Agenda Item	5
Report No	AS/21/22

THE HIGHLAND COUNCIL

Committee: Audit & Scrutiny Committee

Date: 30th November 2022

Report Title: Action Tracking Report

Report By: Strategic Lead (Corporate Audit & Performance)

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 an update was provided in September Committee. This report provides details for those audits action tracked during the period 01/09/22 – 11/11/22.

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 The report to the September Committee referred to the role of the weekly Performance Governance Board which receives details of any missed deadlines for Internal Audit matters including action tracking information requests. However, the action tracking report detailed 5 audits with outstanding actions reported to the Board where no management response had been received. An improved position is now reported in section 5 below whereby 2 of the audits have been cleared.

5. Action Tracking/ Follow-up results

5.1 <u>Summary report</u>
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 3 audits where the action tracking process is still in progress and revised target dates have been provided. Further information is provided at section 5.2 below.
- Table 3 lists 2 audits which have been action tracked and management have now confirmed that the actions have not been fully implemented. Details of the action that has taken place and proposed revised target dates are awaited at the time of writing this report. A verbal update will be provided to Committee of any changes. 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 **41** audit recommendations:
- **29** (71%) are complete as the agreed management actions have been undertaken
- **5** (12%) have not yet been implemented and revised target dates have been agreed
- **7** (17%) have been action tracked as the target date for implementation has passed. Management have responded to confirm that these have not been fully implemented but revised target dates are awaited.

5.2 <u>Actions with revised target dates</u>

There are 3 audits with revised target dates:

(i)   <u>Review of Information Management Arrangements</u>

There is one high grade action outstanding relating to the audit 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.

The final action had an original target date of 30/04/20 which has been revised to 31/12/20, 31/08/21, with a final date of 31/03/23.

(ii)   <u>Cyber Security</u>

This outstanding high grade action links with the one above, with the review of the staff induction process to be expanded to incorporate mandatory training on cyber security. The original target date of 31/05/22 has been revised to 31/03/23.

(iii)   <u>Governance of Arms-Length External Organisations and Partnerships</u>

There were several multi-part agreed actions in response to the audit recommendations. 1 part of a medium grade action in respect of the reporting of Eden Court's financial and performance information was delayed due to their new CEO starting. The other medium grade action for the review of the service agreements with Eden Court and High Life Highland have been overtaken by the current financial crisis as reported to Council. Revised dates of 31/03/22 have been agreed for both of these actions.

Designation: Strategic Lead (Corporate Audit & Performance)

Date: 17th November 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**
HEC02/003 - Compliance with the Carbon Reduction Commitment Energy Efficiency Scheme 2018-19	18/03/20	2	2	0
HAB02/001 – Relief Staffing	26/11/20	7	7	0
HPG09/001.bf - Compliance with Data Protection Legislation	08/11/21	4	4	0
HIE18/002.bf - Review of Covid-19 Grants	31/08/22	2	2	0
Totals		**15**	**15**	**0**

Table 2 - audits where action tracking has been undertaken and revised target dates agreed

Report Ref and Title	Date Issued	Recommendations				
		Total	**Completed**	**No Action**	**Still Outstanding**	**Date Revised**
HDD04/001 Review of Information Management Arrangements	06/09/19	6	5	0		1
HDD04/004 – Cyber Security	25/01/22	3	2			1
HPG06/001 Governance of Arms-Length External Organisations and Partnerships (ALEOs)	16/12/21	3	1	0	0	2
Totals		**12**	**8**	**0**	**0**	**4**

Table 3 – audits where action tracking has been undertaken and revised target dates are awaited

Report Ref and Title	Date Issued	Recommendations						Comments
		Total	Completed	Date Revised	Revised date awaited*			
					H	M	L	
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	5	1	0	3	0	
Totals		**14**	**6**	**1**	**0**	**6**	**1**	

* 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	Awaiting revised dates
Table 1	15	15	0	0	0
Table 2	12	8	0	4	0
Table 3	14	6	0	1	7
Totals	**41**	**29**	**0**	**5**	**7**

Outstanding audit actions

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
		Associated Instructions (on use of Purchase Orders) to be updated.	Medium	31/10/21	N/A