

REPORT TO: SCRUTINY COMMITTEE – 23 SEPTEMBER 2020

REPORT ON: INTERNAL AUDIT REPORTS

REPORT BY: SENIOR MANAGER – INTERNAL AUDIT

REPORT NO: 216-2020

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: 02 September 2020

i) INTERNAL AUDIT REPORT 2019/15

Client	Leisure and Culture Dundee (L&CD)
Subject	Follow-up Review of Health and Safety

Introduction

As part of the planned internal audit work, a follow-up review of Internal Audit Report 2017/16, L&CD Health and Safety 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:

- The Health & Safety Policy and Management Framework (the Policy) should be updated and approved by the Board on an annual basis to ensure compliance with legislation. The Section 9 for each service area should also be reviewed and approved on annual basis, as per the requirements outlined in the Policy.
- A review of the fire risk assessments (FRAs) should be carried out as soon as possible by City Development in conjunction with Leisure and Culture Dundee with a view to highlighting any facilities that have outstanding or overdue fire risk assessments. Steps should then be taken to ensure that fire risk assessments are carried out as required at those facilities. A representative from L&CD should be in attendance, as appropriate, when the fire risk assessments are carried out.
- A detailed register of all risk assessments should be maintained to ensure completeness of arrangements across services within L&CD. This should be reviewed regularly by each Service Manager / Head of Service. Completed risk assessments should also be signed by the Service Manager / Head of Service to evidence that they are checking risk assessments and being completed and reviewed timeously.

Scope and Objectives

To assess whether or not each of the recommendations agreed by management in the Internal Audit Report 2017/16 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:

- The Policy has been reviewed and updated on an annual basis, with the last update and review taking place in July 2019. However, the individual Service Area Section 9s have not been reviewed and approved on an annual basis as per the requirements outlined in the Policy.
- A review of L&CD FRAs should be carried out by City Development in conjunction with L&CD, with a view to highlighting outstanding or overdue FRAs. Steps should then be taken to ensure that required FRAs are carried out as soon as is practicable. A representative from L&CD should continue to be in attendance where appropriate when a FRA is carried out. Furthermore L&CD should notify City Development if there is any reason to suspect that a FRA for a L&CD property is no longer valid or there have been significant changes to the premises which will then allow City Development to assess whether a new full FRA is required. To help facilitate implementation of this action, greater communication between City Development and L&CD is required. FRAs are being performed. City Development now intend to always update L&CD management centrally in relation to which FRAs have been completed and those that are work in progress, as well as individual building managers.
- A register of risk assessments is held for each Service however key information, such as “date of last completion” and “next review date”, had not been completed for all risk assessments listed within the registers and no evidence could be provided to confirm that the registers had been reviewed by Heads of Service.

i) INTERNAL AUDIT REPORT 2019/15 (Cont'd)

Client	Leisure and Culture Dundee (L&CD)
Subject	Follow-up Review of Health and Safety

Management Response to the Audit Report

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

ii) INTERNAL AUDIT REPORT 2019/20

Client	City Development
Subject	Street Lighting and Roads Maintenance

Introduction

The street lighting and roads maintenance functions are delivered through two partnerships; the Street Lighting Partnership (SLP) and the Roads Maintenance Partnership (RMP), respectively. The SLP comprises Dundee City Council, Perth & Kinross Council and Tayside Contracts, while the RMP involves Dundee City Council and Tayside Contracts only. The end date for both partnerships was extended, at the meeting of the Council's City Development Committee in January 2018, to 31 March 2023. At its meeting on 27 January 2020, the Council's City Development Committee approved extension of the existing SLP to include Angus Council.

The SLP's aim is to provide a full range of services associated with the installation, upgrading and routine maintenance of street lighting in Tayside. The Partnership operates as an integrated team under a SLP Manager (a Dundee City Council employee). The Partnership has worked to upgrade lighting to LED to improve energy efficiency and reduce running costs. It is responsible for cyclic inspections of streetlights throughout the year as well as performing repairs where required. Other responsibilities include preparing street lighting and associated electrical designs for new housing developments, designing new street lighting associated with renewal and replacement programmes, recovering damage costs (e.g. associated with vehicle collisions or contractors underground cable damage), supplying plant and underground cable information to contractors in accordance with the New Roads and Street Works (NRASW) Act 1991, supplying inventory information for electricity consumption billing and provision of an emergency standby service to deal with out of hours emergencies.

The Roads (Scotland) Act 1984 requires local authorities to provide effective maintenance of the adopted road network, including footways, to ensure that it is properly maintained in a safe condition. The RMP delivers this service for Dundee City Council. The Partnership operates as an integrated team under the RMP Manager (a Tayside Contracts employee). The Roads Maintenance Team (the Team) is responsible for ensuring that statutory safety inspections are carried out and any necessary works are undertaken to ensure the continuing safety of road users. In addition, the Team is responsible for reviewing the overall condition of the road network and for compiling and implementing a prioritised programme of named schemes for structural maintenance works. As part of the RMP, Tayside Contracts operates and maintains a fleet of dedicated vehicles to carry out winter maintenance operations on the adopted roads and footways.

Tayside Contracts is a commercially based local authority contracting organisation providing catering, cleaning, vehicle maintenance, winter maintenance and roads maintenance services throughout the Tayside area of Scotland. It is the commercial trading arm of the councils of Angus, Dundee City and Perth and Kinross. Tayside Contracts operates under a Joint Committee comprising Elected Members from each constituent council.

The Executive Director of City Development reports to the City Development Committee on an annual basis on the progress and performance of both the SLP and RMP. Benchmarking of performance is available from the Society of Chief Officers Transportation in Scotland / Association of Public Service Excellence and is reported to the City Development Committee. The 2018 annual citizen survey for Dundee City Council recorded a 90% satisfaction with roads, pavements and street lighting, an increase of 13% on the previous year and the highest satisfaction rating recorded in the last ten years.

Scope and Objectives

High level review of the governance arrangements in place to manage and monitor the street lighting and roads maintenance partnerships, including winter maintenance, and demonstrate Best Value.

ii) INTERNAL AUDIT REPORT 2019/20 (Cont'd)

Client	City Development
Subject	Street Lighting and Roads Maintenance

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:

Key Performance Measures and Targets - SLP

- A five-year Street Lighting Service Improvement Plan should be prepared as planned by the SLP in line with the Street Lighting Partnering Agreement, outlining the long-term ambitions of the SLP. Going forward, objectives included within the Street Lighting annual Service Plan should then be aligned to the five-year Service Improvement Plan once prepared. The annual Service Plan should include clearly defined performance measures and targets to be achieved by the SLP and a list of agreed key performance indicators (KPIs) which should be used to measure and monitor its performance. Annual targets should be agreed for these KPIs and progress against these targets should be reviewed and monitored by the Executive Board on a quarterly basis.
- The KPIs reported in the Annual Status Report prepared by the SLP should be aligned to the KPIs agreed in the annual Service Plan to ensure that the SLP is actively monitoring progress against agreed targets throughout the year as well as at year end.

It should be noted that there have been no areas for significant improvement identified in relation to the RMP.

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.