

REPORT TO: SCRUTINY COMMITTEE - 23 SEPTEMBER 2015

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

REPORT BY: CHIEF INTERNAL AUDITOR

REPORT NO: 343-2015

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 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 Chief Internal Auditor 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 an allocation for 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 Standards, 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** As part of the 2015/16 Plan, a total of 23 areas previously reported upon were subject to a progress review. Appendix A to this report provides a summary for each of these as to the current status of the recommendations previously agreed with management. In addition, for those reviews where the recommendations have not been implemented in full additional commentary is provided. Of the 65 recommendations contained in the original reports of the order of 51% had been fully implemented, 43% had been partly implemented and the remaining 6% have yet to be implemented. For the recommendations that are partly implemented or not yet implemented assurances have been provided to internal audit by management that the outstanding areas will be addressed and where feasible revised timelines have been provided. In terms of management responses to the progress reviews that have been undertaken as part of the 2015/16 Plan, it is evident that there has been slippage in the anticipated implementation dates originally provided by management. Whilst the specific reasons for this are varied there are recurring themes in the responses received such as changes to areas of responsibilities as

a result of the Council's ongoing restructure and interdependency upon other developments within the business such as the replacement and upgrade of core IT systems.

- 4.5** In the 2014/15 financial year the update to Members on the progress in the implementation of recommendations previously made was submitted to the Scrutiny Committee in September 2014 (Report No. 341-2014). This report included five progress reviews where there were outstanding actions in terms of the recommendations that had been agreed with management. It was also established at that time that these recommendations were still valid. Given this, the outstanding areas within these reviews were considered as a part of the 2015/16 exercise and assurances have been obtained from management to confirm that any key outstanding actions which would potentially pose a risk to the organisation have now been adequately addressed.

5.0 POLICY IMPLICATIONS

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

6.0 CONSULTATION

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

7.0 BACKGROUND PAPERS

None

Sallie Dailly, Chief Internal Auditor

DATE: 8 September 2015

INTERNAL AUDIT REPORTS – SUMMARY OF PROGRESS ON THE IMPLEMENTATION OF RECOMMENDATIONS					
Report No.	Client	Subject	Number of Recommendations		Management Update
			Due to be Implemented	Implemented in full	
2011/33	Corporate	Encryption of Laptops	2	1	A comprehensive laptop inventory is in place and all laptops have been encrypted. In addition, guidance has been developed and issued with all new laptops. IT policies and procedures are to be reviewed and a section covering the appropriate use and security of laptops is to be included in the Employee Handbook. This is scheduled to be completed by the end of the financial year.
2012/23	Corporate	Payroll – Overtime Working	3	1	Overtime is monitored by the Council Management Team and departmental management teams. The outstanding recommendations contained in this report relating to policy, procedures and working practices are dependent on the outcome of the corporate review of terms and conditions and will be addressed following conclusion of this exercise.
2012/26	City Development	Follow-up Review of Residents Parking Permits	3	2	A review of the three residential parking permit zones has been carried out by management with a number of proposals being made. These proposals are to be submitted for consideration by the City Development Committee in due course.
2012/28	Education	Pre School Provision	1	0	The nursery application form has been reviewed and updated and an annual nursery admissions panel meeting was implemented in April 2014. However full implementation of this recommendation is dependant on the national release of the NAMS 3 module within SEEMIS.

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2012/32	Social Work	Commissioning of Care	2	0	The recommendations within the report are being progressed and improvements to date include actively pursuing organisations for their quarterly financial monitoring spreadsheets and checking that insurance levels in place are adequate. In terms of the outstanding areas such as contract monitoring this is being developed at a corporate level through Changing for the Future.
2012/33	City Development	Business Start-ups	2	2	
2012/36	Corporate	Data Protection	4	2	The report's recommendations have been progressed and a Data Protection e-learning module is now mandatory for staff. In addition, departments that handle sensitive information have their own bespoke training plans. The arrangements for managing and monitoring breaches, including potential breaches, have been improved. The key outstanding area relates to the draft Data Protection Policy which is to be submitted to Committee for approval by December 2015.
2013/05	Environment	Test Purchases and Seized Goods	4	4	

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2013/07	Environment	Special Collections	3	0	Steps have been taken to address the recommendations in the report, including roll-out of access to the Special Collections Database to District Housing Offices and Customer Services and subsequent training of these employees. Currently work is ongoing to address the outstanding areas including agreeing a protocol for managing house clear out requests from housing staff, enhancing existing IT systems and completing the staff training programme.
2013/08	City Development	Carbon Reduction Commitment	3	3	
2013/09	Corporate	Follow-up Review of Risk Management Arrangements	2	0	The recommendation relating to the frequency of reporting of risk management arrangements to Members will not be fully implemented until the Council restructure is complete. There has however been progress in relation to departmental risk registers with the majority of departments having met with the Risk and Resilience Manager and developed risk registers which are to be managed through the recently purchased Covalent software.
2013/11	Corporate	Follow-up Review of Corporate Complaints	2	1	The area outstanding relates to staff training. Materials have been written for a planned course on Complaints Investigation and this will be actioned by the end of the calendar year.

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2013/12	Housing	Performance Indicators	4	2	A number of improvements have been made in relation to roles and responsibilities, utilisation of the database and dissemination of guidance updates received from the Scottish Housing Regulator. The outstanding areas which include drafting operational procedures, performing spot checks of data and ensuring data collection procedures are documented for all indicators are being progressed.
2013/13	Corporate	Welfare Reform – Scottish Welfare Fund	7	4	A large number of improvements have been made including the introduction of generic decision-making staff for Crisis Grants and Community Care Grants, a referral process to access Welfare Rights Officers, enhanced management information reporting and full reconciliations between the SWF system and general ledger. The SWF software solution has also been enhanced. Work is ongoing to take forward the outstanding areas.
2013/16	Corporate	Disposal of IT Equipment	3	3	
2013/17	Corporate	Occupational Health	5	4	Significant progress has been made towards implementing the recommendations, including a formal review of the Occupational Health Policy and quarterly monitoring meetings. A new occupational health contract is now in place and post award arrangements are currently being finalised by Corporate Procurement. Steps are also being taken to ensure that management make timely referrals to the occupational health provider.

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2013/30	Corporate	Tax Governance	4	0	Since completion of the review, responsibility for implementing the recommendations in respect of PAYE has been transferred due to structural changes. As a result, a revised implementation date of 30 September has been agreed. The recommendations relating to VAT are being progressed and should be completed by the end of the calendar year.
2013/31	Corporate	Data Backup	2	1	Whilst a Data Backup Policy has been drafted it is currently being re-evaluated to ensure that going forward it can effectively manage potential emerging threats to the Council from an IT perspective such as virus attacks and remedial action can be taken timeously.
2013/32	Corporate	Community Planning Partnership	3	1	There has been slippage in taking forward the report's recommendations due to the creation of the Health and Social Care Partnership. Going forward during 2015/16, the Partnership aims to utilise best practice principles for other Single Outcome Agreement priorities, relating to early years and employability. It is anticipated that by the end of the calendar year the action in respect of publishing minutes on the Partnership website will be complete.
2014/01	Corporate	Follow-up Licensing of Houses in Multiple Occupation	2	0	The key areas which still require to be concluded upon are the signing of the service level agreement and the level of interim inspections to be undertaken. The latter is resource dependent and is due to be considered again following the anticipated changes to the Scottish Fire and Rescue inspection policy.

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2014/04	Corporate	Grant Funding	2	1	In respect of corporate oversight and approval, a working group tasked with facilitating communication, providing corporate direction and guidance has been established. A policy statement has been drafted and it is scheduled to be finalised by the end of the calendar year. This will guide development of departmental operational procedures. Procedures are also being developed for the planning and post-award processes.
2014/23	Corporate	Performance Indicators	1	0	A number of improvements have been made including set distribution lists for disseminating key information to departments and departmental access to the Knowledge Hub. An annual report on the Local Government Benchmarking Framework process is to be prepared for the Council Management Team and Elected Members.
2014/29	Corporate Services	ICT Refresh Programme (Education Network)	1	1	