

PERTH AND KINROSS COUNCIL

Audit Committee

27 September 2017

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 98.
 - Table 2 shows the number of agreed actions that have been reported as incomplete as at their original agreed completion date. These total 30, of which 20 had a completion date of April to June 2017 and are therefore detailed in the following Appendices B to E.
 - A further 10 actions not completed by their original date have been allocated revised dates for completion after 30 June 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 30 June 2017 is 68.
- 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 April to June 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 six such instances of 'high' risk actions. Five of these actions relate to actions arising for Services from the Information Sharing audit and updates are included within this report on Appendices C to E. The final action is from the Self-Directed Support Internal Audit report and relates to the Scheme of Administration. An update on this action appears on Appendix B.

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

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Council Text Phone Number 01738 442573

1. IMPLICATIONS, ASSESSMENTS, CONSULTATION AND COMMUNICATION

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

1. Strategic Implications

1.1 Corporate Plan

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

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

1.1.2 This report relates to all of these objectives.

2. Assessments

2.1 Equality Impact Assessment

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

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

2.2 Risk

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

3. **Consultation**

3.1 Internal

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

2. **BACKGROUND PAPERS**

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

3. **APPENDICES**

Appendix A - Summary of Agreed Actions

Appendix B - Audit Follow-Up Corporate & Democratic Services

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

Appendix D – Audit Follow Up Housing & Community Safety

Appendix E - Audit Follow-Up The Environment Service

Summary of Agreed Actions

Table 1: All Agreed Actions for Follow-Up as at 30 June 2017 (figures in brackets reported in June 2017). This table includes actions not yet due for completion.

Service	Importance					
	Critical	High	Medium	Low	Not Rated	Total
Corporate & Democratic Services	0 (0)	3 (1)	8 (9)	8 (13)	1 (2)	20 (25)
Education & Children's Services	0 (0)	6 (7)	10 (6)	8 (7)	0 (0)	24 (20)
Housing & Community Safety	0 (0)	1 (4)	8 (7)	10 (9)	0 (0)	19 (20)
The Environment Service	0 (0)	3 (5)	16 (22)	16 (23)	0 (0)	35 (50)
All Services	0 (0)	13 (17)	42 (44)	42 (52)	1 (2)	98 (115)

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)	3 (3)	3 (4)	1 (2)	8 (10)
Education & Children's Services	0 (0)	2 (2)	2 (2)	2 (0)	0 (0)	6 (4)
Housing & Community Care	0 (0)	1 (2)	1 (1)	3 (2)	0 (0)	5 (5)
The Environment Service	0 (0)	2 (3)	6 (5)	3 (0)	0 (0)	11 (8)
All Services	0 (0)	6 (8)	12 (11)	11 (6)	1 (2)	30 (27)
Actions with a completion date of April to June 2017 which have not been completed and therefore included on Appendices B to E						20
Those actions where the agreed date is not April to June 2017 which have been previously reported to Audit Committee						10

Audit Follow-up
Corporate & Democratic Services
(Reporting for All dates on or before: June 2017)

Action Plan	Dates	Status/Explanation
<p>15-22 - Self-Directed Support Action Point : 12 - Responsibility for SDS Importance: High</p> <p>Audit Committee Date: March 2016</p> <p>The Chief Social Work Officer will review the Scheme of Administration and recommend amendments be made to reflect the Social Care Self-Directed Support (Scotland) Act 2013 roles carried out by Education and Children's Services.</p> <p>(G Taylor, Head of Democratic Services)</p>	<p>Jun 2016 Oct 2016 Apr 2017 Dec 2017</p>	<p>The Service states that all updates to the Scheme of Administration are being incorporated into the Scheme for publication in August 2017. A revised Scheme will be considered as part of the decision-making structure approved by the Council on 17 May 2017 and is to be reported to Council on 20 December 2017.</p> <p>Internal Audit Opinion: Accepted</p>
<p>15-32 - Governance Arrangements for ALEOs and Statutory Boards Action Point : 1 - Formal requirement for the review of Scheme of Administration Importance: Low</p> <p>Audit Committee Date: June 2016</p> <p>It is intended that there will be an updated Scheme submitted to the Council meeting in June 2016. Thereafter, an annual review will take place which will be support the production of the annual governance statement.</p> <p>(G Taylor, Head of Democratic Services)</p>	<p>Jun 2016 Oct 2016 Apr 2017 Dec 2017</p>	<p>The Service states that all updates to the Scheme of Administration are being incorporated into the Scheme for publication in August 2017. A revised Scheme will be considered as part of the decision-making structure approved by the Council on 17 May 2017 and is to be reported to Council on 20 December 2017.</p> <p>Internal Audit Opinion: Accepted</p>

<p>16-07 - Financial Assessment & Charging Action Point : 22 - Scheme of Administration & Scheme of Delegation Importance: Low</p> <p>Audit Committee Date: September 2016</p> <p>These will be updated at the next available opportunity.</p> <p>(G Taylor, Head of Democratic Services)</p> <p>Required Evidence Of Completion : Updated Scheme of Administration</p>	<p>Oct 2016 Apr 2017 Dec 2017</p>	<p>The Service states that all updates to the Scheme of Administration are being incorporated into the Scheme for publication in August 2017. A revised Scheme will be considered as part of the decision-making structure approved by the Council on 17 May 2017 and is to be reported to Council on 20 December 2017.</p> <p>Internal Audit Opinion: Accepted</p>
<p>16-09 - Housing Options Action Point : 6 - Scheme of Administration Importance: Low</p> <p>Audit Committee Date: September 2016</p> <p>The Head of Democratic Services will arrange for the Scheme of Administration to be updated to detail the Committee and the Officer that will be responsible for the exercising the functions contained in the Housing (Scotland) Act 2014</p> <p>(C Flynn, Democratic Services Manager)</p>	<p>Oct 2016 Apr 2017 Dec 2017</p>	<p>The Service states that all updates to the Scheme of Administration are being incorporated into the Scheme for publication in August 2017. A revised Scheme will be considered as part of the decision-making structure approved by the Council on 17 May 2017 and is to be reported to Council on 20 December 2017.</p> <p>Internal Audit Opinion: Accepted</p>
<p>16-17 - Pupil Support Action Point : 4 - Arrangements Under Review Importance: Medium</p> <p>Audit Committee Date: February 2017</p> <p>HR will document procedures aligning to the process of allocation of Pupil Support Assistant and Pupil Support Teacher resource. This will</p>	<p>Feb 2017 Oct 2017</p>	<p>The Service anticipates undertaking a 'lessons learned' exercise at the end of August/beginning of September as this year has been the first year that HR have lead on this. HR anticipates that this will involve officers from out-with their Service and this may take time. Any final procedure changes will be identified by October 2017.</p> <p>Internal Audit Opinion: Satisfactory.</p>

<p>include reference to responsibilities in relation to managing mileage claim length and contract terms and changes; systems of version control and improved record keeping relating to the Pupil Support Assistant transfer process.</p> <p>(S McLeod, Senior HR Officer)</p>		
<p>Audit Scotland 11 - Annual Audit Report 2014/15 Action Point : 2 - Decision-Making Structure Importance: N/A</p> <p>Audit Committee Date: September 2015</p> <p>The Council's decision-making arrangements are kept under review to ensure that it reflects changes required by new legislation etc. – a review of the entire decision-making structure will be undertaken in preparation for the local government elections in May 2017.</p> <p>(G Taylor, Head of Democratic Services)</p>	<p>Nov 2016 Apr 2017 Dec 2017</p>	<p>At the last meeting of the Council before the Local Government Elections on 26 April 2017, the Council received a discussion paper by the Chief Executive on options for future decision-making structures.</p> <p>The Council agreed on 17 May 2017 to undertake a review of the decision-making structure and this will be reported to Council on 20 December 2017.</p> <p>Internal Audit Opinion: Satisfactory</p>

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

Action Plan	Dates	Status/Explanation
<p>16-05 - Information Sharing Action Point : 7 - Information Sharing Management Importance: High</p> <p>Audit Committee Date: September 2016</p> <p>Finalised/signed Data Sharing protocols held by Services will be identified and submitted to the Information Compliance Manager to ensure appropriate data management across the Council, and to inform the production of the corporate Data Sharing Register which will include review arrangements for each protocol.</p> <p>(S Devlin, Director)</p>	<p>Dec 2016 May 2017 March 2018</p>	<p>The Service states that good progress continues to be made with this action however it is taking longer than anticipated chiefly due to reliance on national-level developments or the inputs of partner organisations. In the meantime, additional complex data sharing requirements have arisen (e.g. Scottish National Standardised Assessment) and therefore work in this area will likely always be seen as 'in progress'. Nonetheless significant efforts are being made to ensure complete arrangements where possible.</p> <p>Internal Audit Opinion: Accepted</p>
<p>16-05 - Information Sharing Action Point : 12 - Review of Data Sharing Protocols Importance: High</p> <p>Audit Committee Date: September 2016</p> <p>All Data Sharing Protocols held by the Service will be reviewed in line with the requirements of each protocol and good practice. Reviewed protocols will be notified to the Information Compliance Manager to inform the production of the Data Sharing Register.</p> <p>(P Davison, Corporate Research and Information Manager)</p>	<p>Dec 2016 May 2017 March 2018</p>	<p>See Action Point 7 above.</p> <p>Internal Audit Opinion: Accepted</p>

<p>16-11 - Management of the Relationship with Horsecross Art Action Point : 3 - Skills Matrix Importance: Low</p> <p>Audit Committee Date: February 2017</p> <p>The Head of Culture and Public Service Reform will ensure that a skills matrix is put in place by Horsecross.</p> <p>(F Robertson, Head of Culture & Public Service Reform)</p>	<p>Apr 2017 Sept 2017</p>	<p>This is a new requirement in the 2017/18 SLA. Horsecross has work underway to prepare the Skills Audit, which is also a Creative Scotland funding requirement.</p>
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**Internal Audit Follow-up
Housing & Community Care
(Reporting for All dates on or before: June 2017)**

Action Plan	Dates	Status/Explanation
<p>16-05 - Information Sharing Action Point: 5 - Review of Data Sharing Protocols Importance: High</p> <p>Audit Committee Date: September 2016</p> <p>All Data Sharing Protocols held by the Service will be reviewed in line with the requirements of each protocol and good practice. Reviewed protocols will be notified to the Information Compliance Manager to inform the production of the Data Sharing Register.</p> <p>(A Taylor, Head of Corporate Revenues and IT)</p>	<p>Dec 2016 Apr 2017 Nov 2017</p>	<p>The Service advises that two of the current data sharing protocols in operation are under review. For this we await input from other agencies; we will review this in November 2017 to ensure protocols are up to date.</p> <p>Audit opinion: Accepted</p>
<p>16-24 - Commissioned Services - Care at Home Action Point: 3 - Register of Contracts Importance: Low</p> <p>Audit Committee Date: April 2017</p> <p>Revised arrangements will be put in place for the management of the new contracts for 2017.</p> <p>(G Peters, Team Leader, Commissioning & Contracting)</p>	<p>Apr 2017 Aug 2017</p>	<p>The Service states that the Care at Home contract was issued at a later date than anticipated. Providers will now have to submit monitoring returns as part of the contract award; the Service will update their guidance to reflect this change. The requested amended date to the end of August to allow for a short trial of this system.</p> <p>Audit opinion: Satisfactory</p>

Audit Follow-up
The Environment Service
(Reporting for All dates on or before: June 2017)

Action Plan	Dates	Status/Explanation
<p>16-05 - Information Sharing Action Point : 8 - Information Sharing Management Importance: High</p> <p>Audit Committee Date: September 2016</p> <p>Finalised/signed Data Sharing protocols held by Services will be identified and submitted to the Information Compliance Manager to ensure appropriate data management across the Council, and to inform the production of the corporate Data Sharing Register which will include review arrangements for each protocol.</p> <p>(B Renton, Director)</p>	<p>Dec 2016 May 2017 Dec 2017</p>	<p>Ongoing. The Service is working with the Information Compliance Officer in this regard. This is more work than first anticipated. A new web page has been created on The Environment Service's intranet site and the Service is concentrating initially on the areas identified by Internal Audit whether Data Sharing agreements may be in place.</p> <p>Internal Audit Opinion: Accepted</p>
<p>16-05 - Information Sharing Action Point : 11 - Review of Data Sharing Protocols Importance: High</p> <p>Audit Committee Date: September 2016</p> <p>All Data Sharing Protocols held by the Service will be reviewed in line with the requirements of each protocol and good practice. Reviewed protocols will be notified to the Information Compliance Manager to inform the production of the Data Sharing Register.</p> <p>(J Dixon, Transformation & Business Manager)</p>	<p>Dec 2016 May 2017 Dec 2017</p>	<p>Ongoing. The Service states that this action is ongoing and that it is working with the Information Compliance Officer in this regard. This is more work than first anticipated. A new web page has been created on The Environment Service's intranet site and the Service is concentrating initially on the areas identified by Audit whether Data Sharing agreements may be in place.</p> <p>Internal Audit Opinion: Accepted</p>

<p>16-15 - Fuel Management Action Point : 6 - Vehicle Use Performance Monitoring Importance: Medium</p> <p>Audit Committee Date: June 2016</p> <p>The FMS will liaise with the Transformation team to develop a procedure and set of standards to enable clarity of expectations of service monitoring.</p> <p>(B Morton, Fleet Manager)</p>	<p>Jun 2017 Dec 2018</p>	<p>Trackers are in the process of being installed on PKC vehicles; this is due for completion in August 2017. It is necessary to have 12 months data before a detailed analysis can be made of the data collected, including developing a monitoring system and develop a set of mileage related standards to measure performance at Service, user and vehicle level.</p> <p>Internal Audit Opinion: Accepted</p>
<p>16-21 - Property Maintenance Action Point : 1 - Property Maintenance Strategy & Policy Importance: Medium</p> <p>Audit Committee Date: November 2016</p> <p>The Service will formulate and document a Corporate Property Maintenance Strategy and will update the Corporate Building Maintenance Policy in line with changes.</p> <p>(J Beveridge, Service Manager (Corporate Landlord))</p>	<p>Apr 2017 Oct 2017</p>	<p>The final drafts are to be presented to the Service Management Team for discussion during August 2017. Any revisions will take place before publication to the staff.</p> <p>Internal Audit Opinion: Satisfactory</p>
<p>16-21 - Property Maintenance Action Point : 2 - Written Procedures Importance: Low</p> <p>Audit Committee Date: November 2016</p> <p>The Service will develop procedures to reflect the full scope of the work of the Helpdesk Operator and Maintenance Officers.</p> <p>(R Graham, Maintenance Team Leader)</p>	<p>Apr 2017 Oct 2017</p>	<p>The final drafts to be presented to the Service Management Team for discussion during August 2017. Any revisions will take place before publication to the staff.</p> <p>Internal Audit Opinion: Satisfactory</p>
<p>16-21 - Property Maintenance Action Point : 3 - Audit Trail & Oversight</p>	<p>Apr 2017 Oct</p>	<p>The final drafts to be presented to the Service Management Team for discussion during August 2017. Any</p>

<p>Importance: Medium</p> <p>Audit Committee Date: November 2016</p> <p>The Service will include a section on audit trail within procedure documents. This will include making notes and uploading relevant correspondence to the property management system, Concerto, to evidence why the term contractor has not been selected and relevant health and safety documentation where necessary. Direction will also be given to staff to this effect. The invoice sample checking process will be documented and a record of invoices checked will be maintained. A review of authorisation requirements on Concerto will be undertaken.</p> <p>(J Beveridge, Service Manager (Corporate Landlord))</p>	<p>2017</p>	<p>revisions will take place before publication to the staff.</p> <p>Internal Audit Opinion: Satisfactory</p>
<p>16-21 - Property Maintenance Action Point : 4 - Key Person Dependency Importance: Medium</p> <p>Audit Committee Date: November 2016</p> <p>Service Management will review areas identified within audit actions to try to negate areas of key person dependency.</p> <p>(J Beveridge, Service Manager (Corporate Landlord))</p>	<p>Apr 2017 Dec 2017</p>	<p>The Service Management Team will be discussing the key person dependency during August 2017.</p> <p>Internal Audit Opinion: Satisfactory</p>
<p>16-22 - Roads Maintenance Partnership Action Point : 10 - Monitoring of Files Importance: Low</p> <p>Audit Committee Date: April 2017</p> <p>Feedback has now been provided for the most recent independent</p>	<p>May 2017 Oct 2017</p>	<p>Monitoring by the Head of Service has commenced, with no issues to note. A formal template is being developed to record this going forward.</p> <p>Internal Audit Opinion: Satisfactory</p>

<p>monitoring visit. The Deputy Partnership Manager will liaise with the Head of Service to ensure that timely feedback is provided in future.</p> <p>(S D'All, Deputy Roads Maintenance Partnership Manager)</p>		
<p>16-22 - Roads Maintenance Partnership Action Point : 11 - Monitoring of Files Importance: Low</p> <p>Audit Committee Date: April 2017</p> <p>A request will be submitted to the Road Management System working group regarding the system producing RMP management information.</p> <p>(S D'All, Deputy Roads Maintenance Partnership Manager)</p>	<p>May 2017 July 2018</p>	<p>The Roads Maintenance Partnership is progressing this piece of work with the Purchases to Review Working Group in conjunction with Corporate Asset Management and IT. Management Reporting is a key work-stream, and completion of the project is expected to be July 2018.</p> <p>Internal Audit Opinion: Satisfactory</p>