

## The Highland Council

### Audit and Scrutiny Committee – 16<sup>th</sup> June 2016

Agenda Item	4
Report No	AS/7/16

#### Action Tracking Report

#### Report by the Audit & Risk Manager

##### 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 17/11/15. This update covers the period from 01/11/15 to 30/04/16.

#### 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 Committee (ASC) Committee. In addition, where target dates have been changed, this is also reported.

1.2 This information is normally reported to Committee on an annual basis but at the last meeting on 24/03/16, it was requested that this information be provided more frequently. Therefore, it is intended that this will be provided on a six-monthly basis and reported to the June and November meetings.

1.3 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 have included 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.

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”. The 2015/16 plan had 3 follow-up audits consisting of Inspection of equipment in Schools, School off-site excursions and Grass Cutting contract - monitoring and contract payment arrangements. All of these follow-ups have been undertaken and reported to Committee.

1.4 Regardless of the method used as described in 1.1 – 1.3 above, the results are summarised in the table provided at **Appendix 1**.

## **2. Action Tracking/ Follow-up Findings**

2.1 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 155 audit recommendations were made and the current position is that:

- 136 (88%) actions have been satisfactorily implemented.
- 11 actions have not yet been implemented and have revised target dates.
- 7 actions have not been implemented and have been made redundant for the reasons outlined in the comments section.
- 1 action is not yet due.

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. Implications**

3.1 There are no Resource; Legal; Equalities; Climate Change/Carbon Clever; Risk and Gaelic and Rural implications arising from this report.

3.2 The implementation of the management agreed actions will reduce the risk exposure to the Council.

### **Recommendation**

The Committee is asked to note:

- (i) The action tracking information provided including the revised target dates for the completion of outstanding actions.
- (ii) That the action tracking information will now be provided on a six-monthly basis.

Designation: Audit & Risk Manager

Date: 6<sup>th</sup> June 2016

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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	
HC13/020.bf - Primary - School Fund System Weaknesses	12/09/14	1	1	0	0	0	
HD11/003.bf - Contractor's Framework Agreement for works up to £50,000 (follow-up)	15/09/14	4	4	0	0	0	
HK30/007.bf - Revenue Budgetary Control	15/09/14	4	4	0	0	0	
HEC04/002 - EFF Axis 4	01/10/14	7	7	0	0	0	
HK07/014.bf - Oracle Financials	05/11/14	2	2	0	0	0	When previously reported, 1 action had a revised target date. This has now been completed.
HEC04/001 - Leader Programme 2013-14	10/11/14	2	2	0	0	0	
HG05/010.bf - Commissioning of Children's Services	10/11/14	3	3	0	0	0	When previously reported, 1 action had a revised target date. This has now been completed.
HBB01/004 - Human Resource Security	11/11/14	3	3	0	0	0	When last reported, all 3 actions had revised dates. These have now been completed.
HDC03/001 - Matters arising from the Highland Council's Statement of Internal Control 2013-14	11/11/14	3	3	0	0	0	
HG05/012.bf - Childcare Income	28/11/14	11	8	0	3	0	3 actions have been marked as redundant as they related to the Oracle Financials system which has now been replaced by Integra.

Report Ref and Name	Final Issued	Number of Recommendations	Number				Comments
			Cleared	Date Revised	No Action	Outstanding	
HED02/001 - Compliance with Carbon Reduction Commitment Energy Efficiency Scheme 2013 - 14	04/12/14	3	3	0	0	0	Only 1 action was implemented as agreed. The other 2 have been carried forward within the 2014/15 report and so have been marked cleared for the purposes of action tracking. The 2 medium grade actions relate to the need for a process to manage property changes and to ensure that the process instructions have been updated to reflect the Phase 2 scheme requirements.
HBA04/001 - Review of payments through the Service Centre	17/03/15	3	2	0	1	0	1 action is redundant as the service has agreed to tolerate the risk relating to the process not being PCI DSS compliant.
HDB04/001.bf - Scottish Welfare Fund payments	16/04/15	4	4	0	0	0	When previously reported, 1 action had a revised target date. This has now been completed.
HBA01/001.bf- Debt Recovery System	12/05/15	7	7	0	0	0	
HAC04/001.bf - Community Payback Orders	10/06/15	8	8	0	0	0	When previously reported, 1 action had a revised target date. This has now been completed.
HAC05/001.bf - Mental Health Officer Service	10/06/15	5	5	0	0	0	
HDB02/001.bf – Non Domestic Rates –Billing and Collection	24/06/15	4	4	0	0	0	
HDA02/001.bf - General Ledger	13/07/15	5	5	0	0	0	
HC13/018.bf.bf - School Lets Arrangements	02/09/15	4	1	3	0	0	3 actions have the revised target date 31/12/16 which links with the review of this area and this also links with the charging for services audit.

Report Ref and Name	Final Issued	Number of Recommendations	Number				Comments
			Cleared	Date Revised	No Action	Outstanding	
HAB01/001.bf - Review of financial procedures operated in Schools	16/09/15	5	3	1	0	1	1 action is not due until 31/03/17. A revised target date of 31/12/16 has been agreed with regard to the maintenance of inventories.
HAD06/002.bf - Capital Contracts - Ben Wyvis Primary School	16/09/15	17	16	1	0	0	1 action has a revised target date of 30/09/16. See separate update provided to Committee.
HDA04/001.bf - Treasury Management	16/09/15	2	2	0	0	0	
HA02/001.bf.bf - Governance of Inverness Old Town Arts and Inverness City Arts Group	17/09/15	8	6	2	0	0	2 actions remain outstanding in relation to matters that need to be addressed with the former Project Manager. Revised target dates of 30/09/16 have been agreed.
HCD01/001.bf - Management of Housing Voids	22/09/15	3	3	0	0	0	
HDB03/002 - Housing Benefit Payments	18/09/15	2	2	0	0	0	
HAD05/001.bf - SEEMIS	21/09/15	5	4	1	0	0	Revised target date of 31/08/16 in relation to the need for an access control policy.
HDC03/002 - Matters Arising from the Highland Council's Statement of Internal Control 2014-15	21/09/15	3	3	0	0	0	
HDB05/002.bf - Income Systems	05/11/15	3	0	2	1	0	Revised target date of 31/08/16 for 2 actions relating to the need to review and improve the income reconciliation process.
HDB05/003 - Review of the Council's arrangements for the charging for services	05/11/15	4	3	1	0	0	Revised target date of 31/12/16 for 1 action. This is in respect of the review of school lets.

Report Ref and Name	Final Issued	Number of Recommendations	Number				Comments
			Cleared	Date Revised	No Action	Outstanding	
HDA06/001.bf - Payroll Administration	06/11/15	4	3	0	1	0	1 action redundant as the Cognos report that was to be used for the purpose of reviewing payroll activity of officers with full system access was not fit for purpose.
HEC01/001.bf - Pulteneytown People's Project	06/11/15	5	4	0	1	0	1 action has been marked as redundant as it was not possible to produce a single Service Level Agreement for all Council Services.
HK33/018.bf.bf - Procurement - Review of Taxi and Private Hire Vehicle inspections contract	22/12/15	2	2	0	0	0	
HAA02/001 - Family Teams - Management of Staffing Establishment	06/01/16	2	2	0	0	0	
HDD01/002 - Purchase Cards	28/01/16	7	7	0	0	0	
<b>Totals</b>		<b>155</b>	<b>136</b>	<b>11</b>	<b>7</b>	<b>1</b>	