

REPORT TO: SCRUTINY COMMITTEE – 18 APRIL 2018

REPORT ON: INTERNAL AUDIT REPORTS

REPORT BY: SENIOR MANAGER – INTERNAL AUDIT

REPORT NO: 118-2018

1.0 PURPOSE OF REPORT

To submit to Members of the Scrutiny Committee a summary of the Internal Audit Reports finalised since the last Scrutiny Committee.

2.0 RECOMMENDATIONS

Members of the Committee are asked to note the information contained within this report.

3.0 FINANCIAL IMPLICATIONS

None

4.0 MAIN TEXT

4.1 The day-to-day activity of the Internal Audit Service is primarily driven by the reviews included within the Internal Audit Plan. Broadly, on the completion of a specific review, a report which details the audit findings and recommendations is prepared and issued to management for a formal response and submission of management’s proposed action plan to take the recommendations forward. Any follow-up work subsequently undertaken will examine the implementation of the action plan submitted by management.

4.2 Executive Summaries for the reviews which have been finalised in terms of paragraph 4.1 above are provided at Appendix A. Within each Executive Summary the prime aim is to provide both Elected Members and management with key information which includes the reason for undertaking the review, a summary of financial data and statistics, the areas encompassed within the review and specific areas which were excluded, the principal audit objectives, an audit opinion on the adequacy of the systems and control framework of the area reviewed, the key conclusions based on the audit findings and recommendations and a summary of management’s response to the audit report. The full reports are available to Elected Members on request.

5.0 POLICY IMPLICATIONS

This report has been screened for any policy implications in respect of Sustainability, Strategic Environmental Assessment, Anti-Poverty, Equality Impact Assessment and Risk Management. There are no major issues.

6.0 CONSULTATIONS

The Chief Executive, Executive Director of Corporate Services, Head of Corporate Finance and Head of Democratic and Legal Services have been consulted on the content of this report.

7.0 BACKGROUND PAPERS

None

Pamela Redpath, Senior Manager – Internal Audit

DATE: 28 March 2018

i) INTERNAL AUDIT REPORT 2016/14

Client	Corporate
Subject	Construction Design and Management (CDM) Regulations 2015

Introduction

A review of the Council's approach to implementing the Construction Design Management (CDM) Regulations 2015 was part of the planned internal audit work.

The CDM Regulations 2015, which came into force on 6 April 2015, replacing the 2007 Regulations, set out the statutory responsibilities for those involved in the construction process, who are referred to as 'dutyholders'. The Regulations cover the management of health, safety and welfare when carrying out construction projects and aim to improve standards in the industry. There are different types of dutyholders e.g. commercial clients, designers and principal contractors, who each have different roles and duties under the Regulations, and organisations can have one or more dutyholder roles for the same construction project. The CDM Regulations apply to the whole construction process on all projects, from concept to completion.

The Council provides a range of civil, structural, architectural, mechanical and electrical, and environmental services as well as property / housing repairs and maintenance, roads maintenance, street lighting and management and maintenance of the external and built environment. The Council, therefore, has a number of roles and duties under the CDM Regulations 2015, which must be understood and reflected in working practices to ensure statutory responsibilities are adequately discharged. The key Council services that the CDM regulations 2015 impact on are City Development (Design and Property Services and Roads and Transportation), Neighbourhood Services (Housing & Communities and Environment Service) and Construction Services.

Scope and Objectives

High level review of the Council's approach to implementing the 2015 Construction Design Management Regulations, with a view to ensuring adequate discharge of statutory duties.

Conclusion

The principal conclusion drawn from this review is that there are weaknesses in the system which should be addressed.

The main areas highlighted in the report are as follows:

- An implementation date should be set for the formal approval of the revised guidance within the Council to ensure all future construction works are compliant with the CDM 2015 Regulations. The approved guidance should be issued to all services involved in CDM regulations. In addition, a staff debrief should be carried out detailing the changes to the guidance where appropriate. The current working party should remain in place to monitor the implementation of the revised guidance and provide the necessary assurance to the Health and Safety Committee and subsequently to the Council Management Team that it is being complied with across all relevant areas of the Council.
- Management should complete an exercise to ensure that all health and safety files have been created, reviewed and updated for all construction works as required by regulation 12 of the CDM 2015 regulations and section 10 of its own CDM guidance. Thereafter, management should develop a regular programme of checks to monitor and report on compliance with the 2015 CDM Regulations in respect of maintaining up to date health and safety files.

Management Response to the Audit Report

The audit findings and recommendations were formally reported to the Executive Director of City Development and the Executive Director of Corporate Services and appropriate action agreed to address the matters raised.

ii) INTERNAL AUDIT REPORT 2017/03

Client	City Development
Subject	Follow-up Review of Employability and Skills

Introduction

As part of the planned internal audit work, a follow-up review of Internal Audit Report 2015/19, Employability and Skills was undertaken.

The original internal audit report concluded that there were weaknesses in the system which should be addressed. The main areas highlighted in the report were as follows:

- With a view to timeously identifying and resolving any potential performance difficulties and / or deviations from the ESF and Employability Guidance, steps should be taken to ensure that contractors complete and submit to the Council for examination, the monthly self-audits / quality checks. In addition, independent client file reviews should be carried out by the Council on a sample basis in line with the timeframes stipulated in the Audit Section of the Specification of Requirements in the Invitation to Tender documentation. Steps should also be taken to ensure that Method Statements do not conflict with the Specification of Requirements or the Conditions of Contract for the Provision of Services.
- To remove any potential element of doubt surrounding how service provision should be evidenced going forward, in addition to the suite of Dundee Partnership forms, the formal Specification of Requirements and the Dundee Employability Pipeline Guidance should be expanded to include specific examples.

Scope and Objectives

To assess whether or not each of the recommendations agreed by management in Internal Audit Report 2015/19 had been implemented within the given timescales. The follow-up review was restricted to areas included in the original report.

Conclusion

The principal conclusion drawn from the follow-up work undertaken is that the actions taken by management have addressed the control weaknesses highlighted in the original review.