Agenda Item	6
Report No	AS/15/19

THE HIGHLAND COUNCIL

Committee: Audit & Scrutiny Committee

Date: 19th September 2019

Report Title: **Internal Audit Reviews and Progress Report – 01/06/19 – 06/09/19**

Report By: Corporate Audit Manager

1. Purpose/Executive Summary

1.1 This report provides details of the final reports issued since the previous meeting of this Committee, work in progress and other information relevant to the operation of the Internal Audit section.

2. Recommendations

2.1 Members are asked to:

i. consider the Final Reports referred to in Section 4.1 of the report,
ii. note the current work of the Internal Audit Section outlined at section 5 of the report and details of progress against the plan at **Appendix 1** and
iii. agree the deletions from the planned audit work as outlined at section 6.4.

3. Implications

3.1 Resource – details of resource issues are outlined in section 6. The proposed changes to the plan are still considered sufficient to provide the annual audit opinion. However, any further reduction in the available resources puts this at risk.

3.2 Risk – see 3.1 above.

3.3 There are no Legal, Community (Equality, Poverty, Rural and Island), Climate Change / Carbon Clever or Gaelic implications.

4. Audit Reports

4.1 There have been **2** final reports issued in this period as referred to below:

Service	Subject	Opinion
Corporate Resources	Review of Financial Controls	Full Assurance
Corporate Resources	Review of Information Management Arrangements	Limited Assurance

Each report contains an audit opinion based upon the work performed in respect of the subject under review. The five audit opinions are set out as follows:

(i) **Full Assurance**: There is a sound system of control designed to achieve the system objectives and the controls are being consistently applied.

(ii) **Substantial Assurance**: While there is a generally a sound system, there are minor areas of weakness which put some of the system objectives at risk, and/ or there is evidence that the level of non-compliance with some of the controls may put some of the system objectives at risk.

(iii) **Reasonable Assurance:** Whilst the system is broadly reliable, areas of weakness have been identified which put some of the system objectives at risk, and/ or there is evidence that the level of non-compliance with some of the controls may put some of the system objectives at risk**.**

(iv) **Limited Assurance**: Weaknesses in the system of controls are such as to put the system objectives at risk, and/ or the level of non-compliance puts the system objectives at risk.

(v) **No Assurance:** Control is generally weak, leaving the system open to significant error or abuse, and/ or significant non-compliance with basic controls leaves the system open to error or abuse.

5. Other Work

5.1 In addition to the reports referred to at section 4.1 above, the Section has been involved in a variety of other work which is summarised below:

(i) <u>Work for other Boards, Committees or Organisations</u>
Audits are presently being undertaken for the Valuation Joint Board. Reports were also provided to High Life Highland and the Pensions Board and Committee during this period.

(ii) <u>Certification of grant claims</u>
Work was undertaken in respect of the Hitrans grant claims for the Smart Peripheral and Remote Airports (SPARA) 2020 project, and the Northern Periphery and Artic Programme (NPA) Lighthouse project during this period.

(iii) <u>Corporate Fraud activity and investigations</u>
Following an irregularity investigation and subsequent disciplinary investigation, a system weaknesses report is being prepared for management and will then be provided to Committee in due course.

Other investigations are ongoing and due to their nature, no further information can be provided to Committee at this time.

Investigations into suspected cases of tenancy fraud has resulted in the recovery of 5 houses so far this year with 1 in Lochaber, 3 in Sutherland and 1 in Caithness areas. Further cases are still being investigated.

In addition, a following referral from a third party, a grant fraud was jointly investigated with the Housing Development Team. The applicant had received £15,000 of grant funding and then contrary to the grant conditions had rented out the property. Following the investigation, the individual concerned repaid the grant sum in full and moved away from the Council area. Further suspected fraudulent grant cases, including a school clothing grant are still under investigation.

6. Progress against the 2019/20 audit plan and amendments to plan

6.1 The 2019/20 audit plan was approved by Committee on 27/03/19. The plan reflected the reduction in staffing within the Internal Audit Team and was based upon the revised establishment of 7 Full Time Equivalent (FTE) Internal Audit and 2 FTE Corporate Fraud staff within the Team. This establishment included 1 vacant Senior Auditor post which it was assumed would be filled by 01/07/19 and the plan was predicated on this basis. However, subsequent delays with the recruitment process and the notice period being worked means that the successful candidate will not start until 01/11/09; 4 months later than planned.

6.2 The long-term sickness absence of an Assistant Auditor has also impacted upon the available resources within the Team.

6.3 As a result, there are less available audit days than originally envisaged and this must be addressed by adjusting the plan. The available resources have been reviewed together with the allocation of days against overheads (such as leave and increased sickness absence per 6.2) and planned days across all organisations audited have been reviewed by the Corporate Audit Manager and the necessary adjustments have been made. This has taken in account the relevant risk priorities and other events that have occurred which impacts upon the need for the planned audits. These adjustments made will still allow the annual audit opinion to be provided as required by the Public Sector Internal Audit Standards.

6.4 The revised Highland Council plan which also shows the adjustments made is provided at **Appendix 1**. This comprises mainly of adjustments to the planned days but there are 2 audits, and 2 activities relating to Redesign which it is proposed to delete from the plan:

Service	Audit/ Activity	Reason for deletion
Care & Learning	Review of contract arrangements with High Life Highland	Due to appointment of new Chief Executive better to carry forward to next year.
Chief Executive's Office	Change Programme - Trades Review Board	This was not an audit but time provision for involvement in the Board which is not required at this time.
Chief Executive's Office	Council Redesign	Time not required but any requests for advice can be met from available contingency time.

Development & Infrastructure Service	Review of EU funded schemes	Uncertainty relating to Brexit and present issue where the SG is withholding European Social Fund payments.

The Appendix also provides details of the status of the planned audits.

Designation: Corporate Audit Manager

Date: 10th September 2019

Author: Donna Sutherland

Background Papers:

Appendix 1

Service	Audit Name	Scope	Priority	Planned Days	Adj.	Revised Days	Status
Care & Learning	Provision of Early Learning and Childcare services	Review of the arrangements for the expanded provision of Early Learning and Childcare as required by the Scottish Government.	Medium	5		5	Fieldwork completed
Care & Learning	Use of the Pupil Equity Fund in Schools	Review of the use of PEF within schools to ensure that the expenditure is in accordance with the criteria set out by the Scottish Government and any local agreements.	High	5		5	Fieldwork in progress
Care & Learning	Review of the systems for the payment of relief and temporary Teachers	Review of the process for the submission of hours claimed using SAL6 forms to ensure that this is appropriate and that appropriate controls are exercised over such claims. Also to ensure that these are used for the correct groups of staff and cannot be used to bypass the system for the management of vacancies within the Council.	High	27	**-2**	25	Not started

Care & Learning	Review of contract arrangements with High Life Highland	Review of the arrangements with HLH to ensure that these provide best value for the Council and are in accordance with the Following the Public Pound principles.	Medium	23	**-23**	0	Deleted, due to appointment of new CEX better to c/f to next year.
Care & Learning	Review of the arrangements for the funding to External and Third Sector Organisations	Review of the arrangements for the funding and payment to organisations across the Service to ensure this is undertaken in a consistent manner. Also that any arrangements accord with Council policies including the single grants process, procurement requirements and Following The Public Pound guidance.	Medium	25		25	Not started
Care & Learning	Workforce Planning and Staffing Arrangements	Review of the Service's workforce planning and staffing arrangements.	Medium	28		28	Being planned
Care & Learning	Review of ICT arrangements in Schools	Review of the controls in place for the management of network capacity and storage in schools. Also how this links with the roll out of chrome books and the ongoing technical support in place.	High	30	**-5**	25	Not started

Chief Executive's Office	Change Programme - Trades Review Board	Allowance for time associated with attending the Trades Review Board.	Medium	10	**-10**	0	**Deleted – time not required**
Chief Executive's Office	Council Redesign	Allowance of time associated with any activities that may arise from Council Redesign and the associated Change Programme including acting as a "critical friend" to provide an independent view/ internal challenge and advice for any proposed changes.	High	20	**-20**	0	**Deleted – time not required. However, any requests could be met from contingency.**
Community Services	Review of arrangements for the award of works to sub-contractors	Desktop review of the arrangements for the award of work to sub-contractors by staff within the Housing and Building Maintenance function.	Medium	30	**-10**	20	Not started
Community Services	Car Parks	Review of car park arrangements across the Council including deployment of staff, income systems and parking enforcement arrangements.	Medium	25	**-5**	20	Not started

Community Services	Fleet Management arrangements	Review of the fleet management arrangements to ensure that these accord with the requirements of the Councils operator's licence. This will also include review of the Tranman system.	High	10		10	Fieldwork in progress
Community Services	Review of Street Lighting	Review of the Street Lighting operations to ensure that these operate as efficiently and effectively as possible.	Medium	0		0	On hold due to absence of Asst Auditor
Community Services	Review of Mobile and Flexible Working arrangements	Review of the Total Mobile Building Maintenance system looking at the impact and new arrangements from this system and stores implications.	Medium	30		30	Not started
Corporate Resources	Pension Fund Annual Governance Assurance Statement 2018-19	Time for the provision of the Annual Governance Statement and annual Internal Audit opinion.	Core/Critical/ Commitment	3	**-2**	1	Completed in Qtr 1
Corporate Resources	HC Annual Governance Statement 2018-19	Time for the provision of the Annual Governance Statement and annual Internal Audit opinion.	Core/Critical/ Commitment	12	**-9**	3	Completed in Qtr 1

Corporate Resources	Review of fraud prevention and detection arrangements	Review of arrangements to ensure that the Council has robust arrangements in place to prevent and detect any fraud and irregularities.	High	25	**-5**	20	In progress
Corporate Resources	Audit Certificates 2019-20	Time allowance for review and certification of various grant claims.	Core/Critical/ Commitment	50		50	On-going
Corporate Resources	Pension Fund Investments	Review of the arrangements in place for the effective management of Pension Fund investments.	Core/Critical/ Commitment	12		12	Completed in Qtr 1
Corporate Resources	Pension Fund Contributions	Review of the arrangements for the accurate collection of Pension Fund contributions including transfer of monies within the Fund.	Medium	15		15	Not started
Corporate Resources	Insurance	Review of the Council's processes for dealing with insurance claims including those financed through the Insurance Fund.	Medium	5		5	Report being drafted

Corporate Resources	Review of financial controls	Review of the controls in place for the financial authorisation of payments. This will include consideration of authorisation levels and segregation of duties applied to key officers.	Medium	1		1	Completed in Qtr 2
Corporate Resources	Review of purchase to pay arrangements	Corporate review of the arrangements for the purchasing and payment of goods and services to ensure that appropriate controls are in place. This will also link with budgetary control arrangements and consideration of the roles and responsibilities of budget holders in approving expenditure and monitoring and control of their budgets.	High	30		30	Being planned

Corporate Resources	Procurement	Review of significant areas of expenditure to ensure that the contract suppliers are used as appropriate. Also consideration of any major areas where either contract suppliers have not been used or there are no contracts in place, to ensure that there are valid reasons for these or whether corrective action is required.	Core/Critical Commitment	27		27	Being planned
Corporate Resources	Income Systems	Review of the reconciliation and different systems interfaces to ensure the completeness and accuracy of income received. Also that these processes work as efficiently as possible.	High	18		18	TOR issued
Corporate Resources	Financial Assessments	Review of the processes for the claiming, processing and payment of other entitlements incl. EMA, free school meals and clothing grants.	Medium	0		0	Completed in Qtr 1

Corporate Resources	Continuous Auditing Exercises	Allocation of time for continuous auditing of financial systems with aim of providing assurance that the expected controls are operating and that there is no fraudulent activity.	High	3		3	Completed in Qtr 1
Corporate Resources	Follow Ups Allowance 2019-20	Allowance of time for action tracking of audits which are not subject to individual follow-up reviews.	Not Applicable	25		25	Ongoing
Corporate Resources	Review of absence management arrangements	Corporate review to ensure that robust arrangements are in place for the management of absence across the Council. This will include review of the timeliness and completeness of absence data produced and ensuring compliance with the relevant policies and procedures.	High	32		32	Fieldwork in progress

Corporate Resources	Review of Information Management arrangements	Review of the Council's Information Management arrangements to provide assurance that these are operating as expected and in accordance with the prescribed Policy Framework.	High	15		15	Completed in Qtr 2
Corporate Resources	Cyber Security	Review of the Council's Cyber Security arrangements to ensure that these are appropriate and effective. This will also include review of the service's incidence response arrangements.	High	23		23	Not started
Corporate Resources	ICT Contract Management Arrangements	Review of the arrangements for the management of the ICT contract with Wipro to ensure that these are working effectively.	High	27		27	Not started
Development & Infrastructure Service	Review of EU funded schemes	Review of selected EU funded schemes in particular Employability and ESF to ensure that these are achieving the expected results.	High	18	**-18**	0	**Deleted, given uncertainty relating to Brexit and SG withholding ESF funds.**

Development & Infrastructure Service	LEADER Programme 2018-19	Ensure that the obligations set out in the 2014-2020 Leader Programme Service Level Agreement (SLA) have been adhered to for project claims and verification checks.	Core/Critical/ Commitment	23		23	Fieldwork in progress
Development & Infrastructure Service	Review of capital projects	Review of the project management arrangements in place in respect of selected Flood Team projects. Will check that these comply relevant project governance guidance and procedures.	Medium	28		28	Not started
Development & Infrastructure Service	Review of charging and monitoring of time to projects	Examination of the systems in place for the recording, charging and monitoring of time to projects.	Medium	21	**-3**	18	Not started
Development & Infrastructure Service	Compliance with the Carbon Reduction Commitment Energy Efficiency Scheme 2018-19	Review of the arrangements for compliance with the Carbon Reduction Commitment Energy Efficiency Scheme (CRC EES) and to ensure that the necessary Scheme requirements have been met.	Core/Critical/ Commitment	19		19	TOR issued

Development & Infrastructure Service	Collection of school meals income	Review of the arrangements for the collection of school meals income to ensure that this is operating as efficiently as possible. This will also include review of the arrangements for the effective management of debt.	Medium	25		25	Not started
Development & Infrastructure Service	Review of Local Full Fibre Network project	Review of the governance arrangements to ensure that these accord with the prescribed framework. Also review of the grant claim process and payments to suppliers to ensure that these comply with the relevant policies and procedures.	High	18		18	Fieldwork in progress
Corporate Resources	Lean review - follow up	Time allocated to follow-up of improvement plan from the lean review of the internal audit processes.	Not Applicable	5		5	Not started
Total Days				**748**	**-112**	**636**	

Internal Audit Final Report

Corporate Resources Service

Review of Financial Controls

Description	Priority	No.
Major issues that managers need to address as a matter of urgency.	High	0
Important issues that managers should address and will benefit the Organisation if implemented.	Medium	0
Minor issues that are not critical but managers should address.	Low	2

Audit Opinion

The opinion is based upon, and limited to, the work performed in respect of the subject under review. Internal Audit cannot provide total assurance that control weaknesses or irregularities do not exist. It is the opinion that **Full Assurance** can be given in that there is a sound system of control designed to achieve the system objectives and the controls are being consistently applied.

Distribution:
Chief Executive
Executive Chief Officer Resources and Finance
Head of Corporate Finance and Commercialism
Finance Manager (Corporate Budgeting, Treasury and Taxation)

Report Ref: HDA14/002.bf
Draft Date: 22/08/2019
Final Date: 10/09/2019

1. Introduction

1.1 This audit reviewed the controls in place for the financial authorisation of payments. This included consideration of authorisation levels and segregation of duties applied to key officers.

1.2 This was a high level review of different IT systems. Enquiries were made with Officers covering access and authorisation controls of the following areas: Treasury management, online banking arrangements and systems which interface with Integra.

2. Main Findings

2.1 *There are adequate controls in place for financial authorisation of payments.*

This objective was fully achieved. There are appropriate controls for the Treasury management system and online banking for payments and transfers.

Treasury Management and Online Banking

There are 3 levels of user of online banking; Read Only, Processor and Corporate Administrator. The list of users is checked against leavers on a monthly basis. As of September 2018 there were 36 users: 21 with read only access, 9 who can process transactions and 6 Corporate Administrators who can authorise payments and transfers. All access was commensurate with job title.

Processers should be the only users who can create payments but an examination of 1 Corporate Administrator's access showed they had access to the payment creation facility (although this access has never been used). Online banking permissions are determined by access level so all 6 Corporate Administrators will have the same privileges (See recommendation L2 in the action plan). Whilst there is a risk that a Corporate Administrator could create and authorise a payment, all payments are monitored independently on a daily basis. Corporate Administrators have powers to add and remove users and set approval limits. They can also run reports on any user's activity. In practice this is not undertaken due to the existing daily checks by the Treasury Officer, but is a potentially useful monitoring tool if required in the future.

The key controls covering money leaving the Council are as follows:

Only Corporate Administrators and Creditors can actually authorise money to leave the Council. Any payment out of the Council via online banking is taken by Treasury Officers to a Corporate Administrator who looks at the documentation and reason for transfer and signs their approval.

The Treasury Officer performs checks on account balances and cash flows on a daily basis and undertakes reconciliations between records of deals and cashflows, and Integra.

Only Treasury Team staff and Creditors have permissions to make any same day payments outwards (using CHAPS-Clearing House Automated Payment System) for online banking. The Treasury Officer undertakes call backs with another Officer before passing for authorisation.

Any request to transfer funds using same day payment must come from a Budget Holder who is authorised to request. One of the Corporate Administrators will decide if this request is acceptable and that any supporting documentation is adequate.

Feeder Systems

Integra interfaces with the following systems:

- Profess
- K2
- Spydus (Libraries system)
- TOTAL
- Care First
- Tranman
- Revs and Bens (including Housing Benefit)
- Purchase Card Interface

- AXIS

The Purchase Card Interface was not examined as there have been 2 previous audits of purchase cards. Access Controls for AXIS were not examined but an audit of income systems is scheduled for 2019/20. Access to Tranman was examined in the previous audit *Review of IT Controls Surrounding Payments to Creditors*.

The feeder systems contain financial data uploaded to Integra periodically (weekly for most systems). Before uploading to Integra, the Systems and Change Team request the number of entries and total value to be loaded. It is the responsibility of the various Services to ensure data integrity. However Systems and Change do run reports before uploading which warn Services of potential duplicates and errors. Samples of the most recent uploads for the above mentioned systems were reviewed and found to be accurate.

Reviews take place of users of feeder systems to take account of officers leaving the Council. Checks are undertaken to ensure duplicate payments are removed from each system prior to upload and Officers confirmed that there are approval processes in place for systems.

Budget Holder Responsibilities

Budget Holders are responsible for approving the payment of invoices. Financial Regulations state that "Officers must only authorise a transaction when they are aware of its circumstances; are given access to documents supporting it if required, and are in a position to challenge it." Ongoing in depth scrutiny of Budgets is taking place across the Council, and plans to increase training offered to Budget Holders. A new audit on the purchase to pay process is scheduled for 2019/20 which will examine this area in greater detail.

There is no reconciliation between the ledger and supplier statements undertaken by the Creditors Section. They do however check outstanding invoices on a statement if they are over 2 months old and refer this back to the Service to address.

The Head of Corporate Finance and Commercialism is made aware of payments over £500,000 but only after payment is made. There is no independent check of large payments to suppliers beyond Budget Holder approval (See recommendation L1 in the action plan).

Key Officers' access to systems

There is no corporate mechanism to search by individual Officer to see what systems they can access. This makes it difficult to quickly determine that adequate segregation of duties exists for all processes. However the segregation of duties for online banking, Treasury systems, feeder systems and Integra demonstrates that no one user has access to the entire process for any transaction. This complements the findings in the audit *Review of IT Controls Surrounding Payments to Creditors* which concluded the Council does not have any 1 individual with unrestricted access to systems.

3. Conclusion

3.1 Enquiries with Officers showed that key systems do have appropriate access and authorisation controls in place. While the audit opinion for this audit is Full Assurance, this was a high level review of overall controls to complement previous and future audits. Separate audits would be required to undertake detailed testing of individual systems.

4. Action Plan

Ref	Priority	Finding	Recommendation	Management Response	Implementation	
					Responsible Officer	Target Date
L1	Low	The Head of Corporate Finance and Commercialism is made aware of payments over £500,000 but only after payment is made. There is no independent check of large payments to suppliers beyond Budget Holder approval.	The current process should be reviewed with a view to introducing an independent check on payments over a specified value by a senior officer within the relevant service prior to payment being made. The review should consider the value at which this check would be required, and the appropriate officers to scrutinise the payments.	The current process will be reviewed to look at the benefits such an approach might bring. Any changes that could be introduced as a result would need to be proportionate, balancing any additional work required with the benefit such a change might bring.	Head of Corporate Finance and Commercialism	31/12/19
L2	Low	Corporate Administrators have access to payments creation facility in online banking, which could have implications for segregation of duties.	The Corporate Administrator permissions should be amended to ensure that segregation of duties exists for all online banking procedures.	The existing banking system does not allow such changes to Corporate Administrator permissions to be made. As an alternative all payment authorisations will be amended so that they require 2 corporate administrators to authorise before payment is made.	Finance Manager (Corporate Budgeting, Treasury and Taxation)	31/10/19

Internal Audit Final Report

Corporate Resources

Review of Information Management Arrangements

Description	Priority	No.
Major issues that managers need to address as a matter of urgency.	High	3
Important issues that managers should address and will benefit the Organisation if implemented.	Medium	3
Minor issues that are not critical but managers should address.	Low	0

Audit Opinion

The opinion is based upon, and limited to, the work performed in respect of the subject under review. Internal Audit cannot provide total assurance that control weaknesses or irregularities do not exist. It is the opinion that **Limited Assurance** can be given in that weaknesses in the system of controls are such as to put the system objectives at risk, and/ or the level of non-compliance puts the system objectives at risk.

Distribution:
Chief Executive
Executive Chief Officer Resources and Finance
Executive Chief Officer Performance and Governance
Interim Head of ICT, Corporate Resources Service
Interim Head of HR, Corporate Resources Service
ICT Service & Performance Manager, Corporate Resources Service
ICT Strategy & Engagement Manager, Corporate Resources Service
Information & Records Manager, Corporate Resources Service
Freedom of Information & Data Protection Manager, Corporate Resources Service

Report Ref: HDD04/001
Draft Date: 05/08/19
Final Date: 06/09/19

1. Introduction

1.1 Information Management (IM) is the function of managing information through its lifecycle from creation through to disposal. The Council's IM Strategy (the Strategy) sets out how this will be managed and is supported by a range of policies set out within the IM Policy Framework. The audit assessed the effectiveness of these policies by establishing the level of staff awareness of them across the Council and whether or not they are applied consistently. This was done by surveying a sample of 145 users across Council Services. 70 responses were received.

1.2 An Information Governance Health Check was carried out by Zurich, at no direct financial cost to the Council, and the results were set out in a report produced in December 2017. The report included a number of recommendations and an action plan was produced. The audit looked at whether or not these recommendations have been considered and implemented where appropriate.

2. Main Findings

2.1 *Information Management Strategy and Policy Framework*

This objective was partially achieved. The Strategy and Policy Framework are reviewed regularly to ensure that they continue to support the Council's objectives and any legislative changes. The most recent example of this relates to the Data Protection Policy which was reviewed in April 2018 and updated prior to the introduction of the EU General Data Protection Regulation (GDPR) in May 2018.

If delivered effectively, the main principles set out in the Strategy should adequately support delivery of the Council's strategic priorities as set out in the 'Corporate Plan 2017-2022 (updated May 2019)'.

There are various ways in which employees are made aware of the Council's IM policies and practices and the role they play in this:

- Staff induction – checklist to be used
- Mandatory e-learning course
- IM Portal
- Other training i.e. Cyber Security Awareness session
- Cascading of information through work with teams, individuals and the IM Governance Board.

All staff should receive an induction at the commencement of employment with the Council and the checklist includes a section on IM. However, only 69% of survey respondents had received an induction and of those only 41% said that IM had been covered.

Approximately 19% of employees have completed the mandatory e-learning course which has increased from 10% in 2014. The onus is on line managers to ensure that staff have completed the training through the induction process and annual Employee Review & Development (ERD) meeting. However 74% of survey respondents said that this had not happened and the most common reason for not completing the training was being unaware that it was required.

Apart from a reminder on responsibilities around confidential waste in 'In Brief – Number 31' in early June 2019 there have been no direct communications issued to staff over the past few years regarding information and records management. The Information & Records Manager said that this had been done in the past but had been relatively ineffective. The direct communication mentioned above was in response to a data security breach. The matter was reported to the Information Commissioner's Office (ICO) by the Council, and no further action was deemed necessary by the ICO as a result of the remedial action taken by the Council.

There were varying levels of awareness amongst survey respondents of each of the IM policies. This ranged from only 30% being aware of the Corporate Retention Schedules to 73% being aware of the Data Protection Policy. Respondents were asked to rate their overall awareness and understanding of their responsibilities with regards to IM on a scale of 1-10 (1 not at all aware and 10 very aware). 37% provided a rating of between 1

and 5 and 63% provided a rating of between 6 and 10 (See action plan ref H1).

Only 79% of respondents who had access to personal data held by or on behalf of the Council said that they were fully aware of what their duties and responsibilities were under Data Protection Legislation. Lack of staff awareness increases the risk of a data breach under GDPR, indeed such a breach has happened recently, and this could result in significant financial consequences to the Council in the form of fines issued by the ICO (See action plan ref H2).

2.2 *Governance Arrangements*

This objective was partially achieved. There is an Information Governance Board (IMGB) in place, with oversight from the Corporate Resources Committee, and it is chaired by the Head of People & ICT who also has strategic responsibility for IM. The IMGB is appropriately structured with representatives, IM Lead Officers (IMLO), from across all Services. Attendance at IMGB meetings is generally good although they do not always take place on a regular basis.

Whilst there are IMLOs in place, there are capacity issues around them being able to undertake all of the duties specified in the role description and this is currently under review. This may impact on the IMGBs ability to fulfil a crucial element of its remit, namely to support delivery of IM improvements within Services as this requires support of the IMLOs.

In accordance with the requirement of the Data Protection legislation, the Council has appointed a Data Protection Officer. Whilst it is not a mandatory requirement to have a Senior Information Risk Owner (SIRO) it is thought to be good practice. This role was latterly fulfilled by the Depute Chief Executive/Director of Corporate Resources, but since his departure a replacement has not been appointed (See action plan ref H3).

A Corporate Information Asset Register (CIAR) was created as part of the Managing Information Programme so that the Council's information assets could be managed as a single unit and therefore understood, shared, protected and exploited more effectively. However, other than a desk review carried out by the Information & Records Management Team, it has not been kept up to date since it's completion in 2014 (See action plan ref M2).

An IM Programme Plan was drawn up in 2017 and 2018 which detailed the strategic priorities & work streams required in order to deliver the Strategy. The update of the CIAR was one of these work streams. However, there were challenges with resourcing delivery of these as resources were diverted to the highest priority areas, mainly relating to delivery of the Wipro contract. In 2017, 6 out of 9 work streams were partially completed and in 2018, 1 out of 7 was fully completed and 6 partially completed. A Programme Plan was not prepared for 2019; instead resources will be focussed on business as usual with IM activity built into the ICT Service Plan (See action plan ref M1).

2.3 *Zurich Information Governance Health Check Report*

This objective was partially achieved. The report stated that the Council had an established, focussed and well managed approach to IM which has been in place for many years. Officers interviewed showed a strong commitment to the need for good information risk management and a desire to further enhance the Council's capabilities in this area. 17 recommendations were made which, if implemented, could improve the information risk management maturity score.

An action plan to address the recommendations was drawn up and this was considered and agreed by the IMGB in March 2018. A review carried out by the Information & Records Manager identified that 7 actions were complete, 3 were in progress and 7 required a decision on a potential course of action to be made. This was discussed at a meeting of the IMGB on 25/04/19 but has now been deferred to allow IMLOs more time to consider options. (See action plan ref M3).

3. Conclusion

3.1 The Council has established IM arrangements in place, with further improvements made in recent years through the work of the Information & Records Management Team and the Managing Information Project. However, more can be done to raise awareness of IM matters and the need for compliance amongst staff and this is reinforced by the occurrence of the data breach mentioned in 2.1. In particular, senior management should ensure that the mandatory training is completed by all staff and that they are aware of their responsibilities, especially in areas such as information security and data protection in order to minimise the risk of a data security breach occurring.

3.2 Although there is an adequate IM governance framework in place it does not always operate effectively. IMLOs are unable to undertake the full range of activities as set out in the role description and this has an impact on the effectiveness of the IMGB which does not always meet regularly. There is also not currently a nominated SIRO.

3.3 The Zurich report was overall very positive but did identify further areas for improvement. The Council is not obligated to implement the recommendations made but, as they are considered to be in line with the Strategy and Policy Framework, it is important that they are properly considered and implemented where desirable and realistic. As decisions have still not been made on a number of the recommendations more than a year after the action plan was drawn up, it is considered that the potential benefit of the review has not been fully realised.

4. Action Plan

Ref	Priority	Finding	Recommendation	Management Response	Implementation	
					Responsible Officer	Target Date
H1	High	There is a need to improve staff awareness of IM policies and procedures. The audit identified that: – All staff should receive an induction but only 69% of survey respondents had received one – Only 19% of employees have completed the mandatory e-learning course – Apart from a reminder on responsibilities around confidential waste in In Brief in early June 2019 no direct communications have been issued to staff over the past few years – The level of awareness amongst survey respondents of each of the IM policies varied and ranged from between 30% being aware of the Corporate Retention Schedules to 73% being aware of the Data Protection Policy – 37% of respondents rated their overall awareness and understanding of their responsibilities with regards to IM between 1 and 5 and 63% provided a rating of between 6 and 10. Lack of staff awareness of the	(i) Line managers are responsible for ensuring the following for their staff: – new start inductions are completed – all staff complete the necessary mandatory training; – IM policies are complied with. The above requirements should be monitored and appropriate action taken by senior management in areas of non-compliance. (ii) Consideration should be given to other ways in which levels of awareness of IM matters can be raised amongst staff. This should include, but not be limited to, regular direct communications and placing restrictions on access to key systems unless the e-learning course is completed.	(i) An email will be sent to all Managers to remind them • of the requirement to carry out inductions for all new starters • of the courses that are mandatory for all staff • that managers must ensure that they and their staff understand all council policies that are relevant to their role and follow them • of the requirement to follow the IM Policy Framework • of the IM Portal resources that they can access online. Learning and Development will monitor uptake of all mandatory training courses and report based on service area to the Executive leadership team. (ii) A review of the staff induction process and the mandatory training list will be carried out and brought back to ELT for consideration. (iii) The new SIRO will consider the corporate approach to information management risks and bring a plan to the ELT to change	Interim Head of HR Interim Head of HR Executive Chief Officer Performance & Governance	31/12/19 30/04/20 30/06/20

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		relevant policies and procedures could result in staff inadvertently breaching the relevant legislation as noted below.		behaviours amongst staff where necessary and to ensure best practice is being followed. This plan will align with the re-structuring of Council services and the new leadership roles starting. The plan will also align with the Zurich report to ensure that the relevant recommendations are implemented. (iv) System Owners will be consulted with to determine if and when it is feasible to restrict system access for staff who have not completed mandatory training.	Interim Head of ICT	30/04/20
H2	High	Only 79% of respondents who had access to personal data were aware of what their responsibilities were under Data Protection Legislation. Data breaches under GDRP can have significant financial consequences in the form of fines imposed by the ICO.	Managers should ensure that all staff who have access to personal data, held by or on behalf of the Council, are aware of their duties and responsibilities under Data Protection Legislation.	A communication will be sent to all staff to remind them of their responsibilities under Data Protection legislation. This could be combined with the action to H1 above to ensure a single clear message goes out to staff about information management risks.	Freedom of Information & Data Protection Manager	31/12/19
H3	High	The present governance arrangements are not operating effectively: – IMGB meetings do not always take place on a regular basis – There are capacity issues around ILMOs being able to	(i) Following completion of the current restructuring process, composition of the IMGB should be reassessed and IMLOs appointed who can represent their service area and carry out the IMLO role fully.	(i) The chair of IMGB and the new SIRO will engage with the ELT to identify an appropriate structure for IMGB and IM Lead Officers. (ii) When the new IMGB and IM lead Officers are in place the IMGB will be relaunched	Executive Chief Officer Performance & Governance Interim Head of ICT	30/06/20 30/06/20

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		undertake all of the duties specified in the role which impacts on the effectiveness of the IMGB – There is no current nominated SIRO.	(ii) The IMGB should meet on a regular basis. (iii) An SIRO should be appointed.	with a new timetable of meetings booked to ensure that a regular meeting schedule is maintained. (iii) A SIRO will be identified.	Executive Chief Officer Performance & Governance	30/11/19
M1	Medium	An IM Programme Plan has not been put in place for 2019 and resources will be focussed on business as usual activity with IM activity built into the ICT Service Plan.	The Council must give due consideration as to whether current IM practices and resources adequately mitigate the associated risks and deliver the Council's priorities going forward.	Action (iii) in response to H1 above will cover this recommendation.	Executive Chief Officer Performance & Governance	30/06/20
M2	Medium	The CIAR has not been kept up to date since it's completion in 2014. An update of the CIAR was included in the IM Programme Plan in 2017 and 2018 but this was not completed as resources were diverted to higher priority areas.	As there are limited resources available to deliver IM initiatives, consideration should be given as to the need to retain the CIAR.	The council is subject to records management legislation (Public Records Scotland Act) that requires us to have proper arrangements in place for the management of our records. Having an Information Asset register is a part of that as it records information holdings and identifies the responsible and accountable managers. The resourcing challenges at both service and corporate levels have meant that the CIAR has not been kept fully up to date and as a result the value from this is reduced. A review of the CIAR will be carried out to assess how it can be better maintained and developed to add more value whilst minimising the resource	Information & Records Manager	30/06/20

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				requirements at both service and corporate levels. This will identify whether existing sources of data on information holdings can be brought together and be made available to Information Asset Owners and Information Asset Managers. The findings of this review will be brought to the relaunched IMGB to consider.		
M3	Medium	Decisions have still not been made by the IMGB on a number of recommendations set out in the Zurich report more than 1 year after the action plan was drawn up. This includes recommendations to ensure staff undertake the relevant training and comply with data security requirements across the Council.	A decision should be made on the appropriate course of action for each of the outstanding actions by the IMGB. Where it is decided that action is required, timescales for delivery should be specified and delivery monitored regularly by the IMGB.	The Zurich report will be considered by IMGB and decisions made on approaches and where appropriate these will be brought to the attention of the Executive Leadership Team to support their implementation, in conjunction with the plan referred to in action (iii) to recommendation H1 above. Implementation of actions will be supported by IM Lead Officers and monitored by IMGB.	Interim Head of ICT	30/06/20