

# **PERTH AND KINROSS COUNCIL**

## **Audit Committee**

**21 June 2021**

### **INTERNAL AUDIT FOLLOW UP**

**Report by Chief Internal Auditor**  
(Report No. 21/96)

#### **PURPOSE OF REPORT**

This report presents a current summary of Internal Audit's 'follow up' work relating to actions due for completion to December 2020.

#### **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. Internal Audit request evidence from Services which confirms that actions have been implemented and, therefore, controls have been improved.
- 1.2 Detailed follow up work was paused during the initial response to the COVID-19 pandemic and Internal Audit has been working with Services to review those actions which had previously agreed to review progress.
- 1.3 There are 35 actions awaiting completion recorded within the database, all of which have a revised timescale. Of these 14 were rated as high-risk actions, 18 as medium-risk and 3 as low-risk.
- 1.4 Of these 35, 12 actions related to the Internal Audit Report 19-01 Live Active Leisure (LAL) Income Collection and Reimbursement and a further 11 related to 19-10 Cash Collection. These two reports also accounted for 12 of the 14 High-risk actions.
- 1.5 Regarding Report 19-01, significant progress was made on these actions prior to lockdown in March 2020 with regular meetings of a PKC/LAL working group and additional work carried out by Services. A high number of outstanding actions are in relation to procedural updates. In this regard, procedures have been redesigned and training was carried out with campus staff in February 2020. As the campuses have not been operating since the beginning of the pandemic, the Finance team has been unable to verify whether revised procedures will be effective in addressing points raised. It is anticipated that the Campuses will resume normal activity in August 2021, allowing for procedural testing and embedding to be completed in advance of the October 2021 holidays. Whilst the above is the intention at present, it is recognised that there is potential for the pandemic to continue to have impacts upon the operational set-up, in both the shorter and longer term and this context will also be considered regarding processes and procedures as necessary.

- 1.6 Actions relating to Report 19-10 relate to improvements in the control environment for the collection of cash. It is recognised that this has not been undertaken in the same way throughout the pandemic. Consideration will be given to the majority of these in October with a view to ensuring that the risks identified during the review have been addressed.
- 1.7 For each of the above reports, it is proposed to provide the Audit Committee with an updated position for all actions at the Committee's first meeting in 2022.
- 1.8 The remaining actions have revised completion dates up to September 2021 and the primary reason for slippage in these actions has been the response to the pandemic and subsequent focus on recovery and renewal.

## **2. PROPOSALS**

- 2.1 It is recommended that the Committee notes the current position regarding the progress of completion of agreed action plans within Services and the revised timescales for following up their progress.

## **3 CONCLUSION AND RECOMMENDATIONS**

- 3.1 The Audit Committee is asked to note the current position regarding progress towards implementing agreed Action Plans.
- 3.2 It is recommended that the Audit Committee:
- i) Notes the current position in respect of the agreed actions arising from internal audit work.
  - ii) Receives an updated position on the actions arising from reports 10-01 and 19-10 at the first meeting of the Audit Committee in 2022 as detailed above.

### **Author**

<b>Name</b>	<b>Designation</b>	<b>Contact Details</b>
Jackie Clark	Chief Internal Auditor	<a href="mailto:InternalAudit@pkc.gov.uk">InternalAudit@pkc.gov.uk</a>

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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

#### Corporate Plan

- 1.1 The Council's Corporate Plan 2018– 2022 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.

- 1.2 This report relates to all of these objectives.

### 2. Assessments

#### Equality Impact Assessment

- 2.1 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.

- 2.2 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.

#### Risk

- 2.3 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**

#### Internal

- 3.1 The Interim Chief Executive and the 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**

None