

PERTH AND KINROSS COUNCIL**Audit Committee****17 September 2014****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 95. 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 14 had a completion date of April to June 2014 and are therefore detailed in the following appendices B to E. A further 17 actions not completed by their original date have been allocated dates for completion after 30 June 2014 and progress will be reported on these at a future Committee. Therefore, the number of agreed actions which have yet to be followed up as the date for completion is after 30 June 2014 is 64. 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 to June 2014. 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.

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ANNEX

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 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 June 2014). This table includes actions not yet due for completion.

Service	Importance					
	Critical	High	Medium	Low	Not Rated	Total
Chief Executive's	0 (0)	0 (0)	15 (19)	4 (5)	8 (9)	27 (33)
Education & Children's Services	0 (0)	4 (1)	8 (10)	4 (5)	0 (2)	16 (18)
Housing & Community Care	0 (0)	2 (3)	10 (7)	4 (6)	0 (0)	16 (16)
The Environment Service	0 (0)	12 (13)	13 (7)	9 (3)	2 (2)	36 (25)
All Services	0 (0)	18 (17)	46 (43)	21 (19)	10 (13)	95 (92)

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)	9 (11)	1 (1)	6 (7)	16 (19)
Education & Children's Services	0 (0)	1 (0)	2 (2)	1 (1)	0 (1)	4 (4)
Housing & Community Care	0 (0)	0 (0)	2 (3)	0 (5)	0 (0)	2 (8)
The Environment Service	0 (0)	2 (0)	4 (4)	1 (2)	2 (2)	9 (8)
All Services	0 (0)	3 (0)	17 (20)	3 (9)	8 (10)	31 (39)
Actions with a completion date of April to June 2014 which have not been completed and therefore included on Appendices B to E						14
Those actions where the agreed date is not April to June 2014 which have been previously reported to Audit Committee						17

**Appendix B –Audit Follow-up
Chief Executive’s Service
(Reporting for All dates on or before: June 2014)**

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 Apr 2014 Sep 2014</p>	<p>The Information Strategy has been revised and is now due for presentation to Policy & Governance Group in September 2014.</p> <p>Internal Audit Opinion: Accepted</p>
<p>12-02 - Following the Public Pound Action Point : 27 - Reporting Accuracy Importance: Medium</p> <p>Audit Committee Date: June 2013</p> <p>The issue of reference to external sources will be taken into account when the problems with the central register are discussed with Services.</p> <p>(P Dickson, Complaints & Governance Officer)</p>	<p>Sep 2013 Mar 2014 Jun 2014 Oct 2014</p>	<p>The Service is working with colleagues in Finance Division to provide information from the main finance system, Integra, so that information can be checked to an independent source. The outcomes from this process will be included within the Annual Report for 2013/14 which is due to be presented to the Strategic Policy & Resources Committee in October.</p> <p>Internal Audit Opinion: Accepted</p>
<p>12-02 - Following the Public Pound Action Point : 30 - Non Cash Support Importance: Medium</p> <p>Audit Committee Date: June 2013</p>	<p>Sep 2013 Jun 2014 Oct 2014</p>	<p>Services are aware of the need to capture this information where possible. Information regarding this will be included within the Annual Report being presented to Strategic Policy & Resources Committee in October.</p>

Action Plan	Dates	Status/Explanation
<p>Efforts will be made to ensure that any other non-cash support related to FPP funding is properly identified by Services and reported in the annual report for 2012/13 onwards.</p> <p>(P Dickson, Complaints & Governance Officer)</p>		Internal Audit Opinion: Accepted
<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, Corporate Human Resources Manager)</p>	<p>Jan 2013 Jun 2013 Sep 2013 Nov 2013 Apr 2014 Oct 2014 for review</p>	<p>The Executive Officer Team considered a report by the Corporate HR Manager on March 2014 and decided to review the situation during the next school session. Meanwhile the Service states that sickness absence levels among teachers have reduced over the period 2012-13 to 2013-14 from an average of 8.4 days lost per FTE to 7.2 days lost per FTE. This represents a 14% reduction in sickness levels amongst this staff group over the year.</p> <p>Internal Audit Opinion: Accepted</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 Oct 2013 Apr 2014 Dec 2014</p>	<p>The Minute of Agreement has been reviewed and a revised document was agreed with the heads of Legal Services in the constituent Councils with the exception of property costs. This issue has now been resolved and the final Minute of Agreement should be submitted to Council in December.</p> <p>Internal Audit Opinion: Accepted</p>
<p>Audit Scotland 7 - Audit Scotland's Review of Data</p>	<p>Mar 2014 Jun 2014</p>	<p>A report on this matter was considered by the Policy &</p>

Action Plan	Dates	Status/Explanation
<p>Management Action Point : 2 - Corporate Risk Assessment Importance: Audit Committee Date: September 2013</p> <p>Consideration will be given to undertaking a corporate risk assessment, which would establish where information security measures are lacking and which, if any, mitigating controls are required.</p> <p>(D Henderson, Information Security Manager)</p>	<p>Oct 2014</p>	<p>Governance Group in June 2014 and is due to be submitted to the Executive Officer Team in October 2014.</p> <p>Internal Audit Opinion: Accepted</p>
<p>Audit Scotland 7 - Audit Scotlands Review of Data Management Action Point : 6 - Privacy Impact Assessments Importance: Audit Committee Date: September 2013</p> <p>Full Privacy Impact Assessments are not always being carried out, however it is already planned to embed Privacy Impact Assessments in the committee report process.</p> <p>(D Henderson, Information Security Manager)</p>	<p>Mar 2014 Jun 2014 Nov 2014</p>	<p>A revised privacy Impact Assessment process was agreed by the Policy & Governance Group in June and the Corporate Management Group in July and will be implemented by November 2014.</p> <p>Internal Audit Opinion: Accepted</p>

**Appendix C –Audit Follow-up
Education & Children’s Services
(Reporting for All dates on or before: June 2014)**

Action Plan	Dates	Status/Explanation
<p>13-09 - Contracts Monitoring Action Point : 20 - Approval of Cleaning Invoices and Monitoring of Non-ECS Establishments Importance: High</p> <p>Audit Committee Date: October 2013</p> <p>The Contracts & Facilities Manager will liaise with The Environment Service and Housing & Community Care representatives to agree the combined contract and monitoring arrangements for non-ECS establishments including the arrangements for authorising cleaning invoices.</p> <p>(A Cook, Contracts & Facilities Manager)</p>	<p>Apr 2014 Sep 2014</p>	<p>Revised invoicing arrangements are in the process of being implemented to ensure that each Service is responsible for authorising invoices relating to its own Service.</p> <p>Internal Audit Opinion: Satisfactory</p>
<p>13-35 - Looked after Services - The Cottages Action Point : 5 - Performance monitoring Importance: Medium</p> <p>Audit Committee Date: April 2014</p> <p>Building on the quarterly reporting of occupancy for The Cottages to Children and Families’ Service Management Team, a ‘balanced scorecard’ approach will be introduced. This will include information and statistics covering the work undertaken by the team, such as community support, assessment, outreach and out of</p>	<p>May 2014 Dec 2014</p>	<p>Current statistics are being collected on a monthly basis and work is underway to identify a way of creating this electronically through the use of swift.</p> <p>A quarterly report will then ensure that this captures the qualitative information.</p> <p>Internal Audit Opinion: Satisfactory</p>

Action Plan	Dates	Status/Explanation
<p>hours support. Monitoring of the outcomes in relation to these interventions will be collated. Qualitative information that is already collected from residents and their families/carers as part of the Care Inspectorate annual report will be included in this performance overview. The service Improvement Plans already in place were developed as part of the recent inspections, and these will be used as the basis for the new 2014/15 improvement plan. A process for reporting information with trends from previous years will be developed in draft format initially.</p> <p>(J Pepper, Head of Children & Families' Services)</p>		

**Appendix D - Audit Follow-up
Housing & Community Care
(Reporting for All dates on or before : June 2014)**

Action Plan	Dates	Status/Explanation
<p>11-012 - Commissioning Services - Temporary Accommodation Action Point : 14 - Monitoring and Annual Reports Importance: Medium</p> <p>Audit Sub-Committee Date: June 2012</p> <p>The requirement to present 6-monthly reports to Committee regarding monitoring activity of Service Level Agreements will be raised at Policy & Governance Group as this presents an onerous pressure on resources within the Service.</p> <p>(P Graham, Planning and Commissioning Manager)</p>	<p>Jan 2013 Jun 2013 Sep 2013 Apr 2014 Oct 2014</p>	<p>The requirement to report to themed Committee on a 6-monthly basis is currently subject to the review of Code of Guidance on Following the Public Pound. A revised Code is scheduled to be presented to Policy and Governance Group in September, and thereafter, subject to acceptance, scheduled for onward presentation to Strategic Policy and Resources Committee in October 2014 as part of the Annual Report on Following the Public Pound.</p> <p>Internal Audit Opinion: Accepted</p>
<p>13-32 - Financial Assessment Action Point : 10 - Performance information for Committee and SMT Importance: Medium</p> <p>Audit Committee Date: February 2014</p> <p>The new information available from SWIFT will be incorporated in HCC's Key Monitoring Information.</p> <p>(N Sutherland, Team Leader, Welfare Rights)</p> <p>Required Evidence Of Completion: Copy of HCC BMIP 2014-15.</p>	<p>Jun 2014 Sep 2014</p>	<p>The Service advises that, due to developments to SWIFT, there has been a delay in extracting Key Monitoring information by the required date to provide Key Management Information to the Performance Team.</p> <p>Internal Audit Opinion: Satisfactory</p>

Appendix E - Audit Follow-up
The Environment Service
(Reporting for All dates on or before: June 2014)

Action Plan	Dates	Status/Explanation
<p>12-17 - Public Performance Reporting Action Point : 3 - Preparedness for the 2012 Direction Importance: Medium</p> <p>Audit Committee Date: June 2013</p> <p>The Council's response to the 2010 Direction was approved by SP&R Committee on 21 April 2010. This included a list of indicators which cover the eighteen areas of Council activity specified by SPIs 1 & 2. To ensure that the Council continues to comply with the 2012 Direction, the Annual Performance Report 2013/14 will continue to report on the indicators identified in April 2010 or an acceptable substitute where applicable.</p> <p>(M Cochlan, Strategic Planning and Improvement Team Leader)</p>	<p>Jun 2014 Oct 2014</p>	<p>The Annual Performance Report for 2013/14 will be presented to Council in October 2014.</p> <p>Internal Audit Opinion: Satisfactory</p>
<p>13-19 - Capital Programme Action Point: 11 - Strategic Investment Group Importance: High</p> <p>Audit Committee Date: June 2014</p> <p>The Capital Programme Manager will liaise with the Chief Executive's office to ensure that the remit for the Strategic Investment Group (SIG) is formally documented and agreed.</p>	<p>Jun 2014 Sep 2014</p>	<p>The Service advised that a revised draft has been provided to the Head of Service for review prior to seeking its approval.</p> <p>Internal Audit Opinion: Satisfactory</p>

Action Plan	Dates	Status/Explanation
(N Ballantine, TES CAM Team Leader)		
<p>13-19 - Capital Programme Action Point: 12 - Strategic Investment Group Importance: High</p> <p>Audit Committee Date: June 2014</p> <p>The agreed SIG remit will thereafter be published on Eric. The impact of the SIG remit on the overall Corporate Governance Roles and Responsibilities will be reviewed as part of Management Action Plan 2.</p> <p>(N Ballantine, TES CAM Team Leader)</p> <p>Required Evidence Of Completion : Extract from Eric</p>	<p>Jun 2014 Sep 2014</p>	<p>The Service advised that, once approved, the remit of the SIG will be uploaded to ERIC.</p> <p>Internal Audit Opinion: Satisfactory</p>