

REPORT TO: SCRUTINY COMMITTEE – 24 JUNE 2020

REPORT ON: INTERNAL AUDIT REPORTS

REPORT BY: SENIOR MANAGER – INTERNAL AUDIT

REPORT NO: 159-2020

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 subject to an assessment of any impacts on Equality and Diversity, Fairness and Poverty, Environment and Corporate Risk. 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: 05 June 2020

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i) INTERNAL AUDIT REPORT 2018/09

Client	Corporate Services
Subject	Council Tax

Introduction

Council Tax is a local government charge on all domestic properties that contributes more than £2 billion towards the funding of local public services annually. Each individual council sets the rate that applies in their local authority area, administers and collects the tax.

With the exception of Discounts and Exemptions, there are two ways that the amount of Council Tax a liable person is required to pay can be reduced, specifically Council Tax Reduction (CTR) and Second Adult Rebate.

CTR is a government scheme to help those on low incomes. It is means tested and, depending on household circumstances and ability to pay, can reduce or remove the Council Tax liability. Any CTR awarded is applied directly to the Council Tax account and does not apply to water and / or sewerage charges. Second Adult Rebate is an award made to those liable for Council Tax who also have one or more non-dependants living in the property on low income.

CTR replaced Council Tax Benefit from April 2013 and at that time the legislative liability passed from the Department of Work and Pensions (DWP) to the Scottish Government. CTR is governed by the Council Tax Reduction (Scotland) Regulations 2012. It can be claimed by a liable person if they, or their partner, are in receipt of Income Support, Jobseeker's Allowance, Employment and Support Allowance or Universal Credit, in receipt of Pension Credit, on a low income or a student that falls into one or more specific categories.

In March 2020 the CTR caseload was approximately 17,000 of which 2.7% were CTR cases where there was earned income or a private pension.

Scope and Objectives

Review of the arrangements in place within the Council to administer and monitor entitlements for Council Tax Reduction (CTR).

Conclusion

The principal conclusion drawn from this review is that whilst there is basically a sound system of control there are some areas where it is viewed improvements can be made.

The main areas commented upon in the report are as follows:

- When processing a claim for CTR, staff should be reminded to ensure that all evidence relating to the claim is obtained in line with the guidance within the new verification procedures and recorded in W2. With regard to income from capital, where the application shows that this is likely to exceed the capital threshold, the claimant should be asked to provide evidence of all their savings and investments and, where applicable, their partner's.

Management Response to the Audit Report

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

ii) INTERNAL AUDIT REPORT 2018/30

Client	Corporate
Subject	Mosaic

Introduction

The Servelec Mosaic IT system ("Mosaic") was introduced during November 2016 following a tender exercise. It replaced a legacy system, which had been developed within the Council, with a single case management system operating across the Children and Families Service, Criminal Justice and adult health and social care services provided through Dundee Health & Social Care Partnership (DH&SCP).

Mosaic is a workflow based contact and case management system which has been tailored by the Council to ensure that its use supports compliance with associated legislative requirements and supports multi-agency working and joined up service delivery across the Council.

When choosing the system, the Council's main priorities were a system that:

- meets Scottish legislation and all Scottish Criminal Justice requirements;
- manages client data and process workflows in a flexible way to increase efficiencies and reflect the shift in teams coming together; and
- has the ability to integrate services in the system to support health and social care integration.

Mosaic replaced K2 / Events Recording and the Education Support for Pupils system which had no continuing support capability and which were built on out of date core technology. The implementation of Mosaic also brought together a series of systems databases / spreadsheets which were used in Education.

The Scrutiny Committee approved a change to the 2018/19 audit plan at their meeting on 17 April 2019 and, as a result, the specific objectives arising from the User Access Levels (Phase 2) audit were amalgamated into the Mosaic audit. These are reflected in the scope and objectives below.

Scope and Objectives

Review to assess the effectiveness of the new Mosaic system procured by the Council in relation to deployment and achievement of expected outcomes. The appropriateness of user access levels and associated permissions in respect of Mosaic was also considered.

Conclusion

Mosaic has been implemented by the Council as a significant two year project. The audit was completed at the stage that the Mosaic team transitioned from the implementation phase to "business as usual". The recommendations are intended to support the team in strengthening the ongoing control environment for Mosaic in this new phase.

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:

User Access Controls / Review of Access / Delegate Feature

- There is limited management and monitoring of user access, with no formal, documented procedure in place for requesting, approving, amending or removing access to Mosaic. To reduce the risk of unauthorised or inappropriate access being granted, access approval procedures should be established, documented and implemented.
- The reporting functionality within Mosaic should be implemented and used, with a periodic review of reports of user access and activity performed, with changes made where access is considered to be inappropriate / unnecessary.

ii) INTERNAL AUDIT REPORT 2018/30 (Cont'd)

Client	Corporate
Subject	Mosaic

Conclusion (Cont'd)

- Mosaic has the ability to assign delegates for users. To reduce the risk of inappropriate system access being granted, controls should be put in place to ensure that the assigned delegate systems permissions are appropriate and have been authorised as such. A formal delegate process should be documented and a review completed to confirm whether existing delegate access is appropriate.

Super User Accounts

- There are several users within Mosaic, referred to as Super Users, with full access capabilities over the entire system. There were ten Super Users during the implementation of the system which have now reduced to four. To reduce the risks associated with Super User access, including those in respect of access to payment processes, a regular review of Super User activity should be performed by an individual independent of the Mosaic Team.

System Change Control

- System changes are made to Mosaic by Servelec, the system supplier, with the approval of the Council, to improve functionality or respond to legislative requirements. There are no formal documented procedures in place for change requests and it is currently not clear what Mosaic oversight group has responsibility for approving the different types of changes. It is recommended that this process is documented and included as appropriate in the Terms of Reference / areas of responsibility of the two Mosaic oversight groups (the Mosaic Operational Group and the Mosaic Project Board).

Assessment of Benefits

- As implementation of Mosaic has been ongoing, there has been no assessment of the benefits delivered against the expectations in the business case, as is appropriate during an implementation phase. The system has been in use since 2016/17 and it is recommended that a benefits analysis exercise is now carried out to consider whether there are opportunities for further improvements to the system.

Management Response to the Audit Report

The audit findings and recommendations were formally reported to the Executive Director of Corporate Services, the Executive Director of Children and Families and the Chief Officer, Dundee Health and Social Care Partnership and appropriate action agreed to address the matters raised.

iii) INTERNAL AUDIT REPORT 2019/04

Client	Corporate
Subject	Commercial Lets

Introduction

Dundee City Council currently has a commercial portfolio comprising more than 500 properties / land, including shops, industrial units and offices. Of these properties / land, 74% are owned by the Council's City Development Service and the remaining 26% are owned by Neighbourhood Services and managed by the City Development Service on its behalf. As at the 31 March 2019, 13% of the Council's commercial portfolio was vacant, 4% was leased by various Council services and the remaining 83% was leased externally, including 2% by Leisure and Culture Dundee. Of the 13% vacancy rate for the whole commercial portfolio, 10% relates to shops and industrial units.

The Estates Management Team (the Team) within the City Development Service comprises a Team Leader, a Senior Surveyor and two Trainee Surveyors. The GVA property asset management system is currently used within City Development, along with an Excel spreadsheet, to manage the Council's commercial portfolio. The Team is responsible for a number of areas relating to commercial lets, including the marketing and letting of vacant properties and land, negotiation and preparation of new leases and corresponding rent levels as well as their subsequent review. The services of Rydens, Commercial Property Agents and Surveyors are also utilised for the marketing of selected properties.

Vacant Council commercial properties / land are marketed, alongside other properties / land in Dundee, via the Invest in Dundee website accessible via the Council's website. In addition, selected properties are advertised through the CoStar commercial property marketing website.

The Corporate Debt Service within Corporate Services includes a team of staff responsible for producing and issuing bills in respect of non domestic rates and sales ledger debt including commercial lets and for the subsequent recovery of corresponding income due to the Council. The CIVICA Financials Debtors System is utilised for these purposes.

During 2018/19, billing in respect of the Council's commercial portfolio was in the region of £5.9m. As at 31 March 2019 there was in the region of £1m of cumulative outstanding debt in relation to commercial property rents.

Scope and Objectives

Review of the arrangements in place surrounding the letting of commercial properties and the subsequent billing and collection of income.

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:

- At the time of the audit fieldwork, the Sure Tenant checks carried out on behalf of the Council did not include verification of the prospective tenants' income as standard. In addition, the Council did not, as a matter of course, require references to be provided, verify that funds required to start up a new business were available or that a credible business plan existed. In addition, checks were not being routinely carried out to determine whether there were any outstanding debts with the Council. To assist the Council to make an informed and evidence based decision surrounding the suitability of a prospective tenant going forward, minimise the risk of non-payment of rent and maximise its income, the Estates Management Team should meet with Corporate Finance and Economic Development with the view to developing an agreed solution for the vetting of prospective tenants. The Estates Management Team should also work in conjunction with the Corporate Debt Service to develop and implement an efficient process for checking related Council debt.

iii) INTERNAL AUDIT REPORT 2019/04 (Cont'd)

Client	Corporate
Subject	Commercial Lets

Conclusion (Cont'd)

- It was established as part of the audit fieldwork in November 2019 that one tenant had never been billed for a lease entered into in June 2018. Whilst it is acknowledged that there are controls built into the process for inputting a new lease to the GVA system and for checking the accuracy of billing, improvements in the control arrangements are required to ensure accurate information is recorded in the GVA system and that tenants are billed correctly. Additional controls are also required in order to ensure that terminations of leases are notified to all relevant parties timeously and that information held in the GVA system and the lease spreadsheet are reconciled.
- Where the Corporate Debt Team is notified of a change in the name of a commercial let tenant / debtor, it should notify the Estates Management Team prior to making the change so that appropriate action can be taken from a Commercial Lets perspective.
- To ensure that the status of any outstanding debt is correct, the system errors identified with the debt recovery process within the Civica Debtors System should be investigated by the Corporate Debt Service and steps taken to rectify them. In addition, the Estates Management Team Leader should be provided with an outstanding debt report containing debts for commercial lets only. The report should then be reviewed and used as the basis for discussion at regular meetings between the Corporate Debt Team and the Estates Management Team to assist on jointly deciding on the most appropriate action to take, including whether or not a tenancy should be irritated. Roles and responsibilities for dealing with commercial lets debt, including reviewing debt reports and agreeing subsequent actions to be taken should also be established.

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.

iv) INTERNAL AUDIT REPORT 2019/05

Client	Corporate
Subject	Travel and Subsistence

Introduction

In August 2018 the Council commenced participation in a pilot exercise whereby employees submitting a Travel and Subsistence claim use the MyView Travel and Subsistence module to submit their claims. The pilot was initially carried out in Corporate Services and replaced the existing system which involved submitting expense claims using an Excel form. The MyView Travel and Subsistence module is part of the Resourcelink payroll system, which is supplied by Zellis. The new electronic system has since been formally rolled out to elements of all services, with the exception of the former Adult Services within Social Work, now part of the Dundee Health and Social Care Partnership, however, some officers in this service are using MyView. The use of the Excel based form continues in some areas.

In any organisation it is important that amounts paid to employees are for legitimate expenditure, are value for money, recorded in accordance with tax legislation and supported by receipts. It is also important that expenses systems are user friendly to support efficiency.

In 2018/19 the Council made payments of £127,000 for travel and subsistence claims through the Excel based system. In the five month period sampled, from April to August 2019, MyView claims totalled £121,000, of which the majority, £111,000, related to mileage. As a result of ongoing migration to MyView, there are now approximately 5,000 monthly line items claimed, compared with 2,000 in the Excel based system (as at February 2020).

Scope and Objectives

Review of the internal controls in place surrounding the Council's new electronic travel and subsistence claims process prior to full roll-out.

Conclusion

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

The areas of concern highlighted in the reports are as follows:

Policy, Procedures and Operational Guidance

- There are currently multiple sources of policy, procedures and operational guidance relating to travel and subsistence. The Expenses Manual is out of date, unclear and does not make reference to MyView or other relevant Council policies / requirements, such as the Staff Travel Plan. There is duplication and inconsistency between the various information sources and as a result, the practice of submitting and authorising claims exceeding policy limits is relatively common. To reduce the risk of error and aid staff understanding of requirements and responsibilities, it is recommended that the various sources of policy, procedures and operational guidance are consolidated into a comprehensive single, up to date, Travel and Subsistence Expenses Policy. In the interim, the conflicting messages from different documents should be addressed and clarification of the required process communicated to staff along with an instruction to stop the practice of submitting and / or approving claims in excess of the stated limits.

Super Users

- There are four MyView super users and one generic super user account. These users have the ability to make changes to the way the Resourcelink payroll system works as well as having the ability to alter the monetary value of individual expense claims. The accounts are used on a regular basis by post holders as part of their daily work. The super user level access should be reviewed and removed where not required for operational reasons. The activity of super user accounts should be monitored and generic accounts should not be used.

iv) INTERNAL AUDIT REPORT 2019/05 (Cont'd)

Client	Corporate
Subject	Travel and Subsistence

Conclusion (Cont'd)**Review and Authorisation**

- Managers are responsible for reviewing and authorising MyView expense claims. This includes checking mileage, compliance with Policy and the submitted receipts. Managers expressed an inconsistent level of diligence as part of their review, with some authorising all claims without consideration. Sample testing and the use of data analytics identified that claims exceeding Policy limits and with missing or illegible receipts have routinely been authorised. This indicates that the review and authorisation process is not operating effectively. Responsibilities for reviewing and authorising expense claims should be clearly defined and documented, with a particular focus on clarity of segregation between managers and Payroll.

Secondary Review Process

- Payroll generates a report prior to payment of all the expense claims for one month and considers the total cost of claims against the total cost of claims for the previous month for reasonableness. This is not a formal or documented review. A secondary review, beyond the manager authorisation, of a sample of claims is not conducted. To mitigate the risk of incorrect or fraudulent claims being paid and encourage a culture of robust and effective manager first review, a risk based secondary review of a sample of claims should be introduced.

Management Response to the Audit Report

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

v) INTERNAL AUDIT REPORT 2019/06

Client	Corporate
Subject	Trade Waste

Introduction

Local authorities have a statutory duty under the Waste Scotland Regulations 2012 and the Environmental Protection Act 1990 "to arrange for the collection" of any commercial waste from premises within their area if the occupier of those premises requests it.

The Council's Waste Management Service within Neighbourhood Services, Environment, provides waste collection and recycling services for businesses in Dundee via tailored trade waste contracts. The services provided include commercial refuse collection, skip hire and commercial recyclables collections. The three main receptacles used to present commercial waste for collection in Dundee are skips, wheeled refuse bins and sacks / bags.

The Council has a statutory duty to ensure cost effective billing, collection and recovery of all sums due, through raising charges for services provided in relation to the collection of trade waste. Policies and procedures are in place providing general principles to be applied consistently within all Council services in relation to debt recovery. The Council's ability to deliver services, which meet the needs of its customers, depends on its success in collecting revenues. The ability to pay is a paramount concern when undertaking debt recovery. The approach to recovery must be sensitive to individual circumstances and take into account all debts owed to the Council.

There are currently in the region of 1290 external trade waste contracts covering both bins and bags in operation. Income generated during 2018/19 from these contracts was approximately £1.3m. Bad debt written off in relation to trade waste contracts for 2018/19 was approximately £15k. The responsibility for debt collection in respect of trade waste rests with the Corporate Debt Service.

Scope and Objectives

Review of the end-to-end process in respect of trade waste including steps taken to ensure income maximisation for the Council.

Conclusion

The principal conclusion drawn from this review is that whilst there is basically sound system of control there are some areas where it is viewed improvements can be made.

The main areas commented upon in the report are as follows:

Due Diligence Checks

- Due diligence checks carried out by the Council prior to potentially entering into a trade waste contract should be enhanced by considering outstanding balances due from prospective customers in relation to all other service provision debt on CIVICA Debtors, Council Tax, Non-Domestic Rates and / or parking debt, not just trade waste. For customers recognised as a potential credit risk, payment in advance of the contract commencing should be obtained or a payment plan / direct debit should be set up in advance. Completed due diligence checks should be signed and dated when completed. Checks should then be scanned and uploaded to CIVICA along with the signed customer contract to demonstrate completion of these checks.

Waste Transfer Notes

- Waste Transfer Notes are not being issued annually in line with Regulations. This was raised in a previous Internal Audit report and, consequently, work is currently ongoing to develop the Trade Waste Database so that Waste Transfer Notes are generated annually. The development of the Trade Waste Database should be monitored closely and in the event that the planned enhancement is likely to slip, and not be fully operational for the start of the 2020/21 financial year, the Waste Transfer Notes should be generated manually and issued to all affected customers.

v) INTERNAL AUDIT REPORT 2019/06 (Cont'd)

Client	Corporate
Subject	Trade Waste

Management Response to the Audit Report

The audit findings and recommendations were formally reported to the Executive Director of Neighbourhood Services / Head of Environment and the Executive Director of Corporate Services and appropriate action agreed to address the matters raised.

vi) INTERNAL AUDIT REPORT 2019/07

Client	Neighbourhood Services
Subject	Assisted Collections

Introduction

The Environment Service which is part of Neighbourhood Services provides three main services including Waste Management, and one element of that service is assisted collection for domestic premises.

The assisted collection service in Dundee is a free, optional service, available to eligible householders such as the elderly (minimum 70 years of age), and those with a medical condition or disability preventing them from presenting their wheeled bin for collection. The service covers general waste (grey) bins, paper and card (blue) bins, metals, plastics and cans (burgundy) bins and, as at 1st March 2020, garden waste (brown) bins. The assisted collection service is not available for food waste bins.

Applications are initiated by the householder completing an application form which is considered by Neighbourhood Services. Approval to receive the service is granted where the set eligibility criteria have been met, this includes there being no alternative resident within the property who could assist. Evidence in support of the application, is also obtained and checked.

For householders assessed as eligible, Refuse Collectors collect the wheeled bins, take them to the refuse vehicle and return them once they have been emptied, based on a risk assessment for each property.

As at February 2020, 3,521 households were in receipt of an assisted collection.

Scope and Objectives

Review of the processes and procedures in place within Neighbourhood Services for the provision of assisted collections to ensure that the arrangements in place are operating effectively.

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:

- To assist in ensuring that a consistent and robust process is followed, procedures for assessing and managing applications for the assisted collection service should be formally documented, showing each step in the process. Roles and responsibilities of the employees involved in the process should be clearly defined.
- In order to demonstrate that decisions made for each application are appropriate, the applications themselves and the supporting evidence assessed should be retained.
- To ensure that assisted collections are only provided to qualifying residents, periodic review procedures should be introduced to consider ongoing eligibility including reference to other Council information such as Council Tax records and the Electoral Register.

Management Response to the Audit Report

The audit findings and recommendations were formally reported to the Executive Director of Neighbourhood Services / Head of Environment and appropriate action agreed to address the matters raised.

vii) INTERNAL AUDIT REPORT 2019/08

Client	Neighbourhood Services
Subject	Community Empowerment Act

Introduction

Community empowerment refers to the process of enabling communities to increase control over their lives. Dundee City Council is committed to supporting communities to do things for themselves, and to make their voices heard in the planning and delivery of services. Community Asset Transfer allows for the transfer by lease, ownership or other management arrangement of land or buildings currently owned by the Council, provided certain criteria are met. Ownership or control of land and/or buildings can be an effective way for communities to drive change and achieve their own goals. It provides opportunities for community groups to develop services or activities, provide stability and sustainability and create a stronger sense of community identity, cohesion and involvement.

The Community Empowerment (Scotland) Act 2015 introduced a right for Community Transfer Bodies to make requests to local authorities, Scottish Ministers and a list of other public bodies, for any land or buildings of which they consider they could make better use. The Act requires public authorities to assess requests transparently.

Part Five of the Community Empowerment (Scotland) Act 2015, Asset Transfer Requests, came into force on 23 January 2017 and sets out the key rights and duties and provides a framework for managing the process and asset register publication requirements. In addition, it states that a relevant authority must have regard to any guidance issued by the Scottish Ministers in relation to Asset Transfer Requests. There is no legal requirement for all sales, leases and land use arrangements with community bodies to go through the Asset Transfer Request process, although the Council must agree to a request unless there are reasonable grounds for refusal.

To support Community Asset Transfer, a voluntary scheme is run alongside the provisions of the Act, so that access to Community Asset Transfer is open to more community bodies than would generally be the case using only legislative requirements. Dundee City Council has agreed to continue, where both parties agree, to support community groups through its established voluntary process. Community bodies are supported by having a voluntary pre-application stage to ensure they have all the information that is required before making a formal Community Asset Transfer request. These community bodies are supported by a Communities Officer who:

- has the skills and experience to support community bodies to build their capacity;
- has knowledge of funding streams and other sources of support; and
- co-ordinates local community planning in their area to ensure any request will be able to meet local need.

In addition to these initial sources of support, the Council has established a Community Asset Transfer Group, made up of Democratic and Legal Services, Finance, Communities, Environment and City Development officers, which offers support and guidance around elements of any request. The Community Asset Transfer policy was agreed by the Policy and Resources Committee. A Community Asset Sub-Committee of the Policy and Resources Committee was also established in March 2017.

As at February 2020, no Community Asset Transfers had taken place under the Community Empowerment (Scotland) Act 2015 regime as no full applications had been received from bodies qualifying under the Act. One application is currently being considered via the supplementary voluntary scheme, although a full and complete application has yet to be received.

Scope and Objectives

Review the Council's approach towards ensuring compliance with the Community Empowerment (Scotland) Act 2015 in relation to asset transfer and related reporting requirements.

vii) INTERNAL AUDIT REPORT 2019/08 (Cont'd)

Client	Neighbourhood Services
Subject	Community Empowerment Act

Conclusion

The principal conclusion drawn from this review is that whilst there is basically a sound system of control there are some areas where it is viewed improvements can be made.

The main areas commented upon in the report are as follows:

- Although there have been no applications under the Community Empowerment (Scotland) Act 2015, the governance framework in place is designed appropriately. Some minor improvement opportunities have been identified, to ensure documentation reflects the planned creation of the Community Empowerment Team in April 2020 and to develop the support and guidance tools already offered to prospective applicants.

Management Response to the Audit Report

The audit findings and recommendations were formally reported to the Executive Director of Neighbourhood Services / Head of Housing & Communities and the Executive Director of City Development and appropriate action agreed to address the matters raised.

viii) INTERNAL AUDIT REPORT 2019/12

Client	Corporate
Subject	Follow-up Review of Construction Design and Management (CDM) Regulations 2015

Introduction

As part of the planned internal audit work, a follow-up review of Internal Audit Report 2016/14, Construction Design and Management (CDM) Regulations, 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:

- 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.

Scope and Objectives

To assess whether or not each of the recommendations agreed by management in Internal Audit Report 2016/14 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 whilst some action has been taken to strengthen the control weaknesses highlighted in the original review there is still one recommendation which requires to be implemented by management.

The main areas where actions agreed by management are still outstanding are as follows:

- The revised "Dundee City Council Guidance on Construction (Design & Management) Regulations 2015" was issued in November 2017. The guidance was reviewed and updated in March 2018. The next review, which is being carried out by the CDM Working Group was scheduled to be completed by 30 April 2020, however, this is still ongoing with delays experienced due to the impact of COVID19 on members of the group. The CDM Working Group meets on a monthly basis to provide oversight of compliance with CDM Regulations however does not yet report regularly to the Health and Safety Committee or Council Management Team. We also note that the Working Group did not meet for a period of approximately 12 months (between January 2019 and January 2020) due to staffing changes within the Council.

Management Response to the Audit Report

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

ix) INTERNAL AUDIT REPORT 2019/13

Client	Corporate Services
Subject	Follow-up Review of E-mail Security

Introduction

As part of the planned internal audit work, a follow-up review of Internal Audit Report 2017/21, Email Security, 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:

- *Corporate email Data Loss Prevention (DLP)* – Ahead of the adoption of a new corporate email DLP solution, currently out for tender and due to be finalised by December 2018, measures should be considered to reduce the risk of data loss via email in the interim period. The Council should consider enabling email data loss detection and prevention functionality within the Council's existing WatchGuard filtering tool. Rules should be configured to detect data classification markings and other markers considered to be inappropriate for email transmission (e.g. bank details)
- *Personal email DLP* – To reduce the risk of potential data loss via personal email, or exposure to potentially malicious content, consider restricting access to, or enforcing additional control over, webmail e.g. outlook.com, gmail.com and other common online mail providers. Technical solutions exist that can allow access to personal email, whilst preventing the uploading or downloading of attachments, acting as both a DLP tool and providing an additional layer of anti-virus protection. It is understood that the Council's IT Service are currently trialling such functionality internally on limited IT Service users. Once validated, this should be rolled out across all users.

Scope and Objectives

To assess whether or not each of the recommendations agreed by management in the Internal Audit Report 2017/21 have 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 whilst some action has been taken to strengthen the control weaknesses highlighted in the original review there are still some recommendations which require to be implemented by management.

The main areas where actions agreed by management are still outstanding are as follows:

- Mimecast, a cloud based email management software program, was procured in December 2018. However the DLP controls within the software are not yet fully operational as they have been flagging some legitimate emails as suspicious. The DLP controls are therefore being used in review mode so that the IT Service can review their configuration and, where appropriate, amend them to work effectively before they are implemented in the live environment. A supporting Data Security Handling and Classification Policy has been drafted and is awaiting approval.

Management Response to the Audit Report

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

x) INTERNAL AUDIT REPORT 2019/14

Client	Neighbourhood Services and City Development
Subject	Follow-up Review of Festivals and Events

Introduction

As part of the planned internal audit work, a follow-up review of Internal Audit Report 2017/13, Festivals and Events, was undertaken.

The original internal audit report concluded that whilst there was basically a sound system of control there were some areas where it was viewed improvements could be made. The main areas commented upon in the report were as follows:

- Although effective event management is in place, it is recommended that the end-to-end process is reviewed, with a view to defining and agreeing a new standardised procedure. Once agreed, the revised procedure should be communicated to key stakeholders.
- Senior Management within City Development and Neighbourhood Services should progress current efforts to define, agree and finalise roles and responsibilities. In addition, a Council-wide Events Team structure and associated partnership working arrangements should be established.

Scope and Objectives

To assess whether or not each of the recommendations agreed by management in Internal Audit Report 2017/13 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, with the exception of the following point, is that the actions taken by management have addressed the control weaknesses highlighted in the original review.

- There is one partly implemented routine recommendation which has still to be completed, which relates to updating the Safe and Legal Events Guide to reflect national good practice.

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 Neighbourhood Services / Head of Environment and appropriate action agreed to address the matters raised.

xi) INTERNAL AUDIT REPORT 2019/17

Client	Dundee Health and Social Care Partnership
Subject	Joint Community Equipment Service

Introduction

The Scottish Government issued national Guidance on the Provision of Equipment and Adaptations (Guidance) to all local authorities and NHS Boards in December 2009 to assist them with modernising and integrating their equipment and adaptation services within the wider community care context and create a more consistent approach across Scotland. To supplement the Guidance and help support local authorities and NHS Boards to develop, deliver, manage and monitor the provision of community equipment services, Scottish Government also developed a suite of materials including a Good Practice Guide for the Provision of Community Equipment Services (Good Practice Guide) and related self-evaluation toolkit. The principles and practices contained within the Good Practice Guide and toolkit remain valid today.

Equipment is defined in the Guidance as any item or product system, whether acquired commercially or off the shelf, modified or customised that is used to increase the functional capabilities of individuals with disabilities. Community equipment includes equipment for daily living, equipment for people with sensory impairments, communication aids and telecare products.

In Dundee, the community equipment service, known as the Dundee and Angus Community Equipment Loan Service, is a partnership between Dundee and Angus Health and Social Care Partnerships, Dundee City Council and Angus Council. The Joint Community Equipment Loan Service provides, delivers, installs and maintains a range of equipment to people of all ages living in Dundee and Angus to help them to manage day to day living to minimise intervention and maximise independence. Equipment provided by the Service is prescribed by Occupational Therapists, Nurses, Physiotherapists and / or Occupational Therapy Support Workers using established criteria and guidance. The Community Equipment Store is located at the Independent Living Centre, Claverhouse Industrial Estate, Dundee.

The 2019/20 budget for the Joint Community Equipment Loan Service was £1,382,959, with actual spend for the same period recorded as £1,268,113. Running costs are shared, 59%:41% and equipment costs 45%:55% between Dundee Health and Social Care Partnership and Angus Health and Social Care Partnership respectively.

Scope and Objectives

A high level review of the working practices in place against the national Good Practice Guide for the Provision of Community Equipment Services in health and social care partnerships. More specifically, key sections within the Guidance (Governance, Partnership Arrangements, Finance, Assessment and Provision of Equipment and Stores Service) were utilised to help inform the review of governance and referral arrangements in place for the new Joint Community Equipment Loan Service as well as the working practices operating at the Community Equipment Store.

Infection Control and Health and Safety matters (with the exception of the arrangements in place for H&S services in the community) that form part of the Stores Service section of the Guidance were, however, specifically excluded from this review as they are being considered separately as part of an audit delivered by the Council's Corporate Health and Safety Service. Findings from which will be shared with Internal Audit in due course.

xi) INTERNAL AUDIT REPORT 2019/17 (Cont'd)

Client	Dundee Health and Social Care Partnership
Subject	Joint Community Equipment Service

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:

- The content of the new draft Partnership Agreement (Agreement) should be reviewed and revised to ensure that each of the sections within it are appropriate and contain accurate and relevant information. In particular, the performance indicators within the agreement should be updated to those indicators that have been agreed between the parties and can be measured and recorded accurately. The draft new Agreement should be finalised as soon as possible and signed and dated by all parties as agreed.
- In order to ensure consistency of approach for all staff involved in the prescribing of equipment, the draft Joint Criteria should be finalised as soon as possible, incorporating as planned other relevant guidance, including, the existing criteria for equipment assessed and provided by nursing staff, the Guidance Note for Recommending and Prescribing Equipment by Occupational Therapists and the Walking Aid Resource Booklet. Once the Joint Criteria has been finalised, the Trusted Assessor Programme should then be finalised and completed by all relevant staff.
- In conjunction with the Equipment Manager, representatives from all partner organisations should review the access rights for their staff within ELMS2, in particular ensuring that supervisor access is only given to those who need it. Any employees who have left the organisation or who no longer require to use ELMS2 should have their access removed.
- Stock valuation arrangements should be reviewed and updated to ensure they are in line with the Code of Practice on Local Authority Accounting in the UK.
- Where a piece of equipment is not available from any of the suppliers on the procurement framework, the Equipment Manager should liaise with the Corporate Procurement Team to ensure that an alternative compliant route to market is utilised.

Management Response to the Audit Report

The audit findings and recommendations were formally reported to the Chief Officer, Dundee Health and Social Care Partnership and appropriate action agreed to address the matters raised.

xii) INTERNAL AUDIT REPORT 2019/21

Client	Corporate
Subject	Follow-up Review of Pentana

Introduction
<p>As part of the planned internal audit work, a follow-up review of Internal Audit Report 2017/22, Pentana was undertaken.</p> <p>The original internal audit report concluded that there were weaknesses in the system which should be addressed. The main areas highlighted in the report are as follows:</p> <ul style="list-style-type: none"> • In order to ensure that accurate progress reports can be generated in respect of the City and Council Plans, all of the relevant performance indicators and projects / actions should be input to Pentana. In addition, to ensure that staff can easily access performance indicator information and accurately perform the calculations to generate the PI when required, the corresponding metadata, guidance documents and source data details should be recorded in Pentana. A formal process should be developed and agreed to ensure that where there is a justifiable need to change a performance target within Pentana, it is approved as appropriate. • Local Government Benchmarking Framework (LGBF) Indicators should be input to Pentana within the dedicated LGBF area of the appropriate Strategic Service Area Portal. Given that LGBF Indicators are statutory, the data formally reported by the Improvement Service should be accurately reflected in Pentana. The formal metadata / guidance issued by the Improvement Service should also be uploaded to Pentana for all of the LGBF Indicators. • Pentana incorporates a risk management module, which is currently being further developed and will be taken forward as part of the Risk Management Improvement Plan.
Scope and Objectives
<p>To assess whether or not each of the recommendations agreed by management in Internal Audit Report 2017/22 have been implemented within the given timescales. The follow-up review was restricted to areas included in the original report.</p>
Conclusion
<p><i>The principal conclusion drawn from the follow-up work undertaken is that whilst some action has been taken to strengthen the control weaknesses highlighted in the original review there are still some recommendations which require to be implemented by management.</i></p> <p>The main areas where actions agreed by management are still outstanding are as follows:</p> <ul style="list-style-type: none"> • Whilst improvement has been made since the completion of the original audit, there is no metadata recorded in Pentana for 12 of the 98 Council Plan performance indicators. • With the exception of the DH&SCP Portal which does not include any LGBF Indicators, most of the LGBF Indicators and corresponding metadata are now recorded in the appropriate Strategic Service Area Portal. It was noted, however, that there is currently 1 LGBF Indicator where the data formally reported is different to that recorded in Pentana.
Management Response to the Audit Report
<p>The audit findings and recommendations were formally reported to the Chief Executive and appropriate action agreed to address the matters raised.</p>

xiii) INTERNAL AUDIT REPORT 2020/01

Client	Neighbourhood Services
Subject	2019/20 Grant Claim: Local Authority Air Quality Action Plan

Introduction

The Council was awarded grant funding of £276,000 by Scottish Government Ministers for the 2019/20 financial year to assist the Council in progressing its Air Quality Action Plan. In addition, authorisation was given by Scottish Government for £30,195 to be carried forward from 2017/18 into 2019/20 for Measures 3 and 9. Authorisation was also given for £313,775.59 to be carried forward from 2018/19 into 2019/20 for Measures 1, 2, 4, 5, 6, 8, and 10. The total amount of funding available in 2019/20 was, therefore, £619,970.59.

The amount expended during 2019/20 financial year in respect of this grant funding totalled £432,622.72, leaving a balance of £187,347.87. Agreement has been obtained to carry forward £112,122.91 of this into 2020/21. The amount claimed from Scottish Ministers was £432,557.72 which is less than the amount expended, as £55.00 was deducted in respect of a correction to the 2018/19 claim and a further £10.00 expended in 2019/20 had not been claimed.

The funding conditions of this grant state that at the end of each financial year, the Council is required to prepare an account showing the expenses reasonably and properly incurred by it in executing the Project during that financial year and the amount of funding support received by it from the Scottish Ministers. This account requires to be certified as true and accurate and in addition, where the amount exceeds £10,000, requires to be audited by a member of a recognised accountancy body.

Scope and Objectives

The overall aim of this review was to enable the Senior Manager – Internal Audit to provide an opinion as to whether or not the grant funding received in respect of the above subject has been spent in accordance with the related Terms and Conditions.

Conclusion

Having examined the accounts and records of this grant claim, obtaining such explanations and carrying out such tests as deemed necessary, no adjustments are required to be made to the expenditure statements submitted to the Scottish Government as part of the Senior Manager – Internal Audit's Statement of Compliance. However, it is considered that some improvements to systems are required to support the submission of the grant claims and ensure the accuracy of future claims.

The main areas commented upon in the report are as follows:

- The officer responsible for compiling the grant claims should, in conjunction with relevant officers from City Development, Neighbourhood Services and Corporate Services, ensure that all invoices / supporting documents submitted have been appropriately authorised and correct payment has been made prior to them being included in the claim. In addition, each invoice / document submitted for certification to Internal Audit in support of the claims should clearly detail the financial ledger code that the expenditure has been allocated to. In addition, to adhere to the conditions of this grant, the officer should ensure that any money spent in a given quarter is claimed at the end of that quarter. The expenditure detailed in the Purchase Card Balance Sheet Suspense code should also be reallocated to the relevant expenditure codes on a timeous basis.

Management Response to the Audit Report

The audit findings and recommendation were formally reported to the Executive Director of Neighbourhood Services / Head of Community Safety and Protection and appropriate action agreed to address the matters raised.

xiv) INTERNAL AUDIT REPORT 2020/02

Client	Neighbourhood Services
Subject	2019/20 Grant Claim: Local Air Quality Management

Introduction

The Council was awarded grant funding of £36,000 by Scottish Ministers for the 2019/20 financial year to assist with Local Air Quality Management. The amount expended during the 2019/20 financial year in respect of this grant totalled £31,870.

The funding conditions of this grant state that at the end of each financial year, the Council is required to prepare an account showing the expenses reasonably and properly incurred by it in executing the Project during that financial year and the amount of funding support received by it from Scottish Ministers. This account requires to be certified as true and accurate and in addition, where the amount exceeds £10,000, requires to be audited, by a member of a recognised accountancy body.

Scope and Objectives

The overall aim of this review was to enable the Senior Manager – Internal Audit to provide an opinion as to whether or not the grant funding received in respect of the above subject has been spent in accordance with the related Terms and Conditions.

Conclusion

On the basis of examining the accounts and records of this grant claim, obtaining such explanations and carrying out such tests as deemed necessary, it is considered that the entries in the claim form are fairly stated, and that the sums claimed are properly due and have been used in accordance with the terms and conditions of the Offer of Grant.