

PERTH AND KINROSS COUNCIL

Audit Sub-Committee –20 January 2010

INTERNAL AUDIT FOLLOW UP

Report by Acting Chief Internal Auditor

ABSTRACT

This report presents a current summary of Internal Audit's 'follow up' work.

1. RECOMMENDATION(S)

- 1.1 The Audit Sub-Committee is asked to:
- (i) note the current position in respect of the outstanding agreed actions arising from internal and external audit work;
 - (ii) consider the most appropriate action to be taken to progress the agreed action plans, taking into account the recorded audit opinions.

2. BACKGROUND

- 2.1 CIPFA's "Code of Practice for Internal Audit in Local Government in the United Kingdom" places upon management the responsibility for ensuring that the agreed actions arising from audit reports are implemented. It is the duty of the Chief Internal Auditor to seek assurance that the actions have been completed and to put in place 'escalation procedures' where this does not appear to have been the case. To assist the Audit Sub-Committee, the appendices to this report provide information on those actions that have not been implemented in accordance with the agreed timetable, or where there is insufficient information on the current situation.
- 2.2 Appendix A presents a summary of the number of actions arising from internal and external audit reports. Table 1 shows the numbers of agreed actions currently being followed-up, even where the originally agreed completion dates have not yet been reached; Table 2 shows the numbers of agreed actions that have been reported as incomplete after the original agreed completion date. In both tables, the numbers are grouped by service and by the reported 'importance' of the agreed actions.
- 2.3 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 October 2009. The second column of these appendices records the original agreed completion date and any subsequently approved or proposed postponements. In each case and where possible, the appendices also record management's explanations with internal audit comments where relevant. There are no actions outstanding for the period from the Chief Executive's Service.

3. PROPOSALS

- 3.1 It is recommended that the Sub-Committee seeks assurance that there are clear and achievable action plans for completing the agreed actions noted above within an acceptable period.

4. CONSULTATION

- 4.1 All Council services have been consulted in the preparation of the report.

5. RESOURCE IMPLICATIONS

- 5.1 There are no resource implications arising from this report.

6. COUNCIL CORPORATE PLAN OBJECTIVES 2009-2012

- 6.1 The Council's Corporate Plan 2009-2012 lays out five Objectives which provide clear strategic direction, inform decisions at a corporate and service level and shape resources allocation. They are as follows:-

- (i) A Safe, Secure and Welcoming Environment
- (ii) Healthy, Caring Communities
- (iii) A Prosperous, Sustainable and Inclusive Economy
- (iv) Educated, Responsible and Informed Citizens
- (v) Confident, Active and Inclusive Communities

- 6.2 The Chief Executive's Service provides a range of functions for internal and front-line customers alike. These functions support the work of the whole Council by assisting them in the delivery of the Council's Corporate Objectives. As a consequence, this report does not specifically relate to one of the objectives, but assists with the delivery of all five.

7. EQUALITIES ASSESSMENT

- 7.1 The Council's Corporate Equalities Assessment Framework requires an assessment of functions, policies, procedures or strategies in relation to race, gender and disability and other relevant equality categories. This supports the Council's legal requirement to comply with the duty to assess and consult on relevant new policies to ensure there is no adverse impact on any community group or employees.

- 7.2 The function, policy, procedure or strategy presented in this report was considered under the Corporate Equalities Assessment Framework and the determination was made that the items summarised in this report do not require further assessment as they do not have an impact on people's wellbeing.

8. STRATEGIC ENVIRONMENTAL ASSESSMENT

- 8.1 Strategic Environmental Assessment (SEA) is a legal requirement under the Environmental Assessment (Scotland) Act 2005 that applies to all qualifying plans, programmes and strategies, including policies (PPS).
- 8.2 However, no action is required as the Act does not apply to the matters presented in this report. This is because the Committee are requested to note the contents of the report only and the Committee are not being requested to approve, adopt or agree to an action or to set the framework for future decisions.

9. CONCLUSION

- 9.1 This report presents a current summary of Internal Audit's 'follow-up' work.

J CLARK

Acting Chief Internal Auditor

Note: 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.

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Appendix A: Summary of Outstanding Actions

Table 1: All Agreed Actions for Follow-Up (figures in brackets reported in November 2009)

Service	Importance				
	High	Medium	Low	Not Rated	Total
Chief Executive's	1 (1)	15 (8)	11 (5)	0 (0)	27 (14)
Corporate Services	8 (9)	27 (29)	12 (10)	1 (1)	48 (49)
Education & Children's Services	3 (3)	4 (4)	2 (2)	0 (0)	9 (9)
Housing & Community Care	1 (1)	11 (13)	2 (2)	1 (3)	15 (19)
The Environment Service	5 (5)	12 (7)	10 (11)	8 (10)	35 (33)
All Services	18 (19)	69 (61)	37 (30)	10 (14)	134(124)

Table 2: Actions Reported as Incomplete on Their Original Agreed Date

Service	Importance				
	High	Medium	Low	Not Rated	Total
Chief Executive's	0 (0)	3 (3)	0 (0)	0 (0)	3 (3)
Corporate Services	4 (4)	17 (19)	7 (7)	0 (0)	28 (30)
Education & Children's Services	3 (3)	3 (3)	2 (2)	0 (0)	8 (8)
Housing & Community Care	1 (1)	7 (6)	1 (0)	0 (1)	9 (8)
The Environment Service	5 (4)	6 (2)	3 (4)	8 (9)	22 (19)
All Services	13 (12)	36 (33)	13 (13)	8 (10)	70 (68)

**Appendix B: Internal Audit Follow-Up
Corporate Services
(Reporting for All dates on or before Oct 2009)**

Action Plan	Dates	Status/Explanation
<p>06/005 - Agency Workers</p> <p>Action Point 8</p> <p>Importance: Medium</p> <p>Potential Tenderers recruitment policies will be vetted by Human Resources prior to inclusion on the select list of Tenderers.</p> <p>(K Donaldson, Personnel Manager)</p>	<p>Feb 2007</p> <p>Mar 2008</p> <p>Sep 2008</p> <p>Mar 2009</p> <p>Oct 2009</p> <p>Mar 2010</p>	<p>There have been delays at national level with the procurement exercise. There has been considerable interest from tenderers for the provision of temporary staff in various categories of staff. The evaluation process is underway and decisions on the companies successful in each category are expected in Dec/Jan 2009/10. The expected 'go live' date is now March 2010.</p> <p>In the interim, the TPC have negotiated improved rates with suppliers who currently provide a high volume of business to the Council.</p> <p>An exercise is currently underway to review all agency use with a report to the Shared Services and Procurement Implementation Board.</p> <p>Internal Audit Opinion: Accepted</p>
<p>07/004 - Payroll</p> <p>Action Point 3 [1]</p> <p>Importance: Medium</p> <p>(1) Weaknesses in the authorisation of "Notice of Entry to Service" forms will be addressed through implementation of an IHRP system. The audit finding will be taken account of by the IHRP project group to ensure consistency across Services.</p> <p>(E Sturgeon, Chief Exchequer Officer)</p>	<p>Apr 2009</p> <p>Oct 2009</p> <p>Mar 2010</p>	<p>A planned change to the new starter process involves an interface with the National Recruitment Portal, which is being provided by COSLA. It is anticipated that this interface will be available in March 2010.</p> <p>Internal Audit Opinion: Accepted</p>

Action Plan	Dates	Status/Explanation
<p>07/004 - Payroll</p> <p>Action Point 5 [1]</p> <p>Importance: Low</p> <p>Differences in the format of payroll input forms and varying authorisation requirements will be addressed through the implementation of an IHRP system.</p> <p>(E Sturgeon, Chief Exchequer Officer)</p>	<p>Apr 2009</p> <p>Oct 2009</p> <p>Jun 2010</p>	<p>ResourceLink, the IHRP system, will introduce the facility which will allow employees to input and submit payroll claim information direct to the system. Once submitted, the claim is sent to the line manager for authorisation. This process will standardise the approach to employee forms. This is planned for development and introduction by June 2010</p> <p>Internal Audit Opinion: Accepted</p>
<p>08/020(b) - Cash Banking and Anti-Money Laundering (b)</p> <p>Action Point 5</p> <p>Importance: Medium</p> <p>The Service will investigate the feasibility of amending routines in relation to the logging of safe keys holders. The action is dependent on the outcome of investigations into bank takings being collected direct by security companies thereby reducing the frequency that Exchequer Incomes Team staff access the safe. It is likely that any changes to such a routine will not be implemented until April 2009.</p> <p>(M Cowdery, Senior Exchequer Manager (Incomes))</p>	<p>May 2009</p> <p>Oct 2009</p> <p>April 2010 for review</p>	<p>The Service states that, until issues are resolved with our current suppliers this action cannot progress. It is not possible to provide a timescale for this however a review at the end of the financial year would be appropriate.</p> <p>Internal Audit Opinion: Accepted</p>
<p>08/037 - Data Protection</p> <p>Action Point 1</p> <p>Importance: High</p> <p>The Data Protection Officer will</p>	<p>Mar 2009</p> <p>Jul 2009</p> <p>Oct 2009</p> <p>Jun 2010</p>	<p>The Service states that this work has been delayed by other priorities and the need to undertake unplanned work. Initial consideration of the issues has now concluded that the Data Protection Policy itself is</p>

Action Plan	Dates	Status/Explanation
<p>liaise with Services and issue the necessary guidance on how information to third parties should be disseminated, concerning their responsibilities and obligations under the Councils Data Protection Policy.</p> <p>(D Henderson, Information Security Manager)</p>		<p>phrased wrongly, and that the specified actions will not be undertaken. As a consequence, it is planned to revise the policy with a target date of June 2010 for committee approval.</p> <p>Internal Audit Opinion: Accepted</p>
<p>08/037 - Data Protection</p> <p>Action Point 2</p> <p>Importance: Medium</p> <p>Guidance for Services on the form and content of third party confidentiality agreements will be developed.</p> <p>(D Henderson, Information Security Manager)</p>	<p>Mar 2009</p> <p>Jul 2009</p> <p>Oct 2009</p> <p>Jun 2010</p>	<p>See Action Point 1</p>

**Appendix C: Internal Audit Follow-Up
Housing & Community Care
(Reporting for all dates on or before Oct 2009)**

Action Plan	Dates	Status/Explanation
<p>07/015 - Council Tax/Non-Domestic Rates</p> <p>Action Point 21</p> <p>Importance: Medium</p> <p>There is a strategic review of Council Tax and benefits which is due to conclude in May 2008. The review may change the process of how the Revenues Team is informed that Council Tax liability requires to be reviewed.</p> <p>L Brady, Revenues & Benefits Service Manager</p>	<p>Jul 2008 Oct 2009 Jun 2010</p>	<p>The Service states that the team has been working on improving practices including the way information is transferred and communicated between Council Tax and Benefits. Further improvements are envisaged following the purchase of a new workflow system.</p> <p>Audit Opinion: Accepted</p>
<p>08/003 - Capital Projects</p> <p>Action Point 6</p> <p>Importance: Low</p> <p>The Service will introduce a formal procedure to reconcile differences between Capital Monitoring Report and the Quad reports to ensure the accuracy of management information.</p> <p>(H Turley, Head of Housing)</p>	<p>Oct 2009 Dec 2009</p>	<p>A formal procedure is to be introduced and future reports will be reconciled. Evidence will be provided of this at the end of 2009.</p> <p>Audit Opinion: Accepted</p>

**Appendix D: External Audit Follow-up
Housing & Community Care
(Reporting for all dates on or before Oct 2009)**

Action Plan	Dates	Status/Explanation
<p>Henderson Loggie 2009/07 - Housing Benefit & Council Tax Benefit</p> <p>Action Point 1</p> <p>Importance: Medium</p> <p>The Service should undertake an analytical review on the claim and provide reasons for year on year movements.</p> <p>(C Brandon, Principal Officer and N Duncan, Accountant)</p>	<p>Oct 2009 Mar 2010</p>	<p>The Service states that benefits and accountancy discuss any discrepancies and these are investigated by both parties.</p> <p>A review of the systems and the reports available from Northgate is presently under way and it is anticipated that enhanced procedures and reporting will be available before 31 March 2010. This should allow for improved reporting and interrogation of the information at the year end.</p> <p>Audit Opinion: Satisfactory</p>

**Appendix E: Internal Audit Follow-Up
The Environment Service
(Reporting for All dates on or before: Oct 2009)**

Action Plan	Dates	Status/Explanation
<p>08/030 - Flood Mitigation</p> <p>Action Point 1</p> <p>Importance: High</p> <p>The officer will share the relevant information [risk assessments, progress on planned watercourse inspections and progress with planned maintenance] and all files will be networked. A summer student will be employed to ensure that all necessary information is available.</p> <p>(S Veitch, Flooding Officer)</p>	<p>Oct 2009 Dec 2009</p>	<p>The Services states that this action was partly completed by the original date. The Service also states that the action has been complete by the revised date of December.</p> <p>Internal Audit Opinion: Satisfactory, pending viewing evidence of completion</p>
<p>08/030 - Flood Mitigation</p> <p>Action Point 2</p> <p>Importance: Medium</p> <p>The development of written procedures, which is part of the Team Plan, will be completed for all areas of flood mitigation.</p> <p>(S Veitch, Flooding Officer)</p>	<p>Oct 2009 Dec 2009</p>	<p>The Services states that this action was partly completed by the original date. The Service also states that the action has been complete by the revised date of December.</p> <p>Internal Audit Opinion: Satisfactory, pending evidence of completion</p> <p>Internal Audit Opinion: Accepted</p>

