

The Highland Council

Audit and Scrutiny Committee – 19th June 2014

Agenda Item	5
Report No	AS/9/14

Action Tracking Report

Report by Head of Internal Audit & Risk Management

Summary

The Audit and Scrutiny Committee receives regular updates to provide assurance that the agreed actions arising from audit reports have been satisfactorily implemented. This report provides information regarding the most recent action tracking undertaken since the last update provided to Committee on 20/06/13. This update covers the period from 01/06/13 to 31/05/14.

1. Action Tracking Process

1.1 The action tracking process operates as follows:

- (1) Audit reports contain an Action Plan which details the areas of concern; management agreed action; target date for implementation; and the title of the Officer responsible for implementation.
- (2) Once all of the target dates in the audit report have passed, the audit recommendations are action tracked. This involves contacting the appropriate Manager(s) to confirm that the agreed actions have been implemented.
- (3) Where the agreed management action has not been undertaken, an explanation is requested. However, if this response is considered to be unsatisfactory, it is subject to further audit enquiry and/ or investigation. A revised implementation date will be agreed and this is action tracked once this date has expired.
- (4) Where the action is not implemented by the agreed date and a revised date is agreed, this is reported back to the Audit and Scrutiny (A&S) Committee. In addition, where target dates have been changed, this is also reported.

The monitoring of both internal and external actions are undertaken by Services through the Quarterly Performance Review (QPR) process and these should be recorded on the Performance and Risk Management system (PRMS). Where possible, the action tracking process utilises the information recorded in PRMS to monitor the progress in implementing the agreed actions.

1.2 Where an audit is undertaken on an annual basis, the management agreed actions are followed up as part of the following's year's audit work. Such audits include the Leader Programme, Verification of Performance Indicators, Housing and Council Tax Benefit payments and Corporate Governance. Any outstanding recommendations are carried forward into the following year's report.

- 1.3 In addition to the action tracking process, individual follow-up audits are undertaken where the previous audit report had a number of high priority findings and/ or the audit opinion consisted of “limited assurance”. There were five such audits in the 2013/14 audit plan and 2 of these (Payments to Nursery providers and School Meals Income and Collection systems) are reported to Committee today as part of agenda item 3. With regard to the other follow-up audits, Corporate Internet use was not undertaken and has been included in the 2014/15 audit plan. Reports are being drafted for the other two audits; Contractor’s Framework Agreement for works up to £50,000 and Business Continuity Planning arrangements, and it is expected that these reports will come to Committee in the September meeting. There is one other follow-up audit in the 2014/15 plan in respect of the Administration of Fuel Cards which was requested by Members at the meeting of 20/06/13. This audit is scheduled to be undertaken later in the year and the findings will be reported to Committee in the normal manner.
- 1.4 Regardless of the method used as described in 1.1 – 1.3 above or section 2 below, the results are summarised in the table provided at Appendix 1.
- 1.5 A report to the A&S Committee on 28/03/13 included 3 follow-up audit reports (CareFirst, Administration of Fuel Cards and Car Park Income Collection) and it was stated that a number of the previous management agreed actions had not been implemented. In response to concerns raised by Members the former Chief Executive requested a report from the Head of Internal Audit & Risk Management. This resulted in revised procedures being put in place to ensure that management agreed actions are implemented timeously, including where a revised date is required this is flagged as an issue and escalated, and requests for time extensions are approved by a senior manager/ Director.

However, the recent follow-up audits have identified that this process has not been complied with, and 6 high grade actions that were due to be implemented in 2013/14 only being partially addressed. Further information on these actions is provided in section 2.5 of the Statement on Internal Control and Annual Report 2013/14 (agenda item 4).

In view of the above, the Head of Internal Audit & Risk Management has written to all Directors and Service administrators of the Performance and Risk Management system (PRMS) and has reminded them of the following:

- Actions should only be signed off as complete by the responsible Head of Service.
- Where extensions of time are sought to implement agreed actions, requests must be made by the responsible Head of Service to the Head of Internal Audit & Risk Management.
- The monitoring of outstanding actions should form part of regular performance monitoring within each Service.

In addition to the above:

- Internal audit reports will, in future, be issued to the appropriate Service PRMS administrator in order that they can ensure that all reports are

entered onto the system.

- Financial Regulations have been updated to reinforce the procedures regarding the audit actions.
- Compliance with the above processes will be reviewed during the course of this year and will be reported back to Committee.

2. Performance and Risk Management System (PRMS)

- 2.1 PRMS provides the report information for the Service QPRs and the standard template of information includes details of all internal audit actions, the responsible officer and the “RAG” (Red, Amber, Green) status. The system allows the responsible officers to update the audit actions and also provides a free text box for recording any additional information. PRMS is now fully operational across all Services.

3. Action Tracking/ Follow-up Findings

- 3.1 The report attached as **Appendix 1** provides a summary of all audit reports issued which have been subject to action tracking/ follow up. This shows that a total of 138 audit recommendations were made and the current position is that:

- 122 actions have been satisfactorily implemented.
- 11 actions have not been implemented and have revised target dates, further details are provided in section 3.2 below.
- 1 follow-up report, School Meals Income and Collection Systems, identified that 5 actions, including 1 high grade, had not yet been fully implemented as agreed. These actions have been taken forward in the new follow-up report and the report summary and new action plan are provided as part of agenda item 3.

Audits with revised target dates and actions carried forward into the following year’s report are action tracked once the target dates have passed in order to ensure that the agreed actions have been satisfactorily implemented. The outcome of this will be included in the next annual action tracking report to Committee. Therefore, Committee can be assured that all agreed actions are subject to a robust action tracking process and are informed of the results on an annual basis.

- 3.2 Within the 11 actions with revised target dates, there are 2 audits which have had a number of revised dates and these are summarised below. The original Action Plans are provided identifying which actions have been completed; where actions remain incomplete explanations are provided. These can be found at Appendices 2 - 4 of this report.

- **BACS Payments (Appendix 2)**

When previously reported there were 2 actions which had further revised target dates and 2 actions were reopened as a result of changes to the process for the approval of BACS payments. 1 action has since been completed and the remaining 3 have revised target dates.

- **Corran Ferry Income Collection (Appendix 3)**

1 high priority action in respect of an appropriate solution to ensure

password security in order to meet the Council's policy for the Acceptable use of ICT and PCI DSS requirements remains outstanding and has a revised date of 30/09/14.

- Schools – Financial Procedures (Appendix 4)

There are 5 partial actions which have revised target dates (3.1.1, 3.2.1, 3.2.2, 3.3.1 and 3.5.1). These have arisen as a result of multiple actions against the various Schools that were visited during the audit review.

4. Implications

- 4.1 There are no Resource; Legal; Equalities; Climate Change/Carbon Clever; Risk and Gaelic and Rural implications arising from this report.
- 4.2 The implementation of the management agreed actions will reduce the risk exposure to the Council.

Recommendation

Members are asked to note the action tracking information provided including the revised target dates for the completion of outstanding actions and the assurance provided at section 3.1 of this report.

Designation: Head of Internal Audit & Risk Management

Date: 10th June 2014

Author: Donna Sutherland, Audit & Risk Manager

Background Papers:

Appendix 1

Action Tracking Report - Highland Council Completed Actions

Report Ref and Name	Final Issued	Number of Recommendations	Number				Comments
			Cleared	Date Revised	No Action	Outstanding	
HK20/002.bf.bf – Electronic Content and Document Management System (ECDM)	20/11/09	12	12	0	0	0	When last reported 2 actions were outstanding and the dates had been revised more than once. Both of these have now been addressed.
HC13/009.bf - Phoenix e ¹ System	09/09/11	9	9	0	0	0	When last reported there were 4 actions reported which were outstanding in parts. All of these have now been addressed.
HK07/006.bf.b.f.bf - BACS Payments	23/11/11	12	9	3	0	0	When last reported there were 2 actions with revised target dates and, 2 actions reopened which were previously recorded as complete. 1 action has been completed and the remaining 3 have revised target dates of 30/09/14, see Appendix 4 for details.
HE16/006.bf - The e-planning System	22/02/12	14	13	1	0	0	One action has a revised target date of 30/06/14 (originally 30/06/12). This relates to the production of an access control policy.
HK16/010.bf - AXIS Cash Receipting and Income Management	05/03/12	8	8	0	0	0	When last reported, there were 3 outstanding actions which had revised dates. These have now been addressed.

Report Ref and Name	Final Issued	Number of Recommendations	Number				Comments
			Cleared	Date Revised	No Action	Outstanding	
HH14/005.bf - Corran Ferry Income Collection	10/09/12	3	2	1	0	0	When last reported the target date for 1 action in respect of password security had been revised from 31/12/12 to 30/09/13. This date was later changed to 30/10/14 to allow a suitable ICT solution to be obtained.
HK47/001 - Matters arising from the Statement of Internal Control 2011/12	12/11/12	5	5	0	0	0	When last reported there was 1 action with a revised target date which related to the amendment of personnel policies to incorporate the requirements of the Bribery Act 2010. This has been completed.
HC39/008 - School Meals income collection and monitoring systems	12/11/12	17	12	0	0	5	A follow-up audit was undertaken as part of 2013/14 audit plan and copy of this report is provided at Agenda item 3. A new action plan is in place for the outstanding actions.
HH03/002 - Car Park Income Collection (Follow-up)	18/03/13	8	8	0	0	0	When last reported 1 action in respect of correcting anomalies in the recording of paid fines was partially complete. This has now been fully addressed and is complete.
HG46/003.bf - CareFirst (Follow Up)	18/03/13	5	5	0	0	0	
HK33/016 - Administration of Fuel Cards (Follow-up)	15/03/13	4	4	0	0	0	Further follow-up review in 2014/15 audit plan.
HA30/003.bf.bf - Compliance with the Carbon Reduction Commitment Energy Efficiency Scheme 2010-11 and 2011-12	11/06/13	2	2	0	0	0	
HA49/005.bf - Corporate Governance 2012-13	07/11/13	4	4	0	0	0	

Report Ref and Name	Final Issued	Number of Recommendations	Number				Comments
			Cleared	Date Revised	No Action	Outstanding	
HC13/012.bf.bf - Schools	22/07/13	18	13	5	0	0	
HD02/008.bf - Housing Rents	16/09/13	7	7	0	0	0	
HD20/001.bf - Housing Stores/Repairs and Maintenance	16/09/13	4	3	1	0	0	One action (3.2.2) in respect of sample checking of rent increases has a revised target date of 30/09/14 (was 28/02/14).
HG05/009.bf - Children and Families Team - System Weakness Report	19/02/14	2	2	0	0	0	
HK12/011 - Housing Benefit and Council Tax Benefit Payments 2012/13	17/03/14	4	4	0	0	0	
Totals		138	122	11	0	5	

BACS Payments (HK07/006.bf)

Report Ref.	Area of Concern	Grade	Management Agreed Action	Responsible Officer	Target Date	Complete Yes/ No
5.2 (i)	Staff involved in BACS processes do not all have direct access to BACS Rules and guidance documentation on the BACS website. BACS Service User's Guide and Rules to the Direct debit Scheme are updated on a regular basis.	2	Public Folders to be set up for relevant staff, and updated twice per year	Business Support Officer and Assistant Manager Income & Recovery, Finance	29/02/12	Yes
5.2 (ii)	There is no Access Control Policy with advice on logical and physical access requirements for BACS, access to the BACS Payments website, access to BACS software, access to BACS hardware and smartcards.	3	Access Control Policy to be drafted.	Business Support Officer & Systems Administration Manager, Finance	31/01/12 Revised to 30/09/12, then 31/08/13	Yes
5.2 (iii)	Council staff are not identified as Primary Security Contacts (PSC) for Highland Service Accounts. There is no nominated person or Section within the Council with overall responsibilities for BACS submissions as advised in the BACS Approved Bureau Scheme Support Guidelines. Instead, this is the responsibility of Fujitsu Services.	2	(Non submitter) Bank privileges for direct monitoring by PSC and Assistant to be set up. PSC to monitor daily, viewing reports of pending transactions, downloading and confirming that all batches are processed once correctly by Fujitsu.	Head of Exchequer & Revenues and Business Support Officer, Finance	31/12/11	Yes

BACS Payments (HK07/006.bf)

Report Ref.	Area of Concern	Grade	Management Agreed Action	Responsible Officer	Target Date	Complete Yes/ No
5.2 (iv)	Access levels in BACS software have not been set up in line with BACS Guidance and Rules, the ISO27002 Standard guidance on best practice and the Council's Financial Regulations. Operators all had high level Administrator access settings.	3	<p>Access levels in BACS software to be reviewed in line with BACS Guidance and Rules, the ISO27002 Standard guidance on best practice and the Council's Financial Regulations.</p> <p>Update Fujitsu's staff duties were not separated but Finance staff were carrying out checks and so this action was recorded as complete. However, this Finance check stopped when the Fujitsu staff and BACS processing moved to Beechwood.</p> <p>A new BACS Service Description has been drafted which includes the appropriate segregation of duties. This has to be signed off by both parties.</p>	ICT Service Delivery Manager	31/03/12, Revised to 31/07/13, then 30/09/14	No
5.2 (v)	PCs used for BACS processing also had non- BACS data (ODEX) stored on them. This does not follow BACS baseline physical security control guidance	3	The PCs used for BACS processing should not have any non BACS data stored. Both PCs should have the same build and provide resiliency for the BACS Service.	ICT Service Delivery Manager	29/02/12 Revised to 30/11/12	Yes
5.3 (i)	There is evidence of BACS being provided as a supported interface in the ICT contract agreed with Fujitsu Services. There is detail in some systems Service Descriptions, but there is no specific Service Description for BACS. The Council is registered as a direct submitter for BACS and Fujitsu officers complete BACS processing.	2	<p>The issue will be addressed as part of contract management arrangements.</p> <p>Update Will be addressed by the new Service Description referred to at 5.2 (iv) above.</p>	ICT Service Delivery Manager	30/04/12, Revised to 31/12/12, 31/07/13, then 30/09/14	No

BACS Payments (HK07/006.bf)

Report Ref.	Area of Concern	Grade	Management Agreed Action	Responsible Officer	Target Date	Complete Yes/ No
5.5 (i)	BACS operators have no warning in advance of transmissions required for each day so it is not possible for operators to plan for BACS workloads in advance.	3	A schedule will be set up between Fujitsu and Highland Council and logs will be kept of all BACS processing including the exceptional ones which are beyond the acceptable cut off time of 4 pm. Schedule to be populated with assistance from BACS Submitters contact list.	ICT Service Delivery Manager and Business Support Officer, Finance	31/03/12	Yes
5.5 (ii)	Input of submissions was completed by one single operator logging into BACS from start to finish. The BACS file was signed and submitted to BACS by the same operator. This does not utilise the option to separate these duties which BACS can provide and does not follow guidance in Financial Regulations – Internal Control.	2	Access control to be set whereby one processor creates the file and another processor logs in to check and submits. This would show as two separate ID's logged in the system and confirm a check is carried out for separation of duties. Update See 5.2 (iv).	ICT Service Delivery Manager	31/03/12 Revised to 31/07/13, then 30/09/14	No
5.5 (iii)	Guidance on addressing BACS file processing errors exists in the Fujitsu procedure notes for Council BACS Transactions. Error reports require timeous correction as reported in BACS guidance. However, Fujitsu reported that when these reports were forwarded to relevant Council contacts, they were not always acted on promptly.	2	The BACS guidance regarding the addressing of errors will be updated to include communication and escalation processes which will encompass the reporting on process errors. The Service User guide will be reviewed on a quarterly basis. Primary Security Contact to take pre-emptive action to ensure error reports are acted upon daily by BACs submitters.	Business Support Officer, Finance and ICT Service Delivery Manager	31/03/12	Yes
5.6 (i)	Audit trail detail of BACS processes is available to view by different means: Audit detail in the BACS software is not available to Council staff to view.	2	As necessary, designated council staff will be set with access to view the audit detail.	ICT Service Delivery Manager	Completed	Yes

BACS Payments (HK07/006.bf)

Report Ref.	Area of Concern	Grade	Management Agreed Action	Responsible Officer	Target Date	Complete Yes/ No
5.6 (ii)	Audit trail detail in BACS Input Reports has not been set up for Council accounts. In addition, Item Limits which provide exception reporting of data are in place for only 5 of the 9 Council's User Accounts for monitoring transaction values and not for the accounts that have high value batch totals. Therefore, Item Limits on BACS payments are not all matched to the Council's insurance cover (Council's fidelity guarantee covers for losses of up to £0.5m) or the Council's risk appetite for potential losses.	3	The usefulness of setting up audit trail facility and Item Limits for all accounts to be investigated with Clydesdale Bank.	Business Support Officer and Systems Administration Manager, Finance	29/02/12	Yes
5.6 (iii)	No detail on time periods for monitoring and following up BACS reports is available in a schedule or timetable for BACS processing for the Council, as in 5.5. The sponsor prompts the Council when reports are not acted on in good time.	3	See 5.5 (iii).	ICT Service Delivery Manager	31/03/12	Yes

Corran Ferry Income Collection (HK14/005.bf)

Report Ref.	Area of Concern	Grade	Management Agreed Action	Responsible Officer	Target Date	Complete Yes/ No
3.1.1	<p>Explanations are not always provided for surpluses and deficits, and over the 6 month period to 30 September 2011, a net deficit exceeding £700 was recorded.</p> <p>For the same period, a total of 5 individual surpluses and 7 deficits were found to exceed the current £20 threshold but had not been reported to the Head of Internal Audit and Risk Management as is required by Financial Regulations Guidance Note "Receipt of Income".</p>	Medium	<p>The ferry foremen already monitor and record surpluses and deficits and ask the pursers for explanation. They have been instructed to record action taken from now on. The Community Works Manager will monitor the actions taken by the foremen</p> <p>The foremen have been instructed to inform the community works manager of individual surpluses or deficits over £20 and he will forward the information to the Head of Internal Audit and Risk Management.</p>	<p>Ferry Foremen</p> <p>Community Works Manager/Ferry Foremen</p>	<p>30/09/12</p> <p>31/10/12</p>	<p>Yes</p> <p>Yes</p>
3.1.2	There are no formally documented procedures for the process of collecting and recording income. However, the ferry clerical assistants have started to document these in the form of a booklet.	Low	The procedures have been completed and put into use. With several months experience in use, these procedures are now being updated.	Business Support Officer, Lochaber RSL	Initial action complete; update by 31/10/12	Yes

Corran Ferry Income Collection (HK14/005.bf)

Report Ref.	Area of Concern	Grade	Management Agreed Action	Responsible Officer	Target Date	Complete Yes/ No
3.2	With regard to the acceptance of EFT card payments, not all requirements of the PCI DSS were being fully complied with. In addition, staff were unaware of the Council's IT policy on the Acceptable use of Information Systems, Communication and Technology.	High	<p>The advice on individual passwords has not been possible to implement because of compatibility problems with the software for credit card payments, however the generic password is now restricted to the two ferry foremen and not the clerical assistants. This will need to be explored further with Fujitsu. The advice on protecting cardholder data, restricting physical access to cardholder data and destroying data which is no longer needed has been discussed with the ferry foremen, for immediate implementation.</p> <p>Update A call has been logged with Fujitsu in order to establish if a suitable solution can be identified.</p> <p>The policy on Acceptable use of Information Systems, communication and technology has been emailed to all staff and they have been informed verbally of the need to adhere to it.</p>	Community Works Manager	31/12/12	No Revised to 30/09/13, then 30/10/14.
				Community Works Manager	Complete	Yes

Schools – Financial Procedures (HC13/012.bf)

Report Ref.	Area of Concern	Grade	Management Agreed Action	Responsible Officer	Target Date	Complete Yes/ No
3.1.1	An issue was identified with the DSM Review meetings. Due to long-term sickness of Head Teacher at Newtonmore and Dalwhinnie Primaries, no meeting had taken place between school and school support from Easter 2011 up until January 2012.	Low	The monthly budget monitoring procedures for schools will be amended to include specific guidance on procedures to be adopted when Head Teacher is absent on a long term basis. Update DSM guidance not yet updated. Commitment to review DSM Manual. Reminder issued to Principal Accounting Technicians (finance team) of need to arrange monitoring meetings with acting HT. Liaise with School Support Officer and set dates in diary for visits.	Head of Resources (ECS) and Finance Manager (ECS & HASC) Head Teacher of Newtonmore Primary School (PS), School Support Officer	31/08/13 31/05/13	No Revised to 31/12/14 Yes
3.1.2	An issue was identified with the Monthly reporting. There was no evidence to demonstrate that budget monitoring reports were reviewed by Head Teachers.	Medium	Any actions relating to non-compliance with existing school budget management guidance and procedures will be included within a letter to all Head Teachers to be issued at the start of academic year 2013-14 Head Teacher sign reports	Head of Resources (ECS) Head Teacher, Newtonmore PS	31/08/13 30/06/12	Yes Yes
3.1.3	An issue was identified with the recorded authorisation for the DSM Carry forward figure:	Low	Any actions relating to non-compliance with existing school budget management guidance and procedures will be included within a letter to all Head Teachers to be issued at the start of academic year 2013-14	Head of Resources (ECS)	31/08/13	Yes

Schools – Financial Procedures (HC13/012.bf)

Report Ref.	Area of Concern	Grade	Management Agreed Action	Responsible Officer	Target Date	Complete Yes/ No
3.1.3 Con't	(1) There was no evidence to show at the Primaries that the carry forward figure had been approved.		(1) Keep approved record of school & nursery carry forward.	Head Teacher & Clerical Assistant, Newtonmore PS	30/04/13	Yes
	(2) Newtonmore's Gaelic Nursery had a surplus of 5.28% which is in excess of the 5% allowed.		(2) Review with School Support Officer	Head Teacher & Clerical Assistant, Newtonmore PS	30/04/13	Yes
3.2.1	A number of issues were identified with the segregation of duties:	Low	The procurement procedure guidance for small Primary Schools will be reviewed to ensure that these specific action points are addressed therein. If this guidance requires to be updated to reflect these action points then it will be done. Thereafter the Head Teachers of small Primary Schools will be reminded of the requirements contained within the guidance, including any updates to this guidance. Update Commitment to discuss at the next Service Procurement Group meeting	Head of Resources (ECS) and Finance Manager (ECS & HASC)	31/08/13	No Revised to 29/08/14

Schools – Financial Procedures (HC13/012.bf)

Report Ref.	Area of Concern	Grade	Management Agreed Action	Responsible Officer	Target Date	Complete Yes/ No
3.2.1 Con't	(1) Although delivery notes are checked by the departments, there was no signature on the delivery notes recording this. (2) There were issues with the retention of documentation at Dalwhinnie and Newtonmore primaries. (3) There was one transaction where the Administrative processed and authorised an order.		(1) Principal teachers will check deliveries and sign delivery notes.	Rector, Golspie High School (HS) and Faculty Leaders	Immediate	Yes
			(1) Sign & date all delivery notes.	Head Teacher & Clerical Assistant, Newtonmore PS	30/08/12	Yes
			(2) A signed copy of delivery note returned to Office	Rector, Golspie High School and Faculty Leaders	Immediate	Yes
			(2) Reorganise filing of records.	Head Teacher & Clerical Assistant, Newtonmore PS	31/01/13	Yes
			(3) Ensure HT signs approval	Head Teacher & Clerical Assistant, Newtonmore PS	30/08/12	Yes
3.2.2	A number of issues were identified with the ordering and payment of invoices: (1) PECOS, the Council's official ordering system, was not the primary ordering method used at Golspie High School.	Medium	The procurement procedure guidance for small Primary Schools will be reviewed to ensure that these specific action points are addressed therein. If this guidance requires to be updated to reflect these action points then it will be done. Thereafter the Head Teachers of small Primary Schools will be reminded of the requirements contained within the guidance, including any updates to this guidance.	Head of Resources (ECS) and Finance Manager (ECS & HASC)	31/08/13	No
			Update Commitment to discuss at the next Service Procurement Group meeting			
			Every effort will be made to use PECOS for ordering. The exception will only be where supplies are unavailable through PECOS	Rector, Golspie HS	Immediate	Yes

Schools – Financial Procedures (HC13/012.bf)

Report Ref.	Area of Concern	Grade	Management Agreed Action	Responsible Officer	Target Date	Complete Yes/ No
3.2.2 con't	(2) Newtonmore and Dalwhinnie were using a different template than the one supplied by the Area Education Office (AEO). Invoices for non-book items were charged to the wrong subjective. Requisitions were sent to the AEO retrospectively.		(2) Contact Inverness re most up to date requisition template.	Clerical Assistant, Newtonmore PS	31/03/13	Yes
	(3) There were a number of payments where the invoice did not match the order amounts.		(3) Efforts will be made to ensure that delivery and pricing are as accurate as possible – there continue to be times where pricing is subject to discount offered at invoice level. Admin Assistant to ensure that orders received from departments include delivery or nil carriage line and that pricings are current as per pdf files.	Principle Teachers at Dept level, Administrative Assistant to monitor and return to Principle Teacher as necessary, Rector, Millburn Academy to receive monthly feedback.	Immediate	Yes
	(4) There were problems with matching invoices to orders at the Primaries due to paperwork not being held, differing prices or the records showing different items delivered.		(3) Where possible ensure discounts & carriage are included.	Head Teacher & Clerical Assistant, Newtonmore PS	31/03/13	Yes
3.2.3	There were a number of significant delays in the payment of invoices which ranged from 34 – 144 days from the date of receipt until payment.	Medium	Any actions relating to non-compliance with existing school budget management guidance and procedures will be included within a letter to all Head Teachers to be issued at the start of academic year 2013-14	Head of Resources (ECS)	31/08/13	Yes
			All invoices will be paid within 30 days.	Rector, Golspie HS	Immediate	Yes

Schools – Financial Procedures (HC13/012.bf)

Report Ref.	Area of Concern	Grade	Management Agreed Action	Responsible Officer	Target Date	Complete Yes/ No
3.2.4	A number of issues were identified with the use of Contract suppliers. There were a number of occasions where the contract supplier had not been used and compliance ranged from 53 – 86%.	Medium	Any actions relating to non-compliance with the Council's Financial Regulations and Contract Standing Orders will be included within a letter to all Head Teachers to be issued at the start of academic year 2013-14	Head of Resources (ECS)	31/08/13	Yes
			Wherever possible, the relevant Council's contract supplier will be used.	Rector, Golspie HS	Immediate	Yes
			Advice on best value where concerns are identified with the Contract Supplier will be obtained from the Head of Resources. Where applicable will use.	Rector, Millburn Academy	28/06/13	Yes
				Head Teacher & Clerical Assistant, Newtonmore PS	30/06/12	Yes
3.2.5	A number of issues were identified with invoice adjustment and credit notes. There were 2 instances noted where invoices had not been processed correctly.	Low	Any actions relating to non-compliance with the Council's Financial Regulations and Contract Standing Orders will be included within a letter to all Head Teachers to be issued at the start of academic year 2013-14. In addition specific training on compliance with Financial Regulations and Contract Standing Orders will be provided.	Head of Resources (ECS) and Finance Manager (ECS & HASC)	31/10/13	Yes
			Only one invoice will be accurately entered into the system with issues addressed prior to inputting.	Rector, Golspie HS	Immediate	Yes
			Administrative Assistant will return invoices requiring changes.	Administrative Assistant/ Rector, Millburn Academy	Immediate	Yes

Schools – Financial Procedures (HC13/012.bf)

Report Ref.	Area of Concern	Grade	Management Agreed Action	Responsible Officer	Target Date	Complete Yes/ No
3.2.6	A number of issues were identified with purchase card transactions. (1) For both cards at Golspie High School, official purchase card transaction logs were not completed. (2) Instances were noted where the Purchase Card Guide had not been complied with: <ul style="list-style-type: none"> An old version of the purchase card transaction log was used for the HE card at Millburn Academy. VAT was re-claimed on a purchase which did not have a VAT invoice and there were 5 transactions where the paperwork held, was inadequate. The card had also been used to purchase items from non-contract suppliers where contract suppliers were available (Golspie High School). 	Low	Any actions relating to non-compliance with the Council's Financial Regulations and Contract Standing Orders will be included within a letter to all Head Teachers to be issued at the start of academic year 2013-14. In addition specific training on compliance with Financial Regulations and Contract Standing Orders will be provided. (1) The use of transaction logs will be introduced (1) New log sheets already being used	Head of Resources (ECS) and Finance Manager (ECS & HASC) Rector, Golspie HS Administrative Assistant/ Rector, Millburn Academy	31/10/13 Immediate In place	Yes Yes Yes

Schools – Financial Procedures (HC13/012.bf)

Report Ref.	Area of Concern	Grade	Management Agreed Action	Responsible Officer	Target Date	Complete Yes/ No
3.3.1	A number of issues with School Lets Income.	High	Any actions relating to non-compliance with existing school budget management guidance and procedures will be included within a letter to all Head Teachers to be issued at the start of academic year 2013-14.	Head of Resources (ECS)	31/08/13	Yes
	(1) School lets income has been received by the School Fund rather than the Highland Council. (2) The School Fund Lodgements could not be reconciled to individual transactions and it could not be established if all income due had been received and banked.		(1) & (2) The specific issues relating to the management of school let income at Millburn Academy will be addressed at a meeting with the Head Teacher	Head of Resources (ECS) / PPP Project Officer	30/06/13	No Revised to 28/08/14
	(3) There is no procedure for the recording of the float amount, the income sums received and reconciling this to receipts issued.		<u>Update</u> There is a Service review of School Lets which will address all issues re accounting arrangements – next report due to Education, Children & Adult Services Committee on 28/08/14 which will include proposals to adopt a consistent approach re accounting treatment	Administrative Assistant /Senior Leisure Assistant	In place	Yes

Schools – Financial Procedures (HC13/012.bf)

Report Ref.	Area of Concern	Grade	Management Agreed Action	Responsible Officer	Target Date	Complete Yes/ No
3.4.1	A number of issues with imprests were identified.	Medium	Any actions relating to non-compliance with existing school budget management guidance and procedures will be included within a letter to all Head Teachers to be issued at the start of academic year 2013-14	Head of Resources (ECS)	31/08/13	Yes
	(1) Central records show that Dalwhinnie has an imprest but staff was unaware of this and it was not being used. During the audit, cash and receipts were located which appeared to be the residual imprest, although a small difference was found.		(1) Dalwhinnie Primary School now mothballed and Creditors Section to be contacted.	Clerical Assistant, Newtonmore PS	31/03/13	Yes
	(2) Instances were noted where the Guidance note were not being complied with		(2) Official imprest pads will be requested and used.	Rector, Golspie HS	Immediate	Yes
	<ul style="list-style-type: none"> • Official imprest pads were not used at Golspie High School. • At Dalwhinnie, cash was being held within in a non-lockable cupboard. 		(2) Admin Assistant has reviewed relevant guidance and is following/ complying as required.	Rector, Millburn Academy	20/06/13	Yes
	(3) At Millburn Academy, errors were made in the extraction of VAT within the Imprest.		(2) Imprest claim pad being used and cash kept in lockable filing cabinet.	Clerical Assistant, Newtonmore PS	31/03/13	Yes

Schools – Financial Procedures (HC13/012.bf)

Report Ref.	Area of Concern	Grade	Management Agreed Action	Responsible Officer	Target Date	Complete Yes/ No
3.5.1	<p>A number of issues with the maintenance of Inventories.</p> <p>Only 1 school maintained an Inventory. Whilst Millburn Academy did maintain an Inventory, it was found not to be 100% accurate and complete. There was a lack of a unique identifying Inventory code in use.</p>	Medium	<p>Any actions relating to non-compliance with the Council's Financial Regulations and Contract Standing Orders will be included within a letter to all Head Teachers to be issued at the start of academic year 2013-14. In addition specific training on compliance with Financial Regulations and Contract Standing Orders will be provided.</p> <p>An inventory will be created.</p> <p>Inventory will be brought up to date on phased basis as time allows. PTs to ensure items added as purchased for new items. Administrative Assistant/ Rector, Millburn Academy to monitor and plan retrieval of unlisted items to inventory</p> <p>Ongoing compilation of school inventory.</p> <p>Update This is a relative priority which will be included within the revised DSM Manual</p>	<p>Head of Resources (ECS) and Finance Manager (ECS & HASC)</p> <p>Rector, Golspie HS</p> <p>Administrative Assistant/ Rector, Millburn Academy</p> <p>Head Teacher & Clerical Assistant, Newtonmore PS</p>	<p>31/10/13</p> <p>Immediate</p> <p>Immediate for new items – as time allows for others</p> <p>31/08/13</p>	<p>Yes</p> <p>No</p> <p>Revised to 31/12/14</p> <p>Yes</p> <p>Yes</p>
3.6.1	As indicated by the Service Finance Manager, the requirement within the Financial Regulations for the Finance Team to review School Fund Accounts is currently not happening, instead these are sent to the Area Education Office.	Medium	Any actions relating to non-compliance with the Council's Financial Regulations and Contract Standing Orders will be included within a letter to all Head Teachers to be issued at the start of academic year 2013-14. In addition specific training on compliance with Financial Regulations and Contract Standing Orders will be provided.	Head of Resources (ECS) and Finance Manager (ECS & HASC)	31/10/13	Yes

Schools – Financial Procedures (HC13/012.bf)

Report Ref.	Area of Concern	Grade	Management Agreed Action	Responsible Officer	Target Date	Complete Yes/ No
3.6.2	A number of issues with the final accounts of School funds.	Low	Any actions relating to non-compliance with the Council's Financial Regulations and Contract Standing Orders will be included within a letter to all Head Teachers to be issued at the start of academic year 2013-14. In addition specific training on compliance with Financial Regulations and Contract Standing Orders will be provided.	Head of Resources (ECS) and Finance Manager (ECS & HASC)	31/10/13	Yes
	(1) The School Fund arrangements do not accord with the requirements of Financial Regulations:		(1) Provide this signed copy and present to Parent Council.	Rector, Golspie HS	Immediate	Yes
	<ul style="list-style-type: none"> There were delays in the submission of School Fund accounts Newtonmore and Dalwhinnie Primary Schools, due to the Head Teacher being on Long-term Sick Leave. 		(1) Declaration wording to be checked and amended as necessary.	Administrative Assistant, Millburn Academy	Immediate	Yes
	<ul style="list-style-type: none"> Whilst all four school fund accounts' contain signed and dated Auditors declarations, these varied in comparison and does not match the Council's required declaration. 		Parent council will have on agenda at 1st meeting following audit process. Administrative Assistant to Rector, Millburn Academy to Parent Council Chair	Administrative Assistant & Rector, Millburn Academy	Immediate	Yes
	<ul style="list-style-type: none"> Also, the accounts did not contain a declaration from the respective Parent Council, demonstrating that they had been presented to them. 		(2) School to check on who should audit school fund.	Clerical Assistant Newtonmore PS	31/05/13	Yes
	(2) Financial Regulations state "The Accounts must, as a minimum, follow the prescribed format as per annex 1". However, there is no such annex.		Ensure School Fund declaration is included and present audited accounts to Parent Council at next meeting after Oct holidays.	Head Teacher & Clerical Assistant, Newtonmore PS	31/10/13	Yes

Schools – Financial Procedures (HC13/012.bf)

Report Ref.	Area of Concern	Grade	Management Agreed Action	Responsible Officer	Target Date	Complete Yes/ No
3.6.3	A number of issues with the School Fund expenditure were identified.	Medium	Any actions relating to non-compliance with the Council's Financial Regulations and Contract Standing Orders will be included within a letter to all Head Teachers to be issued at the start of academic year 2013-14. In addition specific training on compliance with Financial Regulations and Contract Standing Orders will be provided.	Head of Resources (ECS) and Finance Manager (ECS & HASC)	31/10/13	Yes
	(1) There were issues with School Fund expenditure where limited or no paperwork was held to support expenditure (Golspie, Newtonmore and Dalwhinnie schools).		(1) All school fund transactions will be recorded with the name of the supplier, a description of the expenditure and the amount, supported by receipts where available.	Rector, Golspie HS	Immediate	Yes
	(2) There were no issues with Millburn Academy's expenditure records and this was due to the fact that there were the only school consistently using a Cheque request form.		(1) School currently using own template.	Head Teacher & Clerical Assistant, Newtonmore PS	30/06/12	Yes
	(3) Payments were made to staff without the supporting expenditure receipts (Golspie, Newtonmore and Dalwhinnie Schools)		(3) Now in place.	Head Teacher & Clerical Assistant, Newtonmore PS	30/06/12	Yes

Schools – Financial Procedures (HC13/012.bf)

Report Ref.	Area of Concern	Grade	Management Agreed Action	Responsible Officer	Target Date	Complete Yes/ No
3.6.4	<p>A number of issues with the School Fund income were identified.</p> <p>(1) Receipts are not issued for all income received into the School Fund accounts. Also the retention of income records varied between schools visited.</p> <p>(2) At Golspie High School, a difference of £95 held from previous lodgements not yet banked. Due to time pressures and other office duties, there were inconsistencies in the information recorded on receipts.</p> <p>(3) At all Schools visited, only one officer was responsible for all income aspects.</p>	Medium	<p>Any actions relating to non-compliance with the Council's Financial Regulations and Contract Standing Orders will be included within a letter to all Head Teachers to be issued at the start of academic year 2013-14. In addition specific training on compliance with Financial Regulations and Contract Standing Orders will be provided.</p> <p>(1) We will set aside time in the day when an admin assistant can leave the office to write receipts/count money uninterrupted.</p> <p>(1) Millburn will ensure receipt for total amounts received. Amount/purpose and name always recorded.</p> <p>(1) Receipts issued.</p> <p>(2) If there are any variances, this will be recorded.</p>	<p>Head of Resources (ECS) and Finance Manager (ECS & HASC)</p> <p>Rector, Golspie HS</p> <p>Administrative Assistant, Millburn Academy</p> <p>Head Teacher & Clerical Assistant, Newtonmore PS</p> <p>Head Teacher & Clerical Assistant, Newtonmore PS</p>	<p>31/10/13</p> <p>Immediate</p> <p>Immediate</p> <p>30/06/12</p> <p>30/04/13</p>	<p>Yes</p> <p>Yes</p> <p>Yes</p> <p>Yes</p> <p>Yes</p>
3.6.5	<p>(1) All 4 schools used spreadsheets methods for recording School Fund transactions. However, there is no consistent method adopted.</p> <p>(2) At Dalwhinnie, the School Fund spreadsheet was not kept up to date.</p>	Low	<p>The School Fund guidance notes will be updated to reflect the correct operating procedures and guidance to ensure compliance with Financial Regulations. This updated guidance will be augmented by specific training in School Fund procedures.</p>	<p>Head of Resources (ECS) and Finance Manager (ECS & HASC)</p>	<p>31/10/13</p>	<p>Yes</p>

Schools – Financial Procedures (HC13/012.bf)

Report Ref.	Area of Concern	Grade	Management Agreed Action	Responsible Officer	Target Date	Complete Yes/ No
3.6.6	A number of issues with the School Fund bank accounts were identified.	Medium	The School Fund guidance notes will be updated to reflect the correct operating procedures and guidance to ensure compliance with Financial Regulations. This updated guidance will be augmented by specific training in School Fund procedures.	Head of Resources (ECS) and Finance Manager (ECS & HASC)	31/10/13	Yes
	(1) Golspie High School and Newtonmore Primary's School Fund accounts were not in the name of "The Highland Council". Millburn Academy and Dalwhinnie Primary School Fund's bank account whilst started "H C", this is not clearly in the name of the Council.		(1) The school fund bank account will be amended to include the name of Highland Council and the reconciliation documentation will be reviewed and signed by the rector.	Rector, Golspie HS	Immediate	Yes
			(1) Bank contacted re name change – using existing stationary and will amend when new signatories added	Administrative Assistant/ Rector, Millburn Academy	31/08/13	Yes
			(1) Bank details to be corrected and made up to date.	Clerical Assistant, Newtonmore PS	30/04/13	Yes
	(2) There was no evidence to show that the Head Teacher/Rector had reviewed the bank reconciliations (Millburn Academy and Newtonmore Primary School).		(2) HT to sign banking reconciliation as required	Rector, Millburn Academy	Immediate	Yes
			(2) Ensure review & sign reconciliation report.	Head Teacher of Newtonmore PS	31/05/13	Yes
	(3) The Clerical Assistants in Newtonmore and Dalwhinnie Primary Schools administer the School Fund transactions and are also cheque signatories.		(3) Banking details re signatories to be changed.	Head Teacher & Clerical Assistant, Newtonmore PS	31/05/13	Yes