

PERTH AND KINROSS COUNCIL**Audit Committee****4 February 2015****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 93. Table 2 shows the number of agreed actions that have been reported as incomplete as at their original agreed completion date; these total 22, of which 10 had a completion date of September and October 2014 and are therefore detailed in the following Appendices B and C. A further 12 actions not completed by their original date have been allocated revised dates for completion after 31 October 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 31 October 2014 is 71. In both tables, the actions are grouped by Service and reported by 'importance' of the agreed actions.
- 1.3 Appendices B and C present detailed follow-up information in respect of actions agreed for completion in the period of September and October 2014. The appendix also records service management's explanations of the status of each action point and internal audit comments where relevant. There are no actions with a completion date of September and October that have not been completed for Education & Children's Services and Housing & Community Care.

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 The Environment Service

Appendix A: Summary of Agreed Actions

Table 1: All Agreed Actions for Follow-Up (figures in brackets reported in November 2014). This table includes actions not yet due for completion.

Service	Importance					
	Critical	High	Medium	Low	Not Rated	Total
Chief Executive's	0 (0)	4 (3)	18 (21)	10 (10)	5 (7)	37 (41)
Education & Children's Services	0 (0)	0 (1)	6 (4)	10 (6)	0 (0)	16 (11)
Housing & Community Care	0 (0)	1 (3)	12 (12)	7 (6)	0 (0)	20 (21)
The Environment Service	0 (0)	6 (8)	5 (6)	7 (10)	2 (2)	20 (26)
All Services	0 (0)	11 (15)	41 (43)	34 (32)	7 (9)	93 (99)

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)	8 (9)	0 (0)	4 (5)	12 (14)
Education & Children's Services	0 (0)	0 (1)	1 (2)	1 (1)	0 (0)	2 (4)
Housing & Community Care	0 (0)	0 (0)	0 (2)	0 (0)	0 (0)	0 (2)
The Environment Service	0 (0)	3 (2)	1 (1)	2 (2)	2 (2)	8 (7)
All Services	0 (0)	3 (3)	10 (14)	3 (3)	6 (7)	22 (27)
Actions with a completion date of September and October 2014 which have not been completed and therefore included on Appendices B						10
Those actions where the agreed date is not September and October 2014 which have been previously reported to Audit Committee						12

**Appendix B - Audit Follow-up
Chief Executive's Service
(Reporting for All dates on or before: October 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 committee Date:</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 Dickson, Complaints & Governance Officer)</p>	<p>Jan 2013 Jun 2013 Sep 2013 Apr 2014 Oct 2014 Feb 2015</p>	<p>Revisions to the reporting requirements have been included within the revised Code of Guidance for Following the Public Pound, which is due to be presented to Strategic Policy & Resources Committee in February 2015.</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 May 2014 Oct 2014 Feb 2015</p>	<p>The Central Register development is complete and Services have been given access to it to test and update with all necessary information etc. The Services have been requested to check that information recorded on the register is accurate and complete and to ensure that any omissions are corrected. The Services have been requested to inform development staff of any omissions and to provide the relevant coding reference so that information extracted from the Integra financial system is accurate.</p> <p>The Register information is to go live on 1 February 2015.</p> <p>Internal Audit Opinion: Accepted</p>

Action Plan	Dates	Status/Explanation
<p>12-07 - Managing Sickness Absence Action Point : 1 - Health and Attendance Procedure for Teachers Importance: Medium</p> <p>Audit 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</p>	<p>Following lengthy discussions with the teaching unions over the period December 2012 to March 2014 agreement to ensure consistency between the policies has not proven possible. However, the sickness absence trends for teachers during this period continued to decline and as such Education & Children's Services Senior Management Team did not feel, in the absence of agreement with the unions, that they were in a position to seek approval of Committee to enforce the revised Maximising Attendance Policy and Procedure. It is therefore proposed that no further action is taken in this regard.</p> <p>Internal Audit Opinion: Accepted</p>
<p>12-20 - Gifts and Hospitality Action Point : 11 - The Council's Scheme of Administration Importance: Medium</p> <p>Audit Committee Date: June 2013</p> <p>The implications of the Bribery Act 2010 are currently being assessed and will be reported to the Executive Officer Team.</p> <p>(I Innes, Head of Legal Services)</p>	<p>Oct 2013 May 2014 Oct 2014 Apr 2015</p>	<p>The Anti-Bribery Policy is part of a suite of policies being developed as part of the Counter Fraud and Corruption Strategy. CIPFA published a Code of Guidance in October 2014 and the associated guidance was published in December. The draft arrangements are being compared to this guidance to ensure that the Council's arrangements are in line with best practice. The Counter Fraud and Corruption Strategy and associated policies will then be considered by the Executive Officer Team with a view to presentation to Strategic Policy & Resources Committee.</p> <p>Internal Audit Opinion: Accepted</p>

Action Plan	Dates	Status/Explanation
<p>12-24 - Purchasing Controls Action Point : 2 - Changes to the Council's Contract Rules Importance: Medium</p> <p>Audit Committee Date: March 2013</p> <p>The contract rules will be presented to a future meeting of the Strategic Policy & Resources Committee. In addition, the approval mechanism for non-strategic policies and minor changes will be clarified.</p> <p>(I Innes, Head of Legal Services)</p>	<p>Sep 2013 Nov 2013 Sep 2013 Oct 2014 Jun 2015</p>	<p>The Service is reviewing the arrangements to ensure that they are presented to Committee at the earliest possible opportunity.</p> <p>Internal Audit Opinion:</p>
<p>Audit Scotland 7 - Audit Scotlands Review of Data Management Action Point : 2 - Corporate Risk Assessment</p> <p>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>Mar 2014 Jun 2014 Oct 2014 Mar 2015</p>	<p>A report considering the Council's approach to undertaking corporate risk assessment has been considered by the Policy & Governance Group and is due to be considered by the Executive Officer Team shortly.</p> <p>Internal Audit Opinion: Accepted</p>

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

Action Plan	Dates	Status/Explanation
<p>13-18 - Fleet Management Action Point: 7 - Operator's Licence: Key Person Dependency Importance: Low</p> <p>Audit Committee Date: June 2014</p> <p>An alternate Transport Manager will be included on the Operator's Licence.</p> <p>(B Morton, Fleet Manager)</p>	<p>Oct 2014 Feb 2015</p>	<p>The Service has advised that an application to add an alternate Transport Manager to the licence has been submitted to the Traffic Commissioner.</p> <p>Internal Audit Opinion: Satisfactory</p>
<p>13-18 - Fleet Management Action Point: 9 - Service Level Agreement Importance: Low</p> <p>Audit Committee Date: June 2014</p> <p>Service level agreements will be finalised between Fleet and other Council services which detail the requirement to comply with the Corporate Fleet and Transport Policy and Procedure Arrangements.</p> <p>(B Morton, Fleet Manager)</p>	<p>Sep 2014 Mar 2015, for review</p>	<p>In order to mitigate the risk arising from the finding, the action has changed in consultation with the Chief Internal Auditor. It was felt that including the requirement for driving licenses to be checked within the Service Level Agreement could be further enhanced. The Service is engaging with colleagues in Finance Division with a view to providing an automated mechanism on MyView to record when driving licenses have been checked.</p> <p>Internal Audit Opinion: Satisfactory</p>
<p>13-19 - Capital Programme Action Point: 10 - Post Implementation Reviews Importance: High</p> <p>Audit Committee Date:</p> <p>The Capital Programme Manager will develop a</p>	<p>Sep 2014 Feb 2015</p>	<p>The Environment Service is assessing the processes in place within Education & Children's Services with a view to rolling out this good practice corporately.</p> <p>Internal Audit Opinion: Satisfactory</p>

Action Plan	Dates	Status/Explanation
<p>methodology to carry out structured Post Implementation Reviews and will include lessons learned. Such methodology will be presented for approval to the Strategic Investment Group. Once approved the above methodology will be published on Eric and the project management toolkit updated.</p> <p>(N Ballantine, TES CAM Team Leader)</p>		