Riddell, Team Leader, Prevention

C. MacLean, Business Systems Team Leader

K McNamara, Head of Strategic Commissioning and Organisational Development

For Final Reports always include L Simpson, Head of Legal and Governance Services

G Taylor, Hed of Democratic Services

External Audit

### Authorisation

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

This report is authorised for issue:

## Internal Audit Report

Jacqueline Clark  
Chief Internal Auditor  
Date: 18 December 2017

## Appendix 1: Summary of Action Points

| No. | Action Point                                | Risk/Importance |
|-----|---------------------------------------------|-----------------|
| 1   | Data Quality                                | Low             |
| 2   | Management Reporting                        | Medium          |
| 1   | Appendix 3 :Forced Password Changes for AIS | Medium          |



## Appendix 2: Action Plan

### Action Point 1 - Data Quality

Testing identified instances where either an incorrect date was recorded as the trigger point for the assessment or no date inputted at all.

For the year ending July 2017, there were 370 (7%) instances where this date was not recorded and therefore the time taken for these assessments cannot be fully established. In addition, 62 cases were recorded on the system where the assessments took longer than a year to be completed. 20 such cases were tested, and were found to be linked to an incorrect event and therefore had an incorrect date recorded. These would all normally be excluded from public reporting, although would demonstrate more timely coverage for carrying out assessments.

### Management Action Plan

Guidance will be written for Team Leaders to ensure accuracy of detail and a consistent approach.

|                                     |                                     |
|-------------------------------------|-------------------------------------|
| Risk/Importance:                    | Low                                 |
| Responsible Officer:                | V Riddell, Team Leader, Prevention  |
| Lead Service:                       | Housing and Community Safety        |
| Date for Completion (Month / Year): | January 2018                        |
| Required Evidence of Completion:    | Written procedures for Team Leaders |

### Auditor's Comments

Satisfactory

## Action Point 2 - Management Reporting

Caseload reports are sent to management on a regular basis presenting the assessments completed and those which are incomplete.

There are, however, no regular reports capturing cases marked "Progress to Assessment" for which there is no linked assessment. In order to ensure appropriate oversight, regular reporting of such cases should be provided.

This would also be an appropriate area for future consideration by the Quality Assurance Group.

## Management Action Plan

- a) A report to capture cases where "Progress to Assessment" is identified but no Assessment takes place will be developed.
- b) The Quality Assurance Group will include the reporting framework of GOFA as part of their review.

|                                     |                                                                                           |
|-------------------------------------|-------------------------------------------------------------------------------------------|
| Risk/Importance:                    | Medium                                                                                    |
| Responsible Officer:                | a) Cara MacLean, Business Systems Team Leader<br>b) K Ogilvy, Service Manager - Fieldwork |
| Lead Service:                       | Housing and Community Safety                                                              |
| Date for Completion (Month / Year): | a) December 2017<br>b) March 2018                                                         |
| Required Evidence of Completion:    | a) Copy of Report<br>b) Evidence of review f GOFA reporting framework                     |

## Auditor's Comments

Satisfactory

## Appendix 3: Action Plan

### Action Point 1 - Forced Password Changes for AIS

AIS (Adult Integrated Solution) is the web-based version of Social Work information system SWIFT, which was implemented by Community Care in January 2017.

AIS does not force password changes at first log on or after an interval of 42 days. The first password logon is based on the user's name and therefore, without forcing the password change, an employee's password could easily be guessed.

Mitigating controls to compensate for the absence of a forced password change include the initial network login controls which enforce a change every 40 days, and a review of user's activities. However, neither of these would identify instances where a user's system identity had been compromised and improper access obtained.

### Management Action Plan

As an additional compensatory control, the Information Security recommended password generator will be used to create passwords.

|                                     |                                                                 |
|-------------------------------------|-----------------------------------------------------------------|
| Risk/Importance:                    | Medium                                                          |
| Responsible Officer:                | C. MacLean, Business Systems Team Leader                        |
| Lead Service:                       | Housing and Community Safety                                    |
| Date for Completion (Month / Year): | December 2017                                                   |
| Required Evidence of Completion:    | Copy of updated process for issuing passwords for Swift/AIS/CCM |

### Auditor's Comments

Satisfactory





Internal Audit Report  
The Environment Service  
Corporate Health and Safety  
Assignment No 17-28  
December 2017

## Final Report

Legal and Governance  
Corporate and Democratic Services  
Perth & Kinross Council  
Council Offices  
2 High Street  
Perth  
PH1 5PH

### 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)

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 2017/18, which was presented to the Audit Committee on 27<sup>th</sup> September 2017. Audit testing was carried out in October and November 2017.

The Health, Safety and Wellbeing Manager is part of the Environment Service and provides the lead on Health, Safety & Wellbeing arrangements for the Council. The Health, Safety and Wellbeing Manager supports the Corporate Management Group and Executive Officer Team to set and monitor health and safety standards across the organisation.

The Occupational Health and Safety Policy was approved by the Strategic Policy and Resources Committee on the 22 April 2015 with a review date every 3 years thereafter.

### Scope and Limitations

The purpose of the audit was to provide assurance over the effectiveness of the model which ensures that the Council manages its Corporate Occupational Health and Safety responsibility. In order to arrive at an opinion on the achievement of the control objective, the audit included interviews with The Environment Service staff and review of relevant documentation.

The role of the Council as an Enforcing Authority was excluded from this audit.

### 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 provide assurance over the effectiveness of the model which ensures that the Council manages its Health and Safety responsibilities                                                                                                                                                                                                      |
| Audit Comments:<br>The model for ensuring the Council manages its Health and Safety responsibilities is contained in the Occupational Health and Safety Policy. Responsibilities such as fire safety, emergency procedures, incident reporting, reviewing of performance and training are detailed in the Policy. Whilst this audit can provide assurance over |

the effectiveness of the model there are agreed audit actions aimed at enhancing controls.

The Policy states that Health & Safety Team Co-ordinators (Service Managers/Head Teachers) play a pivotal role in the management of health and safety.

The Health, Safety and Wellbeing Team prepares quarterly Health and Safety and also Fire Safety reports for each Service to inform their respective Consultative Committee and to assist with the monitoring of performance within that Service. This report also states that Co-ordinators have completed a risk profiling exercise and they are now using these and developing action plans to assist with the monitoring and reviewing of performance and to help ensure compliance with the Policy.

The Health, Safety and Wellbeing Team is responsible for conducting a risk based programme to monitor the work of Co-ordinators and help ensure that health and safety arrangements are compliant with the Policy .. The Service advised there had been some delays in completing these reviews due to resourcing issues which is in the process of being resolved. The Team's role includes the carrying out of fire assessment reviews, some of which have also been delayed. The Policy states that the Executive Officer Team and the Corporate Management Group monitors health and safety performance through quarterly performance reports, but no such performance information has been submitted to the EOT by the Health, Safety and Wellbeing Team since August 2016 and no performance monitoring reports submitted to the CMG. Such information is provided, however, to the Chief Executive as part of the general monthly performance information which forms part of her discussions with senior managers.

The health and safety information published on the Council's intranet site would benefit from review as some information is out of date. There is also benefit in reminding Head of Establishments and Co-ordinators of their role.

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 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.

## Internal Audit Report

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 The Environment Service and Corporate and Democratic Services staff during this audit.

### Feedback

Internal Audit welcomes feedback, 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

J Valentine, Depute Chief Executive and Chief Operating Officer

B Renton, Director, the Environment Service

S Devlin, Executive Director of Education & Children's Services

L Cameron, Acting Director of Housing & Community Safety

S Crawford, Head of Property

J Dixon, Transformation and Business Manager, the Environment Service

J Handling, Corporate Health, Safety and Wellbeing Manager

R Turner, Team Leader/Senior Health and Safety Adviser

A King, Premises Officer, The Environment Service

L Simpson, Head of Legal & Governance

S Mackenzie, Head of Finance

K McNamara, Head of Strategic Commissioning and Organisational Development

G. Taylor, Head of Democratic Services

External Audit

### Authorisation

The auditor for this assignment was D McCreadie. The supervising auditor was M Morrison.

This report is authorised for issue:

---

Jacqueline Clark  
Chief Internal Auditor  
Date: 19 December 2017



## Appendix 1: Summary of Action Points

| No. | Action Point                                           | Risk/Importance |
|-----|--------------------------------------------------------|-----------------|
| 1   | <a href="#">Monitoring of Health and Safety</a>        | Medium          |
| 2   | <a href="#">Awareness of Health and Safety Matters</a> | Low             |
| 3   | <a href="#">Reporting of Health and Safety Matters</a> | Low             |
| 4   | <a href="#">Reporting to the EOT &amp; CMG</a>         | Medium          |
| 5   | <a href="#">Fire Risk Records</a>                      | Low             |

## Appendix 2: Action Plan

### Action Point 1 - Monitoring of Health and Safety

The Health, Safety and Wellbeing Team monitor the work of Service Health & Safety Team Co-ordinators by carrying out reviews, however there have been delays in carrying out these reviews. The Service advised that this was due to previous resourcing issues and that these are in the process of being resolved.

Testing also revealed delays in carrying out some fire assessment reviews. The Service advised this was due to additional unplanned support required from Services which was not identified in the original work plan.

Furthermore, there is scope for Services to improve the evidence that periodic inspections are taking place, as required by the policy.

### Management Action Plan

- a) The Team Leader will advise the Corporate Health, Safety and Wellbeing Consultative Committee of the delay in carrying out scheduled performance monitoring and fire assessment reviews.
- b) A new health & safety monitoring plan and fire assessment plan will be implemented detailing revised monitoring dates.
- c) An update will be issued to Health and Safety Team Coordinators reminding them of the need to ensure that safety inspections are undertaken and evidence retained.

|                                     |                                                                                                                                       |
|-------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------|
| Risk/Importance:                    | Medium                                                                                                                                |
| Responsible Officer:                | R Turner, Team Leader                                                                                                                 |
| Lead Service:                       | The Environment Service                                                                                                               |
| Date for Completion (Month / Year): | a) & b) March 2018 c) January 2018                                                                                                    |
| Required Evidence of Completion:    | a) Extract from Committee Report.<br>b) Updated health & safety monitoring plan and fire assessment plan.<br>c) Copy of Update Alert. |

### Auditor's Comments

Satisfactory

## Action Point 2 - Awareness of Health and Safety Matters

Whilst the A-Z of resources page on the Council's Eric site contains health, and safety information, the performance and resources page contains out of date information and hyperlinks.

Head of Establishment information is available on Eric but this information is also out of date. The Service advised this had been caused by various office moves but they were in the process of updating the relevant page.

Whilst it is appreciated that health and safety awareness is raised by various means such as quarterly reporting and ongoing monitoring there is benefit in reminding Co-ordinators of their role.

### Management Action Plan

a) The Team Leader will arrange for the out of date information and hyperlinks relating to health, safety and wellbeing on the performance and resources of Eric to be removed. The Head of Establishment information will also be updated.

b) An alert will be issued to Health and Safety Team Coordinators reminding them of their responsibilities as detailed in the Occupational Health and Safety Policy.

|                                     |                                                                                                                                 |
|-------------------------------------|---------------------------------------------------------------------------------------------------------------------------------|
| Risk/Importance:                    | Low                                                                                                                             |
| Responsible Officer:                | R Turner, Team Leader                                                                                                           |
| Lead Service:                       | The Environment Service                                                                                                         |
| Date for Completion (Month / Year): | January 2018                                                                                                                    |
| Required Evidence of Completion:    | a) Confirmation out of date Eric information removed and link to updated Head of Establishment page.<br>b) Copy of Update Alert |

### Auditor's Comments

Satisfactory

### Action Point 3 - Reporting of Health and Safety Matters

Neither of the Service health and safety quarterly reports detail the name of the author or approver. The health and safety report of June 17 states that copies of action plans are submitted on a monthly basis but the Service advised that this is not occurring and the frequency is being changed to quarterly.

There is benefit in including an additional bullet point in the summary section of the health and safety report regarding the number of incidents in that period, as testing revealed minor reconciliation differences.

The Fire Safety report confirms no recommendations which present an immediate risk to the safety of occupants or visitors. For consistency, there may be benefit in including such a statement as appropriate in the fire safety update information provided by the Service to the Chief Executive.

### Management Action Plan

- a) The requirement to submit health and safety action plans on a monthly basis will be amended to quarterly and detailed in the next Health and Safety reports.
- b) To help reconcile totals, the summary section of each Service's health and safety report will include a bullet point relating to the number of incidents.
- c) A statement that confirms there were no recommendations which present an immediate risk to the safety of occupants or visitors (if that is the case) will be included in future updates presented to the Chief Executive

|                                     |                                                                                                                                                                                                                                                             |
|-------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Risk/Importance:                    | Low                                                                                                                                                                                                                                                         |
| Responsible Officer:                | R Turner, Team Leader                                                                                                                                                                                                                                       |
| Lead Service:                       | The Environment Service                                                                                                                                                                                                                                     |
| Date for Completion (Month / Year): | March 2018                                                                                                                                                                                                                                                  |
| Required Evidence of Completion:    | <ul style="list-style-type: none"> <li>a) Evidence action plans now quarterly.</li> <li>b) Health and safety report extract with bullet detailing number of incidents.</li> <li>c) Copy of a fire update to Chief Executive detailing statement.</li> </ul> |

### Auditor's Comments

Satisfactory

## Action Point 4 - Reporting to the EOT & CMG

The Occupational Health & Safety Policy states the Executive Officer Team monitors health and safety performance through quarterly performance reports, but no such performance information has been submitted to them since August 2016.

The Policy also states that the Corporate Management Group receive quarterly update and monitoring reports on health and safety matters, but this is not occurring.

## Management Action Plan

The Team Leader will arrange for quarterly health and safety performance monitoring reports to be prepared and submitted to the Corporate Management Group in line with the requirements of the Occupational Health & Safety Policy in the first instance and escalated to the Executive officer Team as required in accordance with the corporate risk strategy.

|                                     |                                                            |
|-------------------------------------|------------------------------------------------------------|
| Risk/Importance:                    | Medium                                                     |
| Responsible Officer:                | R Turner, Team Leader                                      |
| Lead Service:                       | The Environment Service                                    |
| Date for Completion (Month / Year): | March 2018                                                 |
| Required Evidence of Completion:    | Extract from EOT & CMG quarterly health and safety report. |

## Auditor's Comments

Satisfactory

## Action Point 5 - Fire Risk Records

An element of the Occupational Health and Safety Policy is fire safety management guidance. This guidance states that all testing, inspection and preventative maintenance records should be held in a dedicated fire log book for each premise. Audit testing of a randomly selected log book for the 2 High Street premises revealed that whilst such information was held, this was not held in a dedicated fire log but stored in various locations and formats.

The above guidance and the separate Fire Risk Assessment states the Head of Establishment should ensure that a fire safety self-assessment is carried out for the premises every 12 months from the date of receiving that assessment. This assessment was carried out during the audit.

## Management Action Plan

- a) The Premises Management will arrange for the fire testing, inspection and preventative maintenance records to be held in a dedicated fire log book.
- b) The Team Leader/Senior Health and Safety Adviser will issue an update alert to each Head of Establishment reminding them of their responsibilities to maintain a dedicated fire log book and carry out an annual fire safety self-assessment in line with the requirements of the Fire Safety Management Guidance.

|                                     |                                                            |
|-------------------------------------|------------------------------------------------------------|
| Risk/Importance:                    | Low                                                        |
| Responsible Officer:                | a) A King, Premises Officer<br>b) R Turner, Team Leader    |
| Lead Service:                       | a) and b) The Environment Service                          |
| Date for Completion (Month / Year): | a) and b) January 2018                                     |
| Required Evidence of Completion:    | a) Fire log for 2 High Street.<br>b) Copy of Update Alert. |

## Auditor's Comments

Satisfactory