

**PERTH AND KINROSS COUNCIL****Audit Sub-Committee –3 March 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. Both tables now reflect the disaggregation of the former Corporate Services and, where the former Corporate Services agreed actions are included, these have been shown separately.
- 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 December 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 Education & Children's Services.

### **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.

### **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.

**Contact Officer:** Jackie Clark, Ext. No. 75522, JClark@pkc.gov.uk  
**Address of Service:** Council Building, 2 High Street, PERTH, PH1 5PH  
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Council Text Phone Number 01738 442573



## 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)	21 (15)	9 (11)	0 (0)	31 (27)
From the former Corporate Services	2 (5)	13 (20)	7 (10)	0 (1)	22 (36)
Education & Children's Services	2 (3)	2 (4)	0 (2)	0 (0)	4 (9)
From the former Corporate Services	1 (1)	1 (1)	2 (2)	0 (0)	4 (4)
Housing & Community Care	1 (1)	7 (11)	1 (2)	1 (1)	10 (15)
The Environment Service	3 (5)	7 (12)	6 (10)	5 (8)	22 (35)
From the former Corporate Services	2 (2)	3 (3)	0 (0)	0 (0)	5 (5)
All Services	12 (18)	54 (66)	25 (37)	6 (10)	97 (131)

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

Service	Importance				
	High	Medium	Low	Not Rated	Total
Chief Executive's	1 (0)	5 (3)	1 (0)	0 (0)	7 (3)
From the former Corporate Services	1 (2)	8 (13)	5 (5)	0 (0)	14 (20)
Education & Children's Services	2 (3)	2 (3)	0 (2)	0 (0)	4 (8)
From the former Corporate Services	0 (0)	0 (0)	2 (2)	0 (0)	2 (2)
Housing & Community Care	1 (1)	4 (7)	0 (1)	1 (0)	6 (9)
The Environment Service	3 (5)	2 (6)	5 (3)	4 (8)	14 (22)
From the former Corporate Services	2 (2)	3 (3)	0 (0)	0 (0)	5 (5)
All Services	10 (13)	24 (35)	13 (13)	5 (8)	52 (69)



**Appendix B: Internal Audit Follow-Up  
Chief Executive's Service  
(Reporting for All dates on or before: Dec 2009)**

Action Plan	Dates	Status/Explanation
<p>05/032 - Following the Public Pound</p> <p>Action Point 1</p> <p>Importance: Medium</p> <p>Reports from the central register (of supported organisations) will be prepared for the Financial Assistance Panel, together with an annual governance report.</p> <p>(P Dickson, Complaints &amp; Governance Officer)</p>	<p>Mar 2008 Apr 2008 Oct 2008 Mar 2009 May 2009 Sep 2009 Dec 2009 Apr 2010</p>	<p>The Service states that the Annual Governance Report is in preparation and will go to the SP&amp;R Committee in April 2010, along with the report from the Central Register.</p> <p>Internal Audit Opinion: Accepted</p>
<p>07/004 - Payroll</p> <p>Action Point 8 [1]</p> <p>Importance: Low</p> <p>Enhancement of "Notice of Termination" forms to ensure prompt notification of leavers to the Corporate Payroll Team, will be addressed through the implementation of the IHRP system.</p> <p>(E Sturgeon, Chief Exchequer Officer)</p>	<p>Apr 2009 Nov 2009 Apr 2010</p>	<p>The Service states that this will be addressed through the introduction of the "My View" facility on iHRP.</p> <p>Internal Audit Opinion: Satisfactory</p>
<p>07/027 - Income/Debtors</p> <p>Action Point 7</p> <p>Importance: Medium</p> <p>This issue of minimum invoice values will be covered in the Income Strategy document, in consultation with the other</p>	<p>Dec 2009 Dec 2010</p>	<p>This issue will require an amendment to the Financial Regulations and will be included within the review scheduled for completion in December 2010.</p> <p>Internal Audit Opinion: Accepted</p>

Action Plan	Dates	Status/Explanation
<p>services.</p> <p>(M Cowdery, Senior Exchequer Manager (Incomes))</p>		
<p>08/006 - Single Outcome Agreement</p> <p>Action Point 1</p> <p>Importance: Medium</p> <p>The development of new governance and accountability arrangements is being progressed and, once agreed by EOT, will be presented to each of the community partners for agreement.</p> <p>(F Mackay, Partnership and Policy Officer)</p>	<p>Nov 2009 Apr 2010</p>	<p>This action is ongoing - discussions with Community Planning Partners on the development of enhanced governance arrangements have continued. The timescales for the agreement of proposals within partners own organisations have been lengthier than anticipated therefore it has not been possible to agree a final proposal as yet. It is hoped that a final proposal can be agreed at the CPP meeting on 23 April 2010.</p> <p>Internal Audit opinion: Satisfactory</p>
<p>08/008 - Committee Services</p> <p>Action Point 4</p> <p>Importance: Medium</p> <p>Committee Services will establish a protocol which will clarify the respective roles of Committee Officers and contacts in the Services ensuring that the latter are aware of their responsibility to have reports approved by management teams for accuracy clarity and completeness, before submission to Committee Services.</p> <p>(A Wilson, Democratic Manager)</p>	<p>Dec 2009 Mar 2010</p>	<p>The Service has commenced development of the protocol following initial discussion with Housing &amp; Community Care. Further discussions will be held with other services and the protocol will then be rolled out to throughout the Council. The date of completion will depend on the co-operation received from the Services.</p> <p>Internal Audit opinion: Satisfactory</p>

Action Plan	Dates	Status/Explanation
<p>08/008 - Committee Services</p> <p>Action Point 7</p> <p>Importance: Medium</p> <p>Following a review of core Committee Services functions, a paper demonstrating the resources needed to deliver these core functions will be submitted to senior management for appropriate action.</p> <p>(A Wilson, Democratic Manager)</p>	<p>Dec 2009 Mar 2010</p>	<p>A report is being drafted for consideration by the Head of Democratic Services.</p> <p>Internal Audit opinion: Accepted.</p>
<p>08/013 - Equalities - Access to Services</p> <p>Action Point 7</p> <p>Importance: High</p> <p>There is a review of the Council's internet homepage and we shall be carrying out our regular survey on ERIC in October 2009. These reviews will inform necessary changes to improving front-end access and provide a direct link to both Equality &amp; Diversity information for both staff and public.</p> <p>(C Taylor, Modernisation &amp; Efficiency Manager)</p>	<p>Dec 2009 Feb 2010</p>	<p>The Internet Homepage has been amended, however the changes are primarily about providing access to on-line services. Equalities can be accessed from the Homepage by using the 'Features' area, if required.</p> <p>The ERIC survey was postponed until w/c 18<sup>th</sup> January 2010 due to other priorities. Results will be available by mid February and will inform improvement of the Intranet.</p> <p>Internal Audit opinion: Accepted.</p>
<p>08/018 - Councillors Expenses</p> <p>Action Point 2</p> <p>Importance: Medium</p> <p>Members Services will issue revised guidance in consultation with Corporate Services Finance</p>	<p>Apr 2009 Dec 2009 Mar 2010</p>	<p>Guidance is due to be issued shortly by the Scottish Local Authorities Remuneration Committee. This will be taken into consideration when issuing revised guidance for Members.</p> <p>Internal Audit opinion: Accepted</p>

Action Plan	Dates	Status/Explanation
Division  (G Taylor, Head of Democratic Services)		
08/018 - Councillors Expenses  Action Point 4  Importance: Medium  The list of approved duties will be reviewed and amended in consultation with the Finance Division.  (G Taylor, Head of Democratic Services)	Apr 2009 Dec 2009 Mar 2010	See Action Point 2.
08/018 - Councillors Expenses  Action Point 5  Importance: Medium  In the light of the Scottish Governments acceptance of the recommendation by the Scottish Local Authorities Remuneration Committee, guidance on the acceptable uses of the budget for the Civic Head will be issued.  (G Taylor, Head of Democratic Services)	Mar 2009 Apr 2009 Dec 2009 Mar 2010	See Action Point 2.
09/004 - Risk Management Framework  Action Point 3  Importance: Low  The Chief Executive's Risk Profile is in the process of being updated. (I Hall, Democratic Manager)	Dec 2009 Feb 2010	The finalised Risk Profile to be considered by the Senior Management Team on 25 February.  Internal Audit opinion: Accepted.

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

Action Plan	Dates	Status/Explanation
<p>05/040 - Housing Repairs</p> <p>Action Point 6</p> <p>Importance: Medium</p> <p>The Recharge Policy in use by the section is considerably out of date and work is undergoing to submit an amended recharge policy. The levels of administration charge are related to the value and types of work and are correct at this time. The checking of recharge on Planned Maintenance work is carried out by the Improvements section. It would be difficult to achieve and justify an independent check of calculations as all staff are involved in processing various stages through housing and finance.</p> <p>(J Beverley, Housing Repairs Service Manager)</p>	<p>Mar 2008</p> <p>Apr 2009</p> <p>Aug 2009</p> <p>Dec 2009</p> <p>Mar 2010</p>	<p>The Service states that the Recharge Policy is to be Equality Impact Assessed by end January 2010 before full roll out to Services for 1 April 2010.</p> <p>Internal Audit opinion: Accepted.</p>
<p>07/003 - Community Care (Financial Guardianship)</p> <p>Action Point 5</p> <p>Importance: Medium</p> <p>Housing &amp; Community Care are awaiting the Memorandum of Understanding from the Care Commission to facilitate the above. In addition, additional administrative support within the Compliance Team will develop processes and ensure reports are circulated timeously.</p>	<p>Jul 2008</p> <p>Mar 2009</p> <p>May 2009</p> <p>Jul 2009</p> <p>Nov 2009</p> <p>Feb 2010</p>	<p>The Service states that they are awaiting confirmation from Care Commission of the amended Memorandum of Understanding.</p> <p>Internal Audit opinion: Accepted.</p>

<p>Discussions will take place at the Care Home Forum, a mechanism where information can be shared between care homes and the Council within Perth &amp; Kinross, to ascertain what improvements can be made to increase the information flow regarding quality of Care Homes in area with a view to the care homes informing the council of inspections taking place.</p> <p>(J Dean, Head of Community Care)</p>		
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**Appendix D: External Audit Follow-up  
Housing & Community Care  
(Reporting for all dates on or before Dec 2009)**

Action Plan	Dates	Status/Explanation
<p>Audit Scotland Inspection Oct - Housing Benefit/Council Tax Benefit</p> <p>Action Point 7</p> <p>Importance:</p> <p>Bi annually Benefits will conduct consultations with its wider community on the level and type of benefits service needed.</p> <p>(L Brady, Revenues &amp; Benefits Service Manager)</p>	<p>Dec 2009 Jun 2010</p>	<p>The Service states that awareness and communication will be covered by ongoing wide-scale information sharing, campaigns and joined up working with Local Taxes and Welfare Rights. Consultation will also be carried out with customers in respect of benefits services.</p> <p>Internal Audit opinion: Accepted.</p>



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

Action Plan	Dates	Status/Explanation
<p>06/002b - Fleet Management</p> <p>Action Point 14</p> <p>Importance: High</p> <p>Drivers Licence check</p> <p>This forms part of the wider Corporate Road Transport Policy for which a scoping paper has been prepared and is awaiting CMG approval. Procedures will be created / implemented upon approval of the policy.</p> <p>(W Morton, Fleet Manager)</p>	<p>Sep 2007</p> <p>Mar 2009</p> <p>Sep 2009</p> <p>Dec 2009</p> <p>May 2010</p>	<p>The policy and procedures, which were agreed by the Corporate Fleet and Transport Working Group, were considered by the CRG on 15 January 2010 and some amendments were requested. The revised policy and procedures will be re-submitted to CRG for approval.</p> <p>Internal Audit Opinion: Satisfactory</p>
<p>06/065 - Development Management and Planning Applications</p> <p>Action Point 5</p> <p>Importance: High</p> <p>The service will consider a possible programme of detailed policy work aimed at improving guidance</p> <p>(J McCrone Conservation &amp; Regeneration Manager)</p>	<p>Jan 2008</p> <p>May 2008</p> <p>Nov 2008</p> <p>Dec 2009</p> <p>Nov 2010</p>	<p>The Service states that the vision and key principles of place making were agreed at the E&amp;I and Environment Committees in November 2009. Draft guidance will be completed by May 2010. Committee approval for detailed guidance is anticipated in September 2010 assuming national guidelines, consistent with current consultation on permitted development arising from the new Planning Act, are approved in Spring 2010. Additional guidance on new development roads and parking standards to be completed in November 2010 depending on the approval of national guidance in Spring 2010.</p> <p>Internal Audit Opinion: Accepted</p>

Action Plan	Dates	Status/Explanation
<p>07/019 – Property Management</p> <p>Action Point 1</p> <p>Importance: High</p> <p>The commercial estate will be reviewed under the approved Asset Management Plan this year, subject to availability of resources.</p> <p>The review of non-commercial property is beyond the scope of Estates Management alone. Estates Management will be reviewing ‘core processes’ over a period of 18 months, commencing in April 2008 as part of a general exercise in the whole of Property Division. Following completion of this exercise, a property management policy framework will be drafted for submission to appropriate committee.</p> <p>(J Low, Estates Manager)</p>	<p>Dec 2009 Jun 2010</p>	<p>A draft policy document has been prepared. Further, more detailed, examination of properties is under way and the initial exercise should complete by June 2010</p> <p>A comprehensive risk assessment covering all core processes has been carried out and reported to EOT.</p> <p>Requested actions have been put in place and further work in developing the policy framework and procedural checklists will be carried out by June 2010.</p> <p>Internal Audit Opinion: Satisfactory</p>
<p>07/019 - Property Management</p> <p>Action Point 2</p> <p>Importance: High</p> <p>The disposals mechanisms will be reviewed as part of the Core Processes review. This review will need to involve the Legal Division which plays a major role in the process.</p> <p>(J Low, Estates Manager)</p>	<p>Dec 2009 Jun 2010</p>	<p>The policy on disposal of all assets was prepared by the sub group of the Corporate Asset Management Officer Working Group and was approved at the December SP&amp;R Committee.</p> <p>The Service states that the disposal mechanism for property will be developed within that framework.</p> <p>Internal Audit Opinion: Accepted</p>
<p>07/019 - Property Management</p> <p>Action Point 7</p>	<p>Dec 2008 Jun 2009</p>	<p>The draft Scheme of Administration presented to the Property Management Team</p>

Action Plan	Dates	Status/Explanation
<p>Importance: Medium</p> <p>The Scheme of Delegation beyond Executive Director is to be reviewed within the Property Division.</p> <p>(R Thomson, Head of Property)</p>	<p>Sep 2009 Dec 2009 Apr 2010</p>	<p>was never presented to the Corporate Service Management Team due to the Corporate Services Review and the consequential changes in the Council's structure.</p> <p>The transfer of the Property Division to TES will result in further changes to the management arrangements. It is hoped that a revised draft Scheme can be presented to TES Senior Management Team by April 2010.</p> <p>Internal Audit Opinion: Accepted</p>
<p>07/024 - Occupational Stress</p> <p>Action Point 8</p> <p>Importance: Medium</p> <p>The options for an improved monitoring system will be explored.</p> <p>(C Lawson, Health, Safety and Wellbeing Manager)</p>	<p>Jun 2008 Sep 2009 Nov 2009 Mar 2010</p>	<p>Work is ongoing at present, with regards to the Stress Indicator Tool and should be completed within the next couple of months.</p> <p>Internal Audit Opinion: Accepted</p>
<p>08/001 – Public Service Transport</p> <p>Action Point 11</p> <p>Importance: Medium</p> <p>The Public Transport Unit will review and update its written procedures. As part of the same exercise, the opportunity will be taken to ensure that linkages between the various procedures are checked and streamlined.</p> <p>(A Warrington, Public Transport Manager)</p>	<p>Sep 2008 Mar 2009 Jul 2009 Dec 2009 May 2010</p>	<p>The Service states that this action has not been completed due to the appointed officer having left the Council. The responsibility for undertaking this action has now been reallocated and the revised date complements the timeline for the next major tendering exercise.</p> <p>Internal Audit Opinion: Accepted</p>

Action Plan	Dates	Status/Explanation
<p>08/029 - Development Management and Planning Applications</p> <p>Action Point 3</p> <p>Importance: Medium</p> <p>The service will re-confirm guidance to ensure the separation of these roles and the recording of that separation. This guidance will be placed on the Development Management SharePoint site for future reference. The letters of delegation to officers will be updated to incorporate this guidance. The service will continue to audit a sample of applications every six months and to pass the results on to the relevant staff and change procedures as necessary.</p> <p>(G McFarlane, Planning Change Manager)</p>	<p>Dec 2009 March 2010</p>	<p>The relevant guidance has been uploaded to Share-point site. The letters of delegation to officers incorporating this guidance will be issued shortly.</p> <p>Internal Audit Opinion: Satisfactory</p>
<p>08/029 – Development Management and Planning Applications</p> <p>Action Point 5</p> <p>Importance: Low</p> <p>A procedure, detailing appropriate timings for cases where retrospective and/or revised planning applications are to be submitted, will be written and incorporated into the Development Management Share-point site.</p> <p>(G McFarlane, Planning Change Manager)</p>	<p>Dec 2009 Feb 2010</p>	<p>The Service states that this procedure is being developed and will be up loaded to the Share-point site.</p> <p>Internal Audit Opinion: Satisfactory</p>

Action Plan	Dates	Status/Explanation
<p>08/029 - Development Management and Planning Applications</p> <p>Action Point 10</p> <p>Importance: Low</p> <p>The Service will continue to audit reports on applications on a day to day basis and supplement this with a formal sample audit of applications every six months and to pass any lessons arising on to the relevant staff and change procedures as necessary.</p> <p>(G McFarlane, Planning Change Manager)</p>	<p>Dec 2009 Mar 2010</p>	<p>A formal sample audit has not been carried out since the original audit because of the introduction of the new planning system from August to December 2009 and numerous changes to procedures.</p> <p>This remains an outstanding action to be completed now in March 2010 following documentation of our new processes. This action has been incorporated in the Planning Improvement Plan, which is managed by the Planning Change Board and programmed for Jan-Mar 2010). A timetable of future audits will be set thereafter.</p> <p>Internal Audit Opinion: Satisfactory</p>

