

**PERTH AND KINROSS COUNCIL****Audit Committee****25 September 2013****INTERNAL AUDIT FOLLOW UP****Report by Chief Internal Auditor****PURPOSE OF REPORT**

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

**1. BACKGROUND AND MAIN ISSUES**

- 1.1 The Public Sector Internal Audit Standards (PSIAS) require that the Chief Internal Auditor establishes a follow-up process to monitor and ensure that management actions have been effectively implemented. To assist the Audit Committee, the appendices to this report provide information on those actions that have not been implemented in accordance with the original agreed timetable, or where there is insufficient information on the current situation. Some dates have been revised and agreed with Services in recognition of the need for more time to complete the actions.
- 1.2 Appendix A presents a summary of the number of actions arising from internal and external audit reports. Table 1 shows the total number of agreed actions which Internal Audit will be following up even where the originally agreed completion dates have not yet been reached; the total number of actions is 131. Table 2 shows the number of agreed actions that have been reported as incomplete as at their original agreed completion date; these total 32, of which 14 had a completion date of April, May and June 2013 and are therefore detailed in the following appendices B to E. A further 18 actions not completed by their original date have been allocated dates in the future for completion and progress will be reported on at a future committee. Therefore, the number of agreed actions which have yet to be followed up as the date for completion is in the future is 99. In both tables, the actions are grouped by Service and reported by 'importance' of the agreed actions.
- 1.3 Appendices B to E present detailed follow-up information on a service-by-service basis, in respect of actions agreed for completion in the period of April, May and June 2013. In each case the appendices also record service management's explanations of the status of each action point and internal audit comments where relevant.

## 2. PROPOSALS

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

## 3 CONCLUSION AND RECOMMENDATIONS

- 3.1 The Audit Committee is asked to consider the most appropriate action to be taken to progress the agreed action Plans.
- 3.2 It is recommended that the Audit Committee:
- (i) Note the current position in respect of the agreed actions arising from internal and external work;
  - (ii) Consider the most appropriate action to be taken to progress the agreed action plans, taking into account the recorded audit opinions.

### Author

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## 1. IMPLICATIONS, ASSESSMENTS, CONSULTATION AND COMMUNICATION

*The undernoted table should be completed for all reports. Where the answer is 'yes', the relevant section(s) should also be completed*

<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 Executive Directors have been consulted in the preparation of this report.

## **2. BACKGROUND PAPERS**

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

## **3. APPENDICES**

Appendix A - Summary of Agreed Actions

Appendix B - Audit Follow-Up Chief Executive's Service

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

Appendix D - Audit Follow-Up Housing and Community Care

Appendix E - Audit Follow-Up The Environment Service

## Appendix A: Summary of Agreed Actions

Table 1: All Agreed Actions for Follow-Up (figures in brackets reported in March 2013). This table includes actions not yet due for completion.

Service	Importance					
	Critical	High	Medium	Low	Not Rated	Total
Chief Executive's	0 (0)	1 (1)	18 (25)	8 (19)	15 (7)	42 (52)
Education & Children's Services	0 (0)	0 (0)	9 (17)	10 (6)	2 (5)	21 (28)
Housing & Community Care	0 (0)	1 (2)	11 (14)	6 (8)	9 (0)	27 (24)
The Environment Service	2 (2)	9 (9)	20 (14)	5 (5)	5 (6)	41 (36)
<b>All Services</b>	<b>2 (2)</b>	<b>11 (12)</b>	<b>58 (70)</b>	<b>29 (38)</b>	<b>31 (18)</b>	<b>131 (140)</b>

Table 2: All Actions Reported as Incomplete on Their Original Agreed Date

Service	Importance					
	Critical	High	Medium	Low	Not Rated	Total
Chief Executive's	0 (0)	0 (0)	4 (6)	2 (2)	3 (3)	9 (11)
Education & Children's Services	0 (0)	0 (0)	1 (0)	0 (0)	1 (0)	2 (0)
Housing & Community Care	0 (0)	0 (0)	4 (5)	3 (3)	0 (0)	7 (8)
The Environment Service	0 (0)	1 (1)	7 (6)	3 (3)	3 (2)	14 (13)
<b>All Services</b>	<b>0 (0)</b>	<b>1 (1)</b>	<b>16 (17)</b>	<b>8 (8)</b>	<b>7 (5)</b>	<b>32 (31)</b>
Actions with a completion date of April, May and June 2013 which have not been completed and therefore included on Appendices B to E						14
Those actions where the agreed date is not April, May and June 2013 which have been previously reported to Audit Committee						18



**Appendix B –Audit Follow-up  
Chief Executive's Service  
(Reporting for All dates on or before: June 2013)**

Action Plan	Dates	Status/Explanation
<p>11-09 - Information Security Action Point : 12 - Government Information Security Measure Importance: Medium</p> <p>Audit Sub-Committee Date: June 2012</p> <p>The revised Information Management Strategy Information Security section will be updated to reflect the above revised Information Security action plan.</p> <p>(D Henderson, Information Security Manager)</p>	<p>Dec 2012 Jun 2013 Nov 2013</p>	<p>The draft Information Strategy has been considered by Policy &amp; Governance Group and is now awaiting approval by Senior Management and Committee</p> <p>Internal Audit Opinion: Accepted</p>
<p>12-02 - Following the Public Pound Action Point : 9 - Reported Improvements to the Code Importance: Low</p> <p>Audit Committee Date: June 2013</p> <p>Appropriate version control will be implemented for any future changes to the Local Code of Guidance and changes will be authorised and recorded properly.</p> <p>(P Dickson, Complaints &amp; Governance Officer)</p>	<p>Jun 2013 Nov 2013</p>	<p>Until the Code has been reviewed this action point can not be completed. It is expected that the review of the Code will take place during August 2013 and will be submitted for approval to November's Strategic Policy &amp; Resources Committee.</p> <p>Internal Audit Opinion: Satisfactory</p>
<p>12-02 - Following the Public Pound Action Point : 14 - Risks to Service Provision Importance: Low</p> <p>Audit Committee Date: June 2013</p> <p>The Local Code will be amended to ensure that the agreed payment schedule takes account</p>	<p>Jun 2013 Nov 2013</p>	<p>Until the Code has been reviewed this action point can not be completed. It is expected that the review of the Code will take place during August 2013 and will be submitted for approval to November's Strategic Policy &amp; Resources Committee.</p> <p>Internal Audit Opinion: Satisfactory</p>

Action Plan	Dates	Status/Explanation
<p>of any risk to service provision arising from the schedule. The four funding levels will be reviewed and amended as necessary.</p> <p>(P Dickson, Complaints &amp; Governance Officer)</p>		
<p>12-07 - Managing Sickness Absence Action Point : 1 - Health and Attendance Procedure for Teachers Importance: Medium</p> <p>Audit Sub-Committee Date: November 2012</p> <p>The Human Resources Team Plan includes an action for a review of the Health and Attendance Procedure with a view to ensuring consistency between the policies.</p> <p>(K Donaldson, Personnel Manager)</p>	<p>Jan 2013 Jun 2013 (for review) Nov 2013</p>	<p>The review of Teacher's Health &amp; Attendance was undertaken between December 2012 and March 2013. During this period meetings were held with Education representatives, HR and the Teaching Trade Unions. A report was prepared and discussed at Education &amp; Children Services SMT in May 2013 and again at the JNCT in June 2013. The outcome is that we continue to discuss moving to Maximising Attendance with the teaching trade unions and a meeting has been scheduled for 19 September with an oral report to JNCT on 24 September 2013. Depending upon the outcome, it is anticipated that the policy will then progress through the Committee process.</p> <p>Internal Audit Opinion: Satisfactory</p>
<p>Audit Scotland 6 - Annual report on the 2011/12 audit Action Point : 11 - Action point 4.1 Importance: N/A</p> <p>Audit Committee Date: January 2013</p> <p>The Head of Legal Services will review the Minute of Agreement for Tayside Contracts.</p> <p>(I Innes, Head of Legal Services)</p>	<p>Jun 2013 Dec 2013</p>	<p>All three authorities have now agreed on a common accounting treatment for Tayside Contracts. A meeting of the Heads of Legal Services has taken place at which it was agreed to update the Minute of Agreement and resolve issues about the identity of the employer for Tayside Contracts staff and the ownership of property. That work is about to begin.</p> <p>Internal Audit Opinion: Satisfactory</p>



**Appendix C –Audit Follow-up  
Education & Children’s Services  
(Reporting for All dates on or before: June 2013)**

Action Plan	Dates	Status/Explanation
<p>12-02 - Following the Public Pound Action Point : 17 - Reporting to Service Committee Importance: Medium</p> <p>Audit Committee Date: June 2013</p> <p>The Service will coordinate reporting requirements and ensure relevant reporting timetables are met including Committee reports in accordance with corporate Guidance.</p> <p>(A Cook, Contracts &amp; Services Manager)</p>	<p>May 2013 Feb 2014</p>	<p>The first Annual Reports for the SLAs are due in December 2013 and will be reported to Committee thereafter.</p> <p>Internal Audit Opinion: Satisfactory</p>
<p>Audit Scotland 3 - Computer Services Review Action Point : 1 Importance: N/A</p> <p>Audit Sub-Committee Date: September 2012</p> <p>A review of IT staffing in Services was approved by the Executive officer Team in January 2012 as part of the review of IT Services. The implementation of this will ensure a consistent approach to managing systems across all application systems and platforms.</p> <p>(K Wilson, IST Business Manager)</p>	<p>Apr 2013 Apr 2014</p>	<p>The review of IT staffing in Services has now been included within the scope of the Transformation Project, Further Review of IT Services, which was approved by Council on the 27th Feb 2013. The external review is expected to start in September 2013 and report by late November 2013.</p> <p>Internal Audit Opinion: Accepted</p>



**Appendix D - Audit Follow-up  
Housing & Community Care  
(Reporting for All dates on or before : June 2013)**

Action Plan	Dates	Status/Explanation
<p>12-05 - Housing Rents Action Point : 5 - Procedures Importance: Low</p> <p>Audit Sub-Committee Date: November 2012</p> <p>The Neighbourhood Services Manager will review the appropriateness of maintaining current tenant and former tenant arrears procedures. Thereafter the procedures will each be updated or combined into one tenant arrears procedure. They will also be updated to show they belong to Neighbourhood Services. Procedures will be written and approved in respect of checking of the housing rents suspense account and issuing of quarterly rent statements.</p> <p>(L Cooper, Neighbourhood Services Manager)</p>	<p>Feb 2013 Apr 2013 Nov 2013</p>	<p>This action is partially completed. A combination of the two procedures has been drafted for consideration at Service Management Team and will then be considered by Committee.</p> <p>Internal Audit Opinion: Accepted</p>
<p>12-05 - Housing Rents Action Point : 11 - Former Tenant Arrears Write Off Importance: Medium</p> <p>Audit Sub-Committee Date: November 2012</p> <p>The Neighbourhood Services Manager will either arrange for the accounting entries for housing rents write offs to be processed prior to the Strategic Policy and Resources Committee report or liaise with Finance Division to amend the wording in future reports. The Neighbourhood Services</p>	<p>Jun 2013 Nov 2013</p>	<p>This Action is partially completed. The Service states that Finance Division have agreed wording of write-off reports but they are awaiting approval of former tenants' arrears procedure. See also Action Point 5 above.</p> <p>Internal Audit Opinion: Accepted</p>

Action Plan	Dates	Status/Explanation
<p>Manager will develop a procedure that ensures the former tenant arrears written off figure used for the Statutory Performance Indicator either agrees with or is reconcilable with the corresponding figure reported to SP&amp;R.</p> <p>(L Cooper, Neighbourhood Services Manager).</p>		
<p>12-24 - Purchasing Controls Action Point: 1 - Companies House Registration Importance: Medium</p> <p>Audit Sub-Committee Date: March 2013</p> <p>Procurement guidance will be enhanced to highlight the implications of companies not registered with Companies House and the requirement to consider this when awarding contracts.</p> <p>(M Mitchell, Corporate Procurement Manager)</p>	<p>Jun 2013 Sep 2013</p>	<p>The Service states that Guidance notes have been developed for their inclusion on the procurement pages on ERIC, however the hyperlinks to the notes are not currently operating and will need time to resolve.</p> <p>Internal Audit Opinion: Satisfactory</p>
<p>12-24 - Purchasing Controls Action Point: 3 - Contract Rules – Reporting to Service Committee Importance: Low</p> <p>Audit Sub-Committee Date: March 2013</p> <p>The process for compiling the report which is presented to Councillors is under review with an automated report being produced from the Contracts Register which will support this process of reporting throughout the Council. The new procedure should streamline</p>	<p>Jun 2013 Nov 2013</p>	<p>The Service advised that this point is partially completed and that a report will be going to the next available meeting of SP&amp;R will seek approval of a consolidated report for all Services.</p> <p>Internal Audit Opinion: Satisfactory</p>

Action Plan	Dates	Status/Explanation
<p>the process for ascertaining which contracts have been awarded during the relevant period and provide more comprehensive and complete information to Councillors.</p> <p>(M Mitchell, Corporate Procurement Manager)</p>		
<p>12-24 - Purchasing Controls Action Point : 8 - Committee Reports Importance: Low</p> <p>Audit Sub-Committee Date: March 2013</p> <p>The revised procedures detailed in Action Point 3 are being rolled out throughout the Council to ensure that information provided to Council is fit for purpose and consistent for each relevant Committee.</p> <p>(M Mitchell, Corporate Procurement Manager)</p>	<p>Jun 2013 Nov 2013</p>	<p>See Action Point 3 above.</p> <p>Internal Audit Opinion: Satisfactory</p>



**Appendix E - Audit Follow-up  
The Environment Service  
(Reporting for All dates on or before: June 2013)**

Action Plan	Dates	Status/Explanation
<p>Audit Scotland 4 - Maintaining Scotland's Roads - Follow up Action Point : 1 - AP 1 Importance: N/A</p> <p>Audit Sub-Committee Date: September 2012</p> <p>The outcomes of the 'Maintaining Scotland's Roads: a follow up' report issued in February 2011 are being developed as part of the Roads Asset Management Plan and Roads Maintenance Strategy and, following approved governance processes, will be considered by Committee. Many of the actions were superseded by the on-going national roads maintenance review which will be reported to Committee in due course.</p> <p>(G Ferguson, Corp Asset Management Team Leader &amp; S D'All, Deputy Roads Maintenance Manager)</p>	<p>Jun 2013 Mar 2014</p>	<p>The Society of Chief Officers of Transport in Scotland is managing a project with all 32 Scottish local authorities to develop modelling technology. Once complete, this will inform the development of the Roads Asset Management Plans of for all councils, however this work is not yet complete.</p> <p>Internal Audit opinion: Accepted</p>
<p>Audit Scotland 4 - Maintaining Scotland's Roads - Follow up Action Point: 2 - AP 2 Importance: N/A</p> <p>Audit Sub-Committee Date: September 2012</p> <p>See Action Point 1. The Roads Asset Management Plan is being developed as part of the Society of Chief Officers for Transportation (SCOTS) national project.</p> <p>(G Ferguson, Corporate Asset Management Team Leader)</p>	<p>Jun 2013 Mar 2014</p>	<p>See Action Point 1 above.</p> <p>Internal Audit Opinion: Accepted</p>

