

Agenda Item	7
Report No	AS/9/22

THE HIGHLAND COUNCIL

Committee: **Audit & Scrutiny Committee**

Date: **28th September 2022**

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 known as action tracking, is provided at section 4 of this report.
- 1.2 The outcome of this process is normally reported to the Audit & Scrutiny Committee on a six-monthly basis with reports provided to the June and November meetings. As the June meeting was cancelled this report provides an update for those audits action tracked during the period 06/11/21 – 31/08/22.

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. Implications

- 3.1 Resource – any resource implications arising from audit actions should be addressed by the relevant Services and where required, will be reported to Committee.
- 3.2 Risk – The implementation of the management agreed actions will assist in reducing the risk exposure to the Council.

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

4. Action Tracking Process

4.1 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 explanation provided is considered reasonable, a revised implementation date is agreed, and this is action tracked once this date has expired.

4.2 In June 2022, a new weekly Performance Governance Board was established to provide more time for focused discussion on performance related matters with the Executive Leadership Team. From the beginning of August, the Board has received details of any missed deadlines for Internal Audit matters consisting of responses to draft audit reports and action tracking information requests. This has assisted in getting responses to overdue draft audit reports but as detailed at section 5.3 below there are a presently 5 audits with outstanding actions reported to the Board where no management response has been received.

5. Action Tracking/ Follow-up results

5.1 Summary report

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. The information is split into 3 tables:

- Table 1 details those audits where the management agreed actions have been completed.
- Table 2 details the audits where the action tracking process is still in progress and revised target dates have been provided. Further information on these particular audits is provided at section 5.2 below.
- Table 3 lists the audits which have been action tracked and no response has been received from management. These have been reported through the Performance Governance Board but still remain outstanding. Full details of the outstanding actions are provided at **Appendix 2**.

Table 4 in Appendix 1 details the summary position which shows that for the **69** audit recommendations:

- **44** (64%) are complete as the agreed management actions have been undertaken
- **6** (9%) have not yet been implemented and revised target dates have been agreed
- **19** (27%) have been action tracked as the target date for implementation has passed but management have failed to respond.

5.2 Actions with revised target dates

A total of **3** audits listed in Table 2 have revised target dates as detailed below. The first 2 audits have been subject to various revisions and reported several times to Committee. As this is a new Committee, details of the update last provided in November 2021 is replicated below together with an update of the current position.

(i) Repairs and Maintenance – Care & Learning Properties

The last Committee update stated:

1 high grade recommendation remains outstanding relating to the need to review the Devolved School Management (DSM) budget allocation process for school repairs and maintenance. This had a target date of 31/03/18 but staffing resources prevented this being completed in time. It was then intended that this would take into account the national review of DSM guidance being undertaken by the Scottish Government and COSLA but implementation of this was subsequently delayed due to Covid-19 resulting in further revised dates of 30/09/18, 30/04/20 and 31/08/21. All Councils are now required to review their DSM schemes by 01/04/22. In response, the Highland Council set up a DSM review group who have been meeting regularly during 2021 with the plan that their recommendations will be considered by the Education Committee in February 2022. A final revised target date of 30/03/22 has been agreed.

Current position:

Despite the above, this action still remains outstanding with the target date changed to 30/06/22. However, the cancellation of the June Committee cycle affected the planned Education Committee meeting. Subsequently the Executive Leadership Team agreed that due to the potential financial implications, this report should be considered at Council and take into account the latest financial position. As a result this date has now been revised to 30/12/22

(ii) Review of Information Management Arrangements

The last update stated:

There were multiple management agreed actions in response to the audit recommendations. When last reported there were 3 actions with revised target dates. 2 are now complete. The final action had an original target date of 30/04/20 which has been revised to 31/12/20, 31/08/21 and now 31/03/22.

This is in response to a high grade recommendation for mandatory staff training on Information Management. This is to be addressed by the revision of the staff induction process by Human Resources and will include the requirement for managers to sign off that the employee understands the information management and security responsibilities of their role. Induction is being reviewed as part of the phased roll out of the new Learning Management System.

Current position:

No further revised target dates have been agreed but this action remains outstanding. This also links with the audit on Cyber Security referred to in Table 3 which has the same action recorded. This is extremely important as the Council could be vulnerable to cyber attacks, fraud etc. if employees fail to comply with the established policies and procedures. Training and awareness are important controls which mitigate these risks.

(iii) Car Parks

Progress was last reported to Committee in June 2021 when it was confirmed that 8 actions had been completed with 4 revised target dates agreed. 1 has since been completed. Further target dates for the remaining actions comprising of 2 medium and 1 low grade have been agreed as follows:

- Consideration to employing temporary member of staff rather than using existing staff and paying overtime rates was due to be completed by 01/05/20. A revised date of 01/07/21 has been agreed as this matter has not yet been resolved with HR. This matter was being addressed by HR as part of a wider issue and is expected to be resolved soon.
- There was no action taken against persistent offenders who failed to pay parking fines as whilst the Enforcement Policy refers to the ability to impound vehicles, there are no such facilities. A joint paper with Environmental Health will be produced setting out a business case and the target date of 01/09/20 has been revised to 30/11/21. This action now rests with the Communities & Place Service who are leading on the cross- Service paper with a revised target date of 31/12/22.
- The low grade action relates to the production of a Traffic Regulation Order for an off-street site. This has been revised from 01/07/20 to 31/10/21. A revised date of 31/12/22 has been agreed as the TRO has been expanded to include 100 Cemeteries.

Designation: Corporate Audit Manager

Date: 14th September 2022

Author: Donna Sutherland

Action Tracking Report

Table 1 - audits where action tracking is complete

Report Ref and Title	Date Issued	Recommendations		
		Total	Completed	No Action
HSC03/003 Investigation into administration and use of SDS package	17/11/20	4	4	0
HDA11/001 Review of Insurance Arrangements	19/11/19	5	5	0
HIE18/001 - LEADER Programme 2021-22	08/11/21	2	2	0
HTE04001 - Review of Recovery	08/04/22	3	3	0
Totals		14	14	0

Table 2 - audits where action tracking has not been completed

Report Ref and Title	Date Issued	Recommendations				
		Total	Completed	No Action	Still Outstanding	Date Revised
HED04/004 - Repairs and Maintenance - Care & Learning Properties	15/09/17	5	4	0	0	1
HDD04/001 Review of Information Management Arrangements	06/09/19	6	5	0	0	1 (see update)
HCC02/002.bf - Car Parks	15/04/20	12	9	0	0	3
HEL07/001 Workforce Planning and Staffing Arrangements- Teaching	12/11/20	6	5	0	0	1
Totals		29	23	0	0	6

Table 3 – audits where no response has been received to action tracking requests

Report Ref and Title	Date Issued	Recommendations						Comments
		Total	Completed	Date Revised	No response*			
					H	M	L	
HEC02/003 - Compliance with the Carbon Reduction Commitment Energy Efficiency Scheme 2018-19	18/03/20	2	1	0		1		
HAB02/001 – Relief Staffing	26/11/20	7	0	0	1	5	1	
HRF01/001.bf – Financial Management and Reporting	03/09/21	5	1	0	0	3	1	
HDA16/002 – Purchase to Pay	07/09/21	9	4	1		4		
HDD04/004 – Cyber Security	25/01/22	3	1		1	1		High grade links with o/s action from audit on Review of Information Management Arrangements
Totals		26	7	1	2	14	2	

* All actions graded as H (High), M (Medium) or L (Low)

Table 4 – Summary position for Tables 1 – 3 above

Summary	Total	Completed	No Action	Revised	No response
			0		
Table 1	14	14	0	0	0
Table 2	29	23	0	5	1
Table 3	26	7	0	1	18
Totals	69	44	0	6	19

Outstanding audit actions

Audit Ref & Name	Final Date	Outstanding actions	Grade	Target Date	Revised Target Date(s)
HEC02/003 - Compliance with the Carbon Reduction Commitment Energy Efficiency Scheme 2018-19	18/03/20	Site lists are to be held in the new property asset software (Concerto) which will have a direct link to TEAM and this will resolve any differences in operational site lists.	Medium	31/03/21	31/03/22
HAB02/001 - Relief Staffing	26/11/20	Workforce Planning must revise the PY15T form and the non-teaching timesheet (for iii) so that it provides: guidance on its completion including authorisation; guidance on payments and preparation time; and a declaration to confirm that it is a true record of the claimant's hours worked and any overpayments they may receive must be reported.	High	31/01/21	N/A
		Business Support should be instructed to only accept timesheets that have been certified by officers with the appropriate authority. (see also H1i)	Medium	31/01/21	N/A
		Business Support should seek to identify any invalid claims received and return the claim form to the claimant before payment. (see also H1ii)	Medium	31/10/20	N/A
		Workforce Planning should implement additional input controls and exception reports to identify any erroneous data entries.	Medium	31/02/21	N/A
		Workforce Planning should provide guidance and training (on-line or face to face) to Schools on the processes for obtaining relief cover to make it clear that this should be used to cover temporary absences with other solutions being used where absences become prolonged.	Medium	30/11/20	N/A
		Workforce Planning should routinely identify excessive use of temporary relief cover, seek explanations and make use of alternative staffing solutions (fixed term contracts) where applicable.	Medium	31/01/21	N/A
		Payroll consider the inclusion of reminders on payslips to advise all employees (including school staff) that it is their responsibility to check that their pay is accurate and to report any overpayments they may have received. (see also H1iii)	Low	31/12/20	N/A

Audit Ref & Name	Final Date	Outstanding actions	Grade	Target Date	Revised Target Date(s)
HRF01/001.bf - Financial Management and Reporting	03/09/21	Management should review and revise the budget monitoring training to ensure this is comprehensive and ensure that it is a mandatory requirement for all budget holders to complete it.	Medium	31/03/22	N/A
		ECOs should ensure that key budgetary performance information (i.e. sickness statistics, overtime and use of agency staff) in addition to service specific KPIs are presented to committee to provide appropriate commentary to the budget monitoring statements.	Medium	31/03/22	N/A
		Management should ensure that the system for recording, monitoring and reporting budget savings clearly identifies: Savings in holding codes; savings removed from budgets; and RAG rating definitions.	Medium	30/09/21	N/A
		Management should consider reviewing and revising the budget monitoring instructions to clarify the role of budget holders, their responsibilities to fully engage in budget monitoring meetings and to proactively provide explanations for budget variances.	Low	31/12/21	N/A
HDA16/002 - Purchase to Pay	07/09/21	Instructions on how to update partially receipted orders and access training will be issued to integra users.	Medium	30/09/21	N/A
		Investigate if hard copies need to be retained and issue instruction in accordance with findings.	Medium	30/11/21	N/A
		Review of budget holders against cost centres to be undertaken.	Medium	30/11/21	N/A
		Associated Instructions (on use of Purchase Orders) to be updated.	Medium	31/10/21	N/A
HDD04/004 - Cyber Security	25/01/22	As per management agreed action H1(ii) (HDD04/001 Review of Information Management Arrangements), a review of the staff induction process and mandatory training should be carried out and brought back to ELT for consideration.	High	31/05/22	N/A
		Service risk registers and business continuity plans will be reviewed in the context of cybersecurity.	Medium	31/01/22	N/A