

**PERTH AND KINROSS COUNCIL****Audit Committee****3 February 2016****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 88. Table 2 shows the number of agreed actions that have been reported as incomplete as at their original agreed completion date; these total 27, of which 12 had a completion date of September and October 2015 and are therefore detailed in the following Appendices B to D. A further 15 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 2015 is 61. 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 in respect of actions agreed for completion in the period of September and October 2015. The appendices also record 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 2015 that have not been completed for Education & Children's Services.

- 1.4 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 2 such instances of 'high' risk actions for Corporate and Democratic Services. One is included in Appendix B in relation to Internal Audit Report 15-03 Complaints and is regarding the issuing of questionnaires. The second action relates to Internal Audit Report 14-07 Data Protection and concerns the provision of guidance regarding the information security classification for the proper storage and destruction of confidential information (Report 14/516 refers). This action is now due for completion and evidence of completion of this action has been requested.

## **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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## 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 Chief Executive's Service

Appendix C - Audit Follow-Up Housing & Community Care

Appendix D - 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 September 2015). This table includes actions not yet due for completion.

Service	Importance					
	Critical	High	Medium	Low	Not Rated	Total
Corporate & Democratic Services	0 (0)	4 (2)	8 (9)	14 (11)	5 (6)	31 (28)
Education & Children's Services	0 (0)	1 (2)	6 (5)	10 (7)	0 (0)	17 (14)
Housing & Community Care	2 (2)	5 (6)	11 (13)	11 (15)	0 (0)	29 (36)
The Environment Service	0 (0)	1 (2)	5 (3)	5 (6)	0 (0)	11 (11)
<b>All Services</b>	<b>2 (2)</b>	<b>11 (12)</b>	<b>30 (30)</b>	<b>40 (39)</b>	<b>5 (6)</b>	<b>88 (89)</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)	2 (1)	6 (5)	4 (4)	5 (6)	17 (16)
Education & Children's Services	0 (0)	0 (0)	0 (1)	0 (0)	0 (0)	0 (1)
Housing & Community Care	0 (0)	0 (0)	2 (2)	2 (1)	0 (0)	4 (3)
The Environment Service	0 (0)	0 (0)	2 (1)	4 (4)	0 (0)	6 (5)
<b>All Services</b>	<b>0 (0)</b>	<b>2 (1)</b>	<b>10 (9)</b>	<b>10 (9)</b>	<b>5 (6)</b>	<b>27 (25)</b>
Actions with a completion date of September and October 2015 which have not been completed and therefore included on Appendices B to E						12
Those actions where the agreed date is not September and October 2015 which have been previously reported to Audit Committee						15



**Appendix B - Audit Follow-up**  
**Corporate & Democratic Services**  
**(Reporting for All dates on or before: October 2015)**

<b>Action Plan</b>	<b>Dates</b>	<b>Status/Explanation</b>
<p>12-02 - Following the Public Pound  Action Point : 23 - Intranet Access to Current Local Code  Importance: Medium</p> <p>Audit Committee Date: June 2013</p> <p>Appropriate version control will be used for any future changes made to the Local Code of Guidance</p> <p>(P Dickson, Complaints &amp; Governance Officer)</p>	<p>Mar 2014  Nov 2014  Apr 2015  Sep 2015  Feb 2016</p>	<p>The draft Code required further revision to take account of changes in procurement legislation. The final draft is out for consultation and shall be resubmitted to EOT by end of February.</p> <p>Internal Audit Opinion: Accepted</p>
<p>14-07 - Data Protection  Action Point : 13 - Subject Access Requests  Importance: Medium</p> <p>Audit Committee Date: November 2014</p> <p>The centralisation of the processing of subject access requests is dependent on the availability of adequate resources in the FOI team.</p> <p>(D Henderson, Information Compliance Manager)</p>	<p>Mar 2015  Sep 2015  Feb 2016</p>	<p>The Service states that the processing of all subject access requests is now centralised with the exception of Children's Services which is the subject of further discussion to take account of their clients' particular needs.</p> <p>Internal Audit Opinion: Accepted</p>
<p>14-07 - Data Protection  Action Point : 14 - Subject Access Requests  Importance: Medium</p> <p>Audit Committee Date: November 2014</p> <p>Management information about the processing of Subject</p>	<p>Mar 2015  Sep 2015  Apr 2016</p>	<p>This information is now being collected and a summary will be reported in the annual Freedom of Information report to EOT and Scrutiny Committee.</p> <p>Internal Audit Opinion: Accepted</p>

Action Plan	Dates	Status/Explanation
<p>Access Requests will be reported when the centralisation of processing has been completed.</p> <p>(D Henderson, Information Compliance Manager)</p>		
<p>14-08 - Employee Expenses Action Point : 2 - Guidance on the intranet regarding expenses Importance: Low</p> <p>Audit Committee Date: November 2014</p> <p>The information provided on ERIC and MyView has grown over time in response to changing processes; e.g., the use of new software to handle claims from most staff. Human Resources will work together with the Finance Division to revise the ERIC and MyView guidance, with a view to simplifying and consolidating the information for managers and staff.</p> <p>(K Ridley, Personnel Manager)</p>	<p>Mar 2015 Oct 2015 Feb 2016</p>	<p>The Service states that, due to other workload commitments this year, primarily VSS, it has not been possible to progress this action. A general review of ERIC is planned to be completed in 2016 and this area will be our priority in the project plan to take forward. There may also be possible changes to policies on expenses which will also prompt changes required. It is estimated that this action will be concluded end Jan/beginning Feb.</p> <p>Internal Audit Opinion: Accepted</p>
<p>14-13 - Management of the Relationship with Live Active Leisure Action Point : 1 - Governance over Public Reporting Importance: Medium</p> <p>Audit Committee Date: February 2015</p> <p>The fact that there is no requirement for public reporting of the monies paid to LAL under current Council governance arrangements will be resolved as part of the revised Following</p>	<p>Jun 2015 Sep 2015 Feb 2016</p>	<p>The draft Code required further revision to take account of changes in procurement legislation. The final draft is out for consultation and shall be resubmitted to EOT by end of February.</p> <p>A review of all current FPP arrangements will also be undertaken to ensure compliance with procurement legislation and governance requirements.</p> <p>Internal Audit Opinion: Accepted</p>



Action Plan	Dates	Status/Explanation
<p>the Public Pound procedure.</p> <p>(L Simpson, Head of Legal Services)</p>		
<p>15-03 - Complaints Action Point : 4 - Questionnaire Importance: High</p> <p>Audit Committee Date: September 2015</p> <p>The Complaints and Governance Officer has modified the draft questionnaire to ensure that it follows the requirements of the SPSO/Complaints Handlers Group. The draft questionnaire is currently being reviewed by Services. The questionnaire will be introduced to Stage 2 complainants and thereafter a percentage to Stage 1 complainants.</p> <p>(P Dickson, Complaints &amp; Governance Officer)</p>	<p>Sep 2015 Jan 2016</p>	<p>The questionnaire has been finalised and is due to be introduced in January 2016.</p> <p>Internal Audit Opinion: Satisfactory</p>
<p>15-03 - Complaints Action Point : 7 - Performance Information Importance: Medium</p> <p>Audit Committee Date: September 2015</p> <p>The Complaints and Governance Officer will ensure that complaints performance indicators in line with the Scottish Public Services Ombudsman requirements will be published as soon as agreement on the format/content of the report is agreed. This information will be presented to Scrutiny Committee and</p>	<p>Sep 2015 Jan 2016</p>	<p>A report was presented to Scrutiny Committee for 2014/15. The complaints pages of the website contain this information and will be updated with information relating to subsequent quarter's performance shortly.</p> <p>Internal Audit Opinion: Satisfactory</p>

Action Plan	Dates	Status/Explanation
published on the PKC website and updated on a quarterly basis thereafter.  (P Dickson, Complaints & Governance Officer)		
Audit Scotland 10 - Annual Report on the 2013/14 Audit Action Point : 1 - Annual Governance Statement  Audit Committee Date: February 2015  The Council will review its processes for obtaining assurance over its governance framework.  (L Simpson, Head of Legal Services)	Jun 2015 Oct 2015 Feb 2016	A discussion paper has been submitted to the EOT and a further scoping paper and plan is being drawn up for a wider review of governance arrangements across the council. The Annual Governance Statement assurance process review will form part of that exercise.  Internal Audit Opinion: Accepted
Audit Scotland 6 - Annual report on the 2011/12 audit Action Point : 11 - Action point 4.1  Audit Committee Date: January 2013  The Head of Legal Services will review the Minute of Agreement for Tayside Contracts.  (L Simpson, Head of Legal Services)	Jun 2013 Oct 2013 Apr 2014 Dec 2014 Jun 2015 Oct 2015 Apr 2016	The Service states that the Minute of Agreement is awaiting signing by the three constituent Council.  Internal Audit Opinion: Accepted
Audit Scotland 7 - Audit Scotland Review of Data Management Action Point : 6 - Privacy Impact Assessments  Audit Committee Date: September 2013  Full Privacy Impact Assessments are not always	Mar 2014 Jun 2014 Nov 2014 Jun 2015 Oct 2015 Apr 2016	A report has been presented to the Corporate Management Group and will be presented to the Executive Officer Team.  Internal Audit Opinion: Accepted

Action Plan	Dates	Status/Explanation
<p>being carried out, however it is already planned to embed Privacy Impact Assessments in the committee report process.</p> <p>(D Henderson, Information Compliance Manager)</p>		



**Appendix C - Audit Follow-up  
Housing & Community Care  
(Reporting for All dates on or before: October 2015)**

<b>Action Plan</b>	<b>Dates</b>	<b>Status/Explanation</b>
<p>15-07 - Reablement Action Point : 2 - Service Scheme of Delegation Importance: Low</p> <p>Audit Committee Date: June 2015</p> <p>The Service will review the current Scheme of Delegation and update as appropriate. This will then be updated to ERIC on approval of the revisions by SMT.</p> <p>(N Copland, Business and Resources Manager)</p>	<p>Oct 2015 Jan 2016</p>	<p>The Service states that, due to the changes to the Council's Executive Officer structure and the appointment of the Chief Officer for Health and Social Care Integration and the resulting impact on the Scheme and Service governance (some of which would be unknown at the agreed completion date) that a revised completion date be accepted. A draft of the Scheme was completed in December 2015 for presentation at HCC SMT in January 2016.</p> <p>Internal Audit opinion: Satisfactory</p>

**Appendix D - Audit Follow-up**  
**The Environment Service**  
**(Reporting for All dates on or before: October 2015)**

Action Plan	Dates	Status/Explanation
<p>14-11 - Management of Contracts  Action Point : 5 - The Council's corporate rules on contract management  Importance: Medium</p> <p>Audit Committee Date: February 2015</p> <p>The Corporate Procurement Team are working on a "roles and responsibilities" framework to help services identify appropriate measures; e.g., requirements for Contract Officers and their supervisors, to ensure that contract management is effective and proportionate, and Council decision-makers are regularly assured of same.</p> <p>(M Mitchell, Corporate Procurement Manager)</p>	<p>Sep 2015  Feb 2016</p>	<p>The Service states that the "Roles and Responsibilities" framework will depend on the Council's approval of a procurement Strategy. The action to determine a strategy (Action Point 6 of the report) has been deferred to December 2015 and therefore due to the dependency a deferment of Action Point 5 to February 2016 is requested.</p> <p>Audit Opinion: Satisfactory</p>