

REPORT TO: SCRUTINY COMMITTEE - 27 SEPTEMBER 2017

REPORT ON: INTERNAL AUDIT REPORTS - SUMMARY OF PROGRESS ON THE IMPLEMENTATION OF RECOMMENDATIONS

REPORT BY: SENIOR MANAGER – INTERNAL AUDIT

REPORT NO: 308-2017

1.0 PURPOSE OF REPORT

To submit to Members of the Scrutiny Committee an update on the progress in implementing internal audit recommendations previously reported to and agreed by Management.

2.0 RECOMMENDATIONS

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

3.0 FINANCIAL IMPLICATIONS

None

4.0 MAIN TEXT

- 4.1** Standard 2500 of the Public Sector Internal Audit Standards (PSIAS) entitled Monitoring Progress states “the chief audit executive must establish and maintain a system to monitor the disposition of results communicated to management”. In practice this requirement is discharged by the Senior Manager – Internal Audit ensuring that there are effective processes in place to capture assurances that audit recommendations have been implemented or if this is not the case that senior management are aware of the consequences and have accepted the risk of not taking action.
- 4.2** The Internal Audit Plan submitted to the Scrutiny Committee on an annual basis contains a list of formal follow-up reviews to be undertaken by internal audit staff. This allocation is used to assess the extent to which recommendations previously agreed with management have been implemented. The outcomes of such reviews are formally reported to management. In addition, the Executive Summaries from these reviews are submitted to the Scrutiny Committee as part of the standing item on Internal Audit Reports.
- 4.3** It is not feasible within existing resources for the Internal Audit Service to carry out formal follow-up reviews of all of the areas previously audited. Therefore, to ensure compliance with the PSIAS, assurances are also formally sought from management by means of Progress Reviews. These require management to provide an update of the action taken in respect of recommendations previously made. On the basis of these updates and taking cognisance of the potential risk if the actions previously agreed have not been implemented, a formal follow-up review may subsequently be undertaken by Internal Audit and reported to Committee in line with paragraph 4.2 above.
- 4.4** A total of 47 internal audit reports, 30 of which were also part of the 2016 Progress Review Exercise, were subject to a progress review as part of the 2017/18 Plan and attached at Appendix A is a schedule summarising the work undertaken. This schedule also provides commentary as to the current status of the implementation of the recommendations, where these are outstanding. Of the 98 outstanding recommendations contained in the original internal audit reports, of the order of 45% have been fully implemented, 50% have been partly implemented and the remaining 5% have yet to be implemented. None of the recommendations recorded as ‘not implemented’ are critical. For the recommendations that are partly implemented or not yet implemented, assurances were provided to Internal Audit by management that the outstanding areas will be addressed and where feasible, revised timelines were provided for completion. In terms of management responses to the progress reviews that have been undertaken as part of the 2017/18 Plan, it is evident again this year that there has been slippage in the anticipated timeframes provided by management for the implementation of the recommendations in full. Whilst the specific reasons for this are varied, there are recurring themes, in line with last year, surrounding structural changes that have taken place since the original audit reports were issued,

in some instances resulting in the transfer of operational responsibility within or between services, the ongoing replacement of IT systems and changes in the way services are being delivered.

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 CONSULTATION

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: 06 September 2017

INTERNAL AUDIT REPORTS – SUMMARY OF PROGRESS ON THE IMPLEMENTATION OF RECOMMENDATIONS							
Report No.	Client	Subject	Recommendations			Management Update for Outstanding Recommendations	
			Number due to be implemented	Implementation Status			
				Fully	Partly		Not
2011/33	Corporate	Encryption of Laptops	1	1			
2012/23	Corporate	Payroll – Overtime Working	2			2	The outstanding recommendations are in respect of a review of the Corporate Overtime Guidelines. The intention was that this would be undertaken on conclusion of a review of Resourcelink and the corporate review of terms and conditions. However, discussions with trade unions continue around the review of terms and conditions. In the meantime, overtime has significantly reduced and guidance will be developed by the end of December 2017.
2012/26	City Development	Follow-up Review of Residential Parking Permits	1		1		The outstanding recommendation relates to the proposed amendments to Dundee City Council’s Central Area Controlled Parking Zone Order which is currently being progressed and at consultation stage. The Order is programmed to come into effect by end October 2017 subject to no objections.
2012/28	Education	Pre-School Provision	1	1			
2012/32	Social Work	Commissioning of Care	2	1	1		The outstanding recommendation relates to the finalisation and issue of contracts. The restructuring within the Health and Social Partnership, the merge of Education and Children Services (Social Work) and revised management portfolio’s and contract leads has delayed the section’s ability to finalise and issue contracts early into 17/18. Whilst a new model of contract was agreed in advance of 17/18, amendments to some clauses as a result of policy and/or practice changes took longer than anticipated. In addition, a significant reduction in staffing also impacted on capacity to carry out all associated tasks in a timeous manner. It is intended that this recommendation will be fully met for the beginning of 2018/19.
2012/36	Corporate	Data Protection	2		2		The outstanding recommendations are in respect of policies in support of the Council's Data Protection Policy, procedures and records management. With regard to the supporting policies, work has been undertaken to take these forward. An Information

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						Governance Manager has recently been appointed and part of his remit is to review, update and, where applicable, finalise all the data protection policies in light of the General Data Protection Regulation (GDPR) which will apply in the UK from 25 May 2018. It is anticipated that this exercise will be completed by the time this Regulation comes into force. With regard to records management, additional resources need to be identified throughout the Council to fully implement the audit recommendation and to ensure compliance with the GDPR.
2013/07	Environment	Special Collections	2		2	A new product (Firmstep) has been purchased and will supersede Citzlive. This is due to go live in October 2017 and will be a customer interface and management tool. It is anticipated that the outstanding recommendation in respect of management information and reconciliations will be fully implemented by the end of the calendar year, once the testing of the new system is complete. With regard to operational procedures, the outstanding area is in respect of training of library staff but the intention is to withdraw the facility for special collection payments at libraries which will then mean this recommendation is no longer applicable.
2013/11	Corporate	Follow-up Review of Corporate Complaints	1		1	The outstanding recommendation in respect of Staff Guidance and Training has been partly addressed through improved written guidance on the intranet and feedback through complaints administrators from the meetings of the Complaints Review Group. There remains a commitment to deliver face-to-face training on Complaints Investigation Skills as part of a wider programme of training for all staff who deal with complaints. This follows an assessment of the Council's processes using a framework developed by the Complaints Standards Authority within the office of the Scottish Public Services Ombudsman. The revised implementation date, linked to this broader programme of training, is 31 December 2017.

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2013/12	Housing	Performance Indicators	1		1	The outstanding element of the recommendation is in respect of enhancements to the IT systems to facilitate reporting of performance indicators. The go live date for the integrated housing solution is now April 2018. The Council has recently engaged with a software supplier for a mobile working, scheduling and repairs solution. This system will interface with the housing solution to provide performance information relating to completion of repairs. This project is at the early stages of implementation.	
2013/13	Corporate	Scottish Welfare Fund	1		1	The outstanding recommendation relates to the use of tailored decision letters. These have now been developed, but not yet implemented due to a compatibility issue with Java certificates. The revised implementation date is December 2017 to allow time to resolve the issue and implement fully. To compensate, the local text service that was implemented locally in 2016 now allows decision makers to contact applicants faster and more regularly leading to clearer explanation of decisions across the board.	
2013/15	Corporate	Auto-enrolment	3	3			
2013/17	Corporate	Occupational Health	1	1			
2013/19	Corporate	Income Collection – Licensing	1	1			
2013/20	Education	Additional Support Needs	2	2			
2013/21	Corporate	CeRDMS – Employee Files	2		2	The outstanding element of the first recommendation is in respect of employee files which are not stored on CeRDMS. Due to resource limitations, it has not been possible to back scan all employee files which are held manually and to import those which are held on an alternative electronic records management system.	

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						The other outstanding recommendation relates to retention schedules for electronic records. The Business Support Manager intends to liaise with staff in the Information Technology Service regarding this and the revised implementation date is 31 October 2017.
2013/23	Social Work	Managing Client Finances	4	2	2	Full implementation of the outstanding recommendations is linked to the development of operational guidance. It should also be noted, following transfer of all functions to Corporate Services Finance and Council Advice Services, further improvements in the areas which were reported as being fully implemented at the time of the original audit have been identified and work is in progress to take these forward. All recommendations should be fully implemented by April 2018.
2013/26	Corporate	Invoice Processing	1		1	The outstanding element of the recommendation relates to information to be held on the Corporate Procurement intranet site. Layout issues in respect of this site have been identified by Corporate Procurement and a meeting has been scheduled to resolve these. The revised date for full implementation of the audit recommendation is 31 October 2017.
2013/28	Education	Early Years Income	2		2	The outstanding recommendations relate to childcare contracts for additional nursery services and documenting operational procedures. Whilst there is a system in place to issue lists of contracts to nurseries to confirm accuracy of information held by the Finance, Catering and School Services Section, these are not always responded to. Staff in this Section propose to develop a set timetable for follow-up and intend to trial this for the new school session in September /October 2017. Time will be allocated to the development of operational procedures during the October 2017 school holidays.

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2013/30	Corporate	Tax Governance	3	2	1	The outstanding element relates to a regular review of the partial exemption position and calculation. It is anticipated that this review will be completed by the end of December 2017.	
2013/31	Corporate	Data Backup	1	1			
2013/32	Corporate	Community Planning Partnership	1		1	The outstanding recommendation relates to integration of financial plans with the Single Outcome Agreement. This process is being facilitated through the new Executive Boards created across the Dundee Partnership to achieve the new high level outcomes included in the Local Outcome Improvement Plan to be signed off by 1 October 2017.	
2014/01	Housing	Follow-up Review of Licensing of Houses in Multiple Occupation	2		2	Limited progress has been made since the 2016 progress review exercise with regard to processes, procedures and working practices. In particular, no progress has been made with the process maps as a result of ongoing changes which continue to impact on the process. The Service Level Agreement (SLA) between Neighbourhood Services and the Dundee Health and Social Care Partnership has not been signed off yet and discussions in respect of this are ongoing. In part this has been delayed due to restructure. The revised date for finalisation of the SLA is April 2018.	
2014/02	Environment	Stocks and Stores	1		1	The outstanding recommendation is in respect of the Caird Park Horticultural Store and is virtually complete. A new stores/facilities member of staff is due to take over responsibilities from September 2017, and once trained, will complete the outstanding elements of the recommendation. With regard to the Fleet Workshop, whilst the recommendation from the original audit was fully implemented, since that time the stores staff at Marchbanks have moved from Construction to Fleet and the stores procedures are currently being reviewed and updated for the new service.	

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2014/08	Corporate	Data Matching	2	1	1	The main outstanding elements of the partly implemented recommendation relate to the development of a revised corporate fraud policy and finalisation of the new draft Corporate Fraud Team strategy and data matching programme (to supplement the National Fraud Initiative exercise). A significant amount of work has been undertaken in relation to each of these areas with draft documents, including a new CFT Strategy, Bribery Policy and Data Matching Schedule to 2019 having already been compiled. In addition the Council's online Privacy Notice requires to be revised and this will be taken forward by the new Information Governance Manager. It is expected that, following appropriate consultation, the final revised / new documents and revised online Privacy Notice will all be in place before the end of the calendar year.
2014/10	Environment	Income	2		2	The outstanding recommendations which relate to working practices and procedures and reconciliation of income have not been fully implemented but progress has been made. A STEP process has been completed and the intention is for the MRM system to be used for the 2017/18 football season. The process for bookings is being developed on MRM prior to transferring this function to Customer Services. Neighbourhood Services are taking action to ensure processes and terms and conditions are updated and implemented as soon as possible in the new season and will continue to deliver the operational issues related to the pitches and engagement with the key stakeholders.
2014/19	Environment	Stocks and Inventories	1		1	Standard operating procedures have been implemented and interim stocktake arrangements have been identified and undertaken. A modern stores IT system has been procured and, together with the planned transfer of Construction Services to Tayside Contracts, will address the outstanding issue relating to stocktaking reporting formats. An implementation programme is currently being developed with a target date to go live of April 2018.

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2014/20	Corporate	Follow-up Review of Spreadsheets	1	1			
2014/21	Corporate	Follow-up Review of Procurement Cards	1		1	The outstanding recommendation relates to the guidance documentation to be uploaded to the Corporate Procurement intranet site. This has been delayed due to layout issues pertaining to the site which have been identified by Corporate Procurement staff. A meeting has been scheduled to resolve these and the revised date for full implementation of the audit recommendation is 31 October 2017.	
2014/22	Corporate	Follow-up Review of Tayside Pension Fund	3	2	1	The outstanding recommendation relates to the disaster recovery exercise. Staff in the Council's Information Technology Service are currently in contact with the supplier of the Pension System regarding the scope of the exercise and this will be taken forward once options and costs have been received.	
2014/23	Corporate	Performance Information	1	1			
2014/25	Corporate	Payroll – Leavers	2		2	A decision has been taken to develop a workflow system to be used for leavers instead of documented guidance. Introduction of this system should facilitate the adoption of a corporate approach to leavers throughout the Council and remove inconsistencies in working practices. The workflow system is projected to be developed by the end of December 2017. Streamlined working practices relating to the leavers' process have not been fully embedded, including generation of post to post employee summary reports across all service areas.	
2014/30	Corporate	Business + IT Development Process	2	1	1	The outstanding recommendation is in respect of the business case and departmental approval process. The process to monitor major projects has been launched within the Information Technology Service using the Assyst helpdesk. The Business Case document has previously been launched and communicated	

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						within the Council. A process of recommunicating and reiterating the Business Case document is required to support commissioning of future major projects. This process is to be complete by 30 September 2017.	
2014/31	Neighbourhood Services	Trade Waste	4	1	1	2	Staff in the Council's Information Technology Service are working on amendments to the Trade Waste System functionality which will enable some of the outstanding recommendations to be fully implemented. Full assessment of recycling discounts and internal charges will be undertaken once details of the proposed new Council Waste Disposal Contract are known. With regard to the recommendation on trade waste collection routes, in addition to the improvements which have already been made, the intention is to make greater use of the Routesmart tool once the domestic waste service change rollout is complete. The revised date for implementation of all outstanding recommendations is 31 December 2017.
2015/03	Social Work	Follow-up Review of Community Equipment Services	1		1		Whilst good progress has been made in respect of implementation of the audit recommendation which relates to the assessment of community equipment services, full implementation has been delayed due to development of the joint Dundee and Angus Loan Service and the work required to bring the stores together. There is a Partnership Agreement between Dundee and Angus Health and Social Care Partnerships and also a Service Agreement which includes NHS Tayside Medical Physics. A joint Dundee and Angus Steering Group is in place with an operational sub-group. A business planning event is scheduled to take place in November / December 2017 which will involve all stakeholders and a Trusted Assessor Competency Framework is to be developed as a joint Dundee and Angus initiative. The revised timescale for full implementation of the audit recommendation is April 2018.
2015/04	Social Work	Follow-up Review of Lone Working	3	1	2		The outstanding recommendations are in respect of the buddy system and staff training. The work to implement these

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						recommendations is almost complete. With regard to the buddy system, a procedure to allocate each employee with a unique identification number has been put in place but a number of employees still have to receive their unique number. With regard to training, it is anticipated that existing staff should now have completed training identified as required for their posts but this will not be verified until the next scheduled management check. Full implementation of the outstanding recommendations should be achieved by the end of September 2017.	
2015/06	Corporate	Financial Systems	3		3	In May 2016 additional work was undertaken on reconciliations by PWC with further recommendations being made. Work is ongoing to introduce additional reconciliations to address the issues highlighted by these recommendations and this should be completed by the end of September 2017. Once complete, the outstanding recommendations from report 2015/06 will be considered for completion by 31 December 2017.	
2015/07	Corporate	Data Integrity	2	1	1	The outstanding recommendation relates to formally documenting the process for producing sickness absence statistics. The information required for the statistics is now produced from Employee Resources and this more streamlined process will be documented by the end of October 2017.	
2015/09	Corporate	Follow-up Review of Arrangements for the Management of Asbestos	5	3	1	1	The recommendation which has not been implemented is in respect of maintaining a corporate record of training. All asbestos training will be recorded on the new corporate training system once this is operational. In the interim, City Development / Neighbourhood Services will record all training and transfer this information to the corporate training system. The recommendation which has been partly implemented since the time of the follow-up review relates to the intention to utilise the new Neighbourhood Services asset management system to provide information to key individuals on the location and condition of asbestos containing materials identified within common areas of domestic premises.

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						This system has now been procured and the project plan target go live date is April 2018. Construction Services have access to asbestos registers and information is provided in advance of works in accordance with Construction Design and Management Regulations.
2015/10	Corporate	Follow-up Review of ICT Resilience	2	1	1	A consultant has been appointed to assist the Council to develop its continuity plans. IT resilience forms an integral part of this review in conjunction with other business critical risks. A facilitated workshop approach, commencing in mid-October, is being adopted, with a first draft of continuity plans for services due to be completed by 31 December 2017. Further detailed IT resilience continuity work in services has not yet been commissioned.
2015/13	Education	SEEMiS	3	3		
2015/14	Corporate	Corporate Policies	3		3	A standard policy format and procedures which cover the management, review and approval processes have been developed within the Human Resources and Business Support Service for all employee related policies. This will be rolled out, along with a formal policy definition, to all other Services in the Council. All policies, procedures, protocols and guidelines developed specifically for employment, conditions of service related matters, employee benefits etc will be held in the Our People area of the intranet with a new area on the intranet being developed for service specific policies, procedures, guidelines etc. The revised date for implementation of the audit recommendations is 31 March 2018.
2015/23	Corporate	Pension Fund	4	4		

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2015/28	IJB / Corporate	Health and Social Care Integration	6	4	2	This audit was carried out in conjunction with NHS Tayside Internal Auditors. The two outstanding recommendations relate to large hospital set aside and performance management. The work relating to the methodology of calculating and monitoring large hospital set aside is progressing nationally and locally. Performance management is progressing on a national basis under the Annual Performance report requirements with 2016/17 established as a baseline which will be used to monitor and measure shifts in spend over future years.	
2015/33	City Development	Stocks and Inventories	2	1	1	Staff are currently undertaking a review of their procedures now that stores staff have moved from Construction to Fleet. However there has been no final decision made on the future of the sites and so they are still working with the older equipment that is in place. With regard to the depots not currently linked to FUELtran, new recording measures and instructions have been put in place.	
2016/08	Corporate	Follow-up Review of Schemes of Administration	2		2	Revised Standing Orders are being prepared and revised Financial Regulations have been prepared and circulated. Work is also in progress to revise the Tender Procedures. It is anticipated that these will be submitted to Committee in December 2017.	
2016/10	Corporate	ICT Risk Management	1	1			
2016/16	Corporate	Pension Fund – Treasury Management	4	3	1	The outstanding recommendation relates to the revised Council Treasury Management Practices which are still in draft and have not yet been fully agreed. The revised completion date is 30 September 2017.	
Totals			98	44	49	5	

Previously included in the 2016 Progress Review Exercise.

