

The Highland Council

Agenda Item	5
Report No	AC/03/25

Committee: **Audit Committee**

Date: **5 February 2025**

Report Title: **Action Tracking Report**

Report By: **Strategic Lead (Corporate Audit)**

1. Purpose/Executive Summary

- 1.1 The Global Internal Audit Standards (the standards) require 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 5 of this report.
- 1.2 The outcome of this process is reported to the Audit Committee. This report provides details of the action tracking completed for all actions that had passed their agreed target date at the end of November 2024. In addition to the summary information previously reported to the Committee at 6.1, this report includes additional information to assist understanding of the profile in days of open actions to completion dates, and trend information showing agreed action completion rates.

2. Recommendation

- 2.1 The Committee is invited to scrutinise, comment and note 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, or Gaelic implications.

4. Impacts

- 4.1 In Highland, all policies, strategies or service changes are subject to an integrated screening for impact for Equalities, Poverty and Human Rights, Children's Rights and Wellbeing, Climate Change, Islands and Mainland Rural Communities, and Data Protection. Where identified as required, a full impact assessment will be undertaken.
- 4.2 Considering impacts is a core part of the decision-making process and needs to inform the decision-making process. When taking any decision, Members must give due regard to the findings of any assessment.
- 4.3 This is an update report and therefore an impact assessment is not required.

5. Action Tracking Process

- 5.1 The action tracking process, last amended in November 2023, 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.
- 5.2 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. The monthly reports also detail the number of times a revised action date has been applied. As agreed at the September 2024 Audit Committee, where a second revised action date is requested by the responsible officer, approval is now required from the appropriate Assistant Chief Executive before this is agreed.

6. Action Tracking Results

6.1 Summary report

There are currently 97 agreed actions in progress, of which 40 (41%) have revised action dates.

The report attached at **Appendix 1** provides a summary of actions which have been subject to the action tracking outlined above. Table 3 within the appendix details the audits where management agreed actions had passed their agreed target date and were subject to action tracking at the end of November 2024. Overall, this shows that 9 (60%) of the 15 actions tracked had been completed with revised target dates agreed for the remainder.

In response to a request from the last Committee meeting to provide additional information, this is now provided in tables 1 and 2 below.

Table 1 profiles all open agreed management actions (as at 16/01/25) by the number of days until they are due to be completed.

Table 1 – Open management actions

	0 - 30 Days	30-60 days	60-90 days	Over 90 days	Total
High	6	1	9	11	27
Medium	13	1	26	16	56
Low	5	0	7	2	14
Total	24	2	42	29	97

Table 2 shows the action tracking completion rates previously reported to the Audit Committee during the financial year 2024/25. This details the number of actions tracked at the end of the month showing: number tracked (Due), numbers completed (C) and percentage completed (% C).

Table 2 – Completion performance

	April			July			September			November		
	Due	C	% C	Due	C	% C	Due	C	% C	Due	C	% C
High	9	5	56%	10	5	50%	4	3	75%	2	1	50%
Medium	30	12	40%	14	6	43%	12	3	25%	9	5	56%
Low	6	0	0%	2	0	0%	6	0	0%	4	3	75%
Total	45	17	38%	26	11	42%	22	6	27%	15	9	60%

6.2 Actions with revised target dates

Action tracking at the end of November 2024 resulted in revised target dates being agreed for 6 actions. These are in respect of 2 audits, further details provided below. The original target date for implementation and the most recent revised date are also shown in brackets.

In-house bus operation income systems (One High priority action)

- (i) High priority – A clear strategy (business and financial) for the in-house bus service should be developed to ensure it can benchmark the cost avoidance model and deliver the intended performance and outcomes. This requirement is acknowledged as being essential to inform the new operating model when the project transitions from its pilot status. There are on-going strategic discussions and complex specialist legal advice taking place with regard to the development of a new target operating model, which have not yet been concluded. (Target date 30/11/24 now revised to 30/06/25).

Review of the use and control of imprests in Health and Social Care (H&SC) establishments (Four Medium, One Low priority action)

- (i) Medium priority - Imprest Holders should be instructed on their responsibility to comply with the requirements of the Financial Regulations Instruction Note– Petty Cash and Cash Floats. The official claim form should be used for all imprest claims and receipts provided to evidence all expenditure. Written guidance on what is and is not acceptable spend via cash should be issued to all sites. Alternative methods for purchases to be signposted to staff and linked into the H&SC Service’s plans to reduce cash use. Imprest procedures should be revised to show how to account for any situation where money is returned.

Instructions on current guidance have been issued to H&SC imprest holders. Revised guidance is being developed by Finance, H&SC will ensure their imprest holders are aware of this once Finance have passed this to them. (Target date 31/03/24 now revised to 31/03/25).

- (ii) Medium priority - H&SC to standardise processes and recording by implementing spreadsheets which contain sufficient information for administrators, holders and managers to see what purchases are for, who purchased, whether the money was advanced to staff or for reimbursement and profile the type of spend. Standardise forms for requesting cash to make a purchase. Standardise procedures on how to claim and access cash in out of hours or emergency situations, taking into account that administrators are not always on site.

Health and Social Care are in the process of standardising their practice and procedures. The points in the recommendation will be actioned. Implementing this fully depends on whether alternatives to imprest are to be introduced. (Target date 31/03/24 now revised to 30/06/25).

- (iii) 2 Medium priority - H&SC should work with Finance to review current use of imprests and identify alternative cash payment options or other payment methods to enable service delivery going forwards. This should include developing a short-term action plan to aid implementation.

- An action plan will be developed setting out the possible alternatives and what work would be needed to implement these. H&SC 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. (Target date 31/03/24 now revised to 30/06/25).
- 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 H&SC 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 H&SC and Finance priorities (Target date 31/03/24 now revised to 30/06/25).

For the above 3 medium priority actions (ii and iii) the following management response has been provided:

H&SC are dependent on approval from Finance of alternatives. The implementation of the CiA financial system has affected Finance’s capacity to

approve alternatives to imprests. H&SC have submitted their needs to Finance. Once approved H&SC will enact new procedures and deliver training on alternatives. H&SC meet at least monthly with Finance and continue to ask for updates i.e. approval of alternatives. (All revised to 30/06/25).

(iv) Low priority - H&SC should finalise the closure of all imprests identified as rarely used or no longer needed. All will need to be reconciled before closure.

H&SC needs confirmation from the Service Accountant of closure of unused or rarely used imprests. Rolling out the CiA financial system has affected capacity of Finance, but H&SC will work with Finance to ensure these are closed by the revised date. (Target date 31/03/24 now revised to 31/03/25).

Designation: Strategic Lead (Corporate Audit)

Date: 17 January 2025

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

Table 3 -action tracking results

Audit Name	Service Cluster	High		Medium		Low		Action Tracking Results			
		Due	Complete	Due	Complete	Due	Complete	Due	Complete	Revised action date	Percentage complete
Business Continuity Planning	Corporate					1	1	1	1		100%
Corporate Landlord Model	Place					1	1	1	1		100%
In-house bus operation income systems	Place	1	0	1	1			2	1	1	50%
Procurement of ICT Cloud Hosted Systems	Corporate			1	1			1	1		100%
Review of the use and control of imprests in HSC establishments	People			5	1	1	0	6	1	5	17%
Roads Maintenance	Place	1	1	2	2	1	1	4	4		100%
Grand Total		2	1	9	5	4	3	15	9	6	60%
Percentage complete			50%		56%		75%				