

Agenda Item	4
Report No	AS/14/24

HIGHLAND COUNCIL

Committee: **Audit Committee**

Date: **13 June 2024**

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 Committee on a six-monthly basis with reports provided to the June and November meetings. The process has recently been amended which meant that no update was provided in November. This report provides details of the action tracking completed for all outstanding actions up to the end of April 2024.

2. Recommendation

- 2.1 The Committee is invited to scrutinise, 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 improve the control environment and assist in reducing the risk exposure to the Council.
- 3.3 There are no Legal, Community (Equality, Poverty, Rural and Island) or Gaelic implications. Three agreed actions in relation to the audit on Climate Change Plans and Implementation were provided with revised action dates.

4. Action Tracking Process

4.1 The action tracking process was amended in November 2023 and 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) On a monthly basis those actions which have passed their agreed target dates are action tracked. This involves contacting the appropriate Manager(s) to confirm that their actions have been implemented. If a timely response is not received the matter is escalated to the appropriate Assistant Chief Executive.
- (3) Where the agreed management action has not been undertaken, an explanation is requested. However, if this response is considered 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 addition to the above, monthly reports are provided to each of the Assistant Chief Executives detailing all outstanding recommendations within their service cluster which enables them to monitor progress leading up to the target dates when these should be completed.

5. Action Tracking Results

5.1 Summary report

There are currently 87 agreed actions in progress, of which 43 have revised action dates.

The report attached as **Appendix 1** provides a summary of actions which have been subject to the action tracking outlined above. The table details the audits where management agreed actions had now passed their agreed target date and were subject to action tracking in April 2024. Overall, this shows that 17 (38%) of the 45 actions tracked have been completed with revised target dates agreed for the remainder.

5.2 Actions with revised target dates

There were 28 actions with new revised action dates associated with 8 audits and further details are provided below. The original target date for implementation and the most recent revised date are also shown in brackets.

Car Parks (One Low priority action)

The Traffic Regulation Order required is still being prepared due to resource issues but is nearing completion and has been rescheduled for publication. (Original date 01/07/20 now revised to 30/06/24).

Climate Change Plans and Implementation (Three High priority actions)

- (i) An action plan, covering all activity, including costs where applicable and measurable outcomes, was to be ready for consideration at meetings of the Climate Change Committee and The Highland Council in December 2023. This was to include actions from across all thematic groups. The intention now is to align the current thematic groups agreed actions to date with the Delivery Plan

- format. This [proposed approach](#) was reported to the Climate Change Committee on 23/05/24. (Original date 31/12/23, now revised to 30/09/24).
- (ii) A timescale for the development of a Highland Council adaptation strategy should be set. Work across the thematic groups has been delayed during the development of budgets and the new Delivery Plan. An officer is now in post to work on adaptation full time. It is expected with the passing of the new Delivery Plan that a more proactive approach from the Climate Team will be presented to the Climate Change Committee in May with a revised date for completion being agreed. (Target date was 31/03/24 now revised to 31/03/25).
 - (iii) Ensure that there are complete, accurate and timely processes to capture and record emissions data. The systems and processes for collecting and collating emissions data (including baseline data) should be robust and effective in providing an efficient means to prioritise emission reduction activity, monitoring and management of emissions going forward. The data strategy and governance is being developed in conjunction with the data toolkit we are building. Pilot testing of emissions data capture are expected over the summer with final governance developed for end of quarter 3. The energy Benchmarking tool demonstrated how we can collect and use the data this is now being developed into a variety of tools which will help us develop our reporting on emissions. (Original date of 31/03/24 has been revised to 31/03/25).

Governance of Arms Length External Organisations (ALEOs) and Partnerships (One Medium Priority Action)

Written agreements between the Council and its ALEOs (HLH and Eden Court) should fully reflect the Council's objectives, funding provided, and the services being delivered including the required financial information and performance information; periodic reviews of the ALEOs should be undertaken to ensure that they remain fit for purpose and demonstrate the best service delivery option for the Council. This is now partially completed as Eden Court's arrangements have been agreed but an extension is required to allow the current HLH contract review to be completed. (Original date 31/10/22, revised date 30/09/24).

Residential Care Units investigation (Three actions, one high priority and two medium priority).

The following two actions relate to the Health and Safety reporting system "Assure" which both had the target date of 31/08/23.

High priority action – Management should ensure that the appropriate follow up action is taken following serious incidents involving children and young persons. This should consider all relevant factors that led to the incident and action that should be taken to prevent any further occurrences.

Medium Priority – The processes for the completion of Incident Reports and Violent Incident Reports should be reviewed and instructions prepared outlining when these should be prepared. These should be circulated to all staff to ensure that they are aware of the importance of completing the correct report in all circumstances.

Residential houses are using the Assure system to record incidents, but we are awaiting an update of a more comprehensive training package. Assure provides an oversight of all records of training by the health & safety team which details actions. However as is currently the case all serious incidents will be highlighted through levels of management to ensure senior council officers are immediately aware of events. The exception to the use of Assure is the Orchard which requires updating of systems to ensure the consistent use of electronic record keeping. An action plan is being developed to ensure this is taking place. The expectation is

that all the priority systems will be operational by the end of July 2024. While this is being undertaken the existing controls will remain where records of incidents are handwritten, shared with the house manager and passed to the external manager. The house manager is also responsible for passing these to the health & safety team. (Revised action date for both actions 31/07/24).

Medium priority - A full review of the overarching Health and Social Care Service policies and procedures for residential units should be completed and supported by individual policies relevant to each of the Units. As part of the overall residential improvement plan, we are looking to centralise policies and procedures through a Residential Care SharePoint site. We have reviewed the policies and identified gaps which we are working to fill. There has been delays in setting all this out on SharePoint. (Target date was 31/03/23, now revised to 30/05/24).

Review of Capital Projects (Three actions, one medium priority and two low priority).

Medium Priority - Clear written procedures and standards of capital reporting to the Capital Programme Board and Committees to be agreed and implemented by management. Review all project management guidance and policies to ensure they are up to date and available to all relevant staff. As part of a review of a wider review of governance arrangements, there is a proposal to appoint a Programme Manager to manage the delivery of the capital programme and this person will be responsible to ensure effective governance. (Target date was 30/06/23 and the latest revised date is now 30/09/24)

Two Low Priority - The Non-Competitive Action Exemption to Contract Standing Orders (CSOs) Form should be amended to list and require selection of the exceptions and exemptions from CSOs. CSOs and the Procurement Manual should be reviewed and updated to include this information. (Both action dates were 31/12/22). These actions are part of larger revision, partly related to other audits. A review of the procurement manual and all templates has been undertaken and documents to accompany the revised Procurement Manual are currently being finalised and publication on the intranet anticipated by 30 June 2024. This was originally intended to be the end of March 2024, but additional time has been taken to ensure that the Joint Procurement Strategy (live in October 2023) is accurately reflected in guidance/templates. (Revised action date 30/06/24).

Review of the arrangements in place to reduce the risk of fraud in procurement (Two actions, one medium priority and one low priority).

Medium priority - Management should make purchasing officers aware of how framework agreements operate, ensure that they register for pricing information on the Scotland Excel website and where frameworks prices are not being honoured escalate to the Commercial & Procurement Shared Services. A review of information and how this is made available is underway with plans to include a contracted supplier list on the intranet with details of frameworks and how to access pricing etc. Once complete a communication will be issued to delegated procurers on where to find information on the Council intranet and through registration on the Scotland Excel website. Date revised as team working to support implementation of the new Finance System. (Original date was 31/12/23, revised to 30/09/24).

Low priority - Management should consider providing potential suppliers with details of the Council's Report a Fraud web address in the Information to Suppliers documentation. A review of the Procurement Manual had been undertaken and documents to accompany the revised Procurement Manual are currently being

finalised with publication on the intranet anticipated by 30 June 2024. (Target a date 31/12/23, revised to 30/06/24).

Review of the control and usage of Imprests (Four medium priority actions).

These actions cover improving the instructions to Imprest Holders and those who administer imprests in several areas summarised below. The Service had agreed that the Instruction note will be updated and issued to all imprest holders and those administering imprests. Officers will have to complete training through Traineasy before being issued with an imprest. The Instruction Note will outline responsibilities for Services and Officers, show that Corporate Finance owns the imprest operation and include a flow chart for key operations (opening, changing control amounts and closing of imprests). Imprest Holders will be required to notify Corporate Finance via the Imprest mailbox of any updates to control amounts and current location of imprests. Current guidance will be removed from the Schoolshub and a link provided to the revised Instruction Note.

A new employee is reviewing both imprest and Purchase Cards processes and is raising queries to Imprest Holders and pulling up any discrepancies found. Due to the rollout of new Finance System and year end along with the induction of the new employee and post this work has been delayed. (Target date was 31/12/23, revised date 31/12/24).

Review of the use and control of imprests in Health and Social Care (HSC) establishments (Eleven actions, nine medium and two low priority).

Medium priority actions:

- (i) Instructions on complying with Financial Regulations will be issued. Finance are currently revising imprest procedures and guidance in response to a previous internal audit of imprests. Health and Social Care will develop supplementary guidance to help staff comply with Financial Regulations. Action is in progress but held back due to work for new financial system which was not considered when setting agreed implementation dates and the availability of Finance staff to complete this piece of work.
- (ii) Instructions will be issued to ensure that the official claim form is used for all imprest claims. Receipts must be provided to evidence all expenditure. Written guidance on what is and is not acceptable spend via cash should be issued to all sites. This will signpost staff to alternative methods of purchase and link into the Health and Social Care Service's plans to reduce cash use. Imprest procedures should be revised to show how to account for any situation where money is returned. On going work with finance to develop new processes and implement a full new Imprest system which will remove the blue forms from the system.
- (iii) As part of the year end procedures for imprest certificate, imprest holders will be required to state they have read and understood the requirements set out in Financial Regulations. Year-end process is still underway.
- (iv) HSC are in the process of standardising their practices and procedures. The points in the recommendation will be actioned. On going work with finance to develop new processes and implement a full new Imprest system.
- (v) HSC will develop standard procedures for residential sites. Best practice at selected sites will be used to develop the procedures. It is imperative that staff keep adequate records and if concerns are identified with record keeping appropriate action is taken. Staff given advice on keeping records up to date in current system until the new processes are finalised.
- (vi) An action plan will be developed setting out the possible alternative methods of payment and what work would be needed to implement these. Health and Social Care will hold meetings with peers in other local authorities to explore

how services can be or are already delivered using alternative methods of payment. This knowledge sharing will feed into the action plan. Ongoing work with Finance held back due to new Finance system being implemented and the availability of Finance staff.

- (vii) Part of the action plan will involve deciding where to use existing options to a greater extent for example targeted use of purchase cards or using official orders for some items. Finance have established a new resource to look more closely at imprests and purchase cards in conjunction with one another and will assist Health and Social Care with the action plan. From the work listed above a decision will be made about whether to implement alternative payment options. Implementing alternatives may take longer and has to be balanced against other Health and Social Care and Finance priorities. Ongoing work with finance held back due to new Finance system being implemented and the availability of Finance staff.
- (viii) HSC will review all their current agreements, apply for new ones if needed and will report back to Finance if they are experiencing problems with any existing agreements. Finance will then be able to advise if any temporary alternatives can be used to ensure cash is available. Ongoing work with finance held back due to new Finance system being implemented and the availability of Finance staff.

All the above medium priority actions had target dates of 31/03/24 which have been revised to 30/05/24.

Medium priority - A workshop will be held to outline new procedures, discuss good practice, and help staff implement this. The service is developing different money handling systems which would be based more on use of debit cards and internet banking. Cash would be accessed through cash machines rather than cheques where necessary. This will require new control and recording systems and until it is clearer how this alternative system will work this action will not be completed. The action will take longer due to the complexity of the financial requirements. (Target date of 31/03/24 has been revised to 31/08/24).

Two Low priority actions which had original target dates of 31/03/24 have been revised to 30/04/24:

- (i) Imprest sub tins will be returned and reconciled to their main imprest and a decision taken on whether sub tins are still required. Due to change of managers in the team and developing the new process for staff to access cash this date has been revised.
- (ii) HSC will finalise the closure of imprests that are rarely used or no longer needed, ensuring reconciliations are done before closure. In progress held back due to work for new financial system which was not considered when setting agreed implementation dates.

Designation: Strategic Lead (Corporate Audit & Performance)

Date: 21 May 2024

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Appendix 1 - Audits where actions have passed their agreed target date and were subject to action tracking

Audit Name	High		Medium		Low		Action Tracking Results			
	Due	Complete	Due	Complete	Due	Complete	Due	Complete	Revised action date	Percentage complete
Secondary School Investigation	1	1					1	1	0	100%
Car Parks					1		1	0	1	0%
Climate Change Plans and Implementation	4	1					4	1	3	25%
Corporate Landlord Model			1	1			1	1	0	100%
Governance of Arms Length External Organisations and Partnerships			1				1	0	1	0%
Harbours - Fuel Sales	1	1					1	1	0	100%
ICT arrangements in schools			3	3			3	3	0	100%
Residential Care Units Investigation	1		2				3	0	3	0%
Review of Capital Projects			1		2		3	0	3	0%
Review of Financial Procedures in Schools			2	2			2	2	0	100%
Review of recruitment process for ECO Education & Learning	2	2					2	2	0	100%
Review of the arrangements in place to reduce the risk of fraud in procurement			1		1		2	0	2	0%
Review of the control and usage of Imprests			4				4	0	4	0%
Review of the use and control of imprests in HSC establishments			14	5	2		16	5	11	31%
Workforce Planning and Staffing Arrangements - Education			1	1			1	1	0	100%
Grand Total	9	5	30	12	6	0	45	17	28	38%
Percentage complete		56%		40%		0%				