

Agenda Item	5
Report No	AS/7/19

## HIGHLAND COUNCIL

**Committee:** Audit & Scrutiny Committee

**Date:** 13<sup>th</sup> June 2019

**Report Title:** Action Tracking Report

**Report By:** Corporate Audit Manager

### 1. Purpose/Executive Summary

- 1.1 The Public Sector Internal Audit Standards (the standards) requires the Chief Audit Executive to establish a follow-up process to monitor and ensure that management actions have been effectively implemented or that senior management has accepted the risk of not taking action. Details of this process called action tracking, is provided at section 3 of this report.
- 1.2 The outcome of this process is reported to the Audit & Scrutiny Committee on a six-monthly basis. This report covers those audits which have been action tracked during the period 01/11/18 – 31/05/19.

### 2. Recommendations

- 2.1 The Committee is invited to note and comment upon the action tracking information provided including the revised target dates for the completion of outstanding actions.

### 3. Action Tracking Process

3.1 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 action plan have passed, these are action tracked. This involves contacting the appropriate Manager(s) to confirm that their 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. Where delays have occurred and the reason for these are considered reasonable then a revised implementation date is agreed and this is action tracked once this date has expired.

3.2 Where an audit is undertaken on an annual basis such as the Leader Programme and Compliance with the Carbon Reduction Commitment Energy Efficiency Scheme, the management agreed actions are followed up as part of the following's year's audit work. Any outstanding recommendations are carried forward into the following year's report.

### 4. Action Tracking/ Follow-up results

#### 4.1 Summary

The report attached as **Appendix 1** provides a summary of all audit reports issued which have been subject to the action tracking/ follow up process outlined above. This shows that a total of 61 audit recommendations were made and the current position is that:

- 48 (79%) actions have been satisfactorily implemented.
- 13 (21%) actions have not yet been implemented and revised target dates have been agreed.

#### 4.2 Actions with revised target dates

A total of 5 audits have revised target dates as detailed below.

##### (i) Repairs and Maintenance – Care & Learning Properties

2 high and 1 medium grade actions are still outstanding.

- 1 high rests with Care and Learning for the review of the Devolved School Management scheme. This was originally due to be completed by 31/03/18 but was put back to 30/04/20 as new national guidance is expected to be implemented from April 2020. The Council's scheme is to be reviewed and concluded in accordance with the national changes.
- The other 2 actions rest with Development & Infrastructure. However, the Service has advised that there has been little progress addressing the high grade action with regard to condition surveys for the non-school estate properties due to their current workload and awaiting the backfilling/senior staff changes. This has also impacted upon the other priority action with regard to training and guidance on staff undertaking surveys. A revised date of 30/04/20 has been agreed for these actions.

##### (ii) Review of the administration and payments in respect of Fostering, Adoption and Kinship Care

2 medium grade actions have revised target dates from 31/03/19 to 31/07/19. These actions are interlinked and relate to changes in the payment frequency and provision of electronic pay advice. A business case for these changes has been submitted but

has not progressed as quickly as had been planned.

(iii) Review of IT controls surrounding payments to creditors

1 medium grade action relating to a workshop for budget holders was not completed by the target date of 31/12/18. This has been expanded and the following action has been included in the Corporate Resources Service Plan to be completed by 30/09/19:

Creation of wide-ranging financial management' training to budget holders covering budget holder responsibilities, budget management, contract management, commercialism, procurement, improvement methodologies and key financial processes and procedures.

(iv) Use of Purchase Cards

There has been a change in direction on this matter which has impacted upon the original management agreed actions in response to the 6 audit recommendations comprising of 3 high, 2 medium and 1 low grade priorities.

With the introduction of curtailing expenditure, purchase cards were specifically mentioned in the Chief Executive's briefings to the Council's budget holders. It is intended to undertake a complete review of all cards issued and each Card Controller will have to provide a business case for each card that they are responsible for. If there is no justification, then the card will be withdrawn and cancelled. This will apply to all cards that have very little usage and where cards have not been used recently then they too will be cancelled.

Building maintenance have the largest spend on purchase cards, with alternatives currently being developed i.e. use of the Council's stores systems will be the main route for future expenditure.

The original target dates were 31/01/19 and this has been revised to 31/07/19 for completion of the review. Updating of the associated procedural instructions will be completed in the same timeframe.

(v) Rental income (follow-up)

The target date for 1 high grade action has been revised from 31/03/19 to 30/09/19. This relates to the changes in the corporate approach to asset management.

## **5. Implications**

5.1 Resource – any resource implications arising from audit actions should be addressed by the relevant Services and where required, will be reported to Committee.

Legal; Community (Equality, Poverty and Rural); Climate Change/Carbon Clever Gaelic – none.

Risk – The implementation of the management agreed actions will assist in reducing the risk exposure to the Council.

Designation: Corporate Audit Manager

Date: 4<sup>th</sup> June 2019

Author: Donna Sutherland

## Action Tracking Report

Report Ref and Name	Final Issued	Total Recommendations	Number of recommendations:				Comments
			Cleared	Date Revised	No Action	Outstanding	
HEB01/002 - Control of Road Bonds & Enforcement of Planning Conditions	08/11/16	6	6	0	0	0	
HFA04/002.bf - Common Good Funds - Rental Income	17/03/17	3	3	0	0	0	
HAC02/001.bf Commissioned HLH Services	03/08/17	3	3	0	0	0	
HED04/004 - Repairs and Maintenance - Care & Learning Properties	15/09/17	561	2	3	0	0	
HAC06/002 - Out of Hours Social Work Service	21/11/17	4	4	0	0	0	When last reported, 1 recommendation had a revised target date. This has now been completed.
HCA02/004 Delivery of the Scottish Housing Quality Standard Programme within the HRA Capital Programme	19/12/17	2	2	0	0	0	As above.
HAB03/001 - PPP Schools Contracts – Review of Value for Money Arrangements	07/02/18	2	2	0	0	0	
HAA05/001 Commissioning of Throughcare and Aftercare Services	07/06/18	4	4	0	0	0	
HAA03/001 - Review of the administration and payments in respect of Fostering, Adoption and Kinship Care	17/07/18	6	4	2	0	0	

Report Ref and Name	Final Issued	Total Recommendations	Number of recommendations:				Comments
			Cleared	Date Revised	No Action	Outstanding	
HDA09/002 - Review of IT controls surrounding payments to creditors	05/09/18	5	4	1	0	0	
HAB01/011.bf Review of School Funds	06/09/18	3	3	0	0	0	
HDD01/004.bf Use of Purchase Cards	10/09/18	6	0	6	0	0	
HCE04/001.bf.bf Housing Information System	13/11/18	3	3	0	0	0	
HEE03/002 Rental Income (follow up)	19/11/18	4	3	1	0	0	
HED06/001 Inverness Townscape Heritage Project	27/11/18	5	5	0	0	0	
<b>Totals</b>		<b>61</b>	<b>48</b>	<b>13</b>	<b>0</b>	<b>0</b>	