

Angus Council Internal Audit



Update Report

Scrutiny & Audit Committee

8 March 2016

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Introduction

This report presents the progress of internal audit activity within the Council up to end of February 2016 and provides an update on:

- Progress with the 2015/16 Internal Audit Plan;
- Progress with implementing internal audit recommendations.

Audit Plan Progress Report

2015/16 Internal Audit Plan – Progress update

The table below summarises progress in delivering the 2015/16 Internal Audit Plan as at end February 2016.

Audits	Planned	In course (fieldwork + review)	Draft report	S&A committee date / (<i>target in italics</i>)
Corporate Governance				
Corporate Governance annual review and report – 2014-15				23 June 2015
Housing Strategy – Compliance with Scottish Housing Quality Standard	Sep 2015			26 Jan 2016
Culture and Leisure Trust	Nov 2015			26 Jan 2016
Complaints Management	Nov 2015			8 Mar 2016
Business Continuity Planning	Dec 2015			8 Mar 2016
Self-Directed Support Implementation	Jan 2016			19 Apr 2016
Corporate Governance 2015-16 – Interim Review	Jan 2016			Management Letter to CGOG
Health & Social Care Integration	Jan 2016			19 Apr 2016
Transforming Angus	Jan 2016			19 Apr 2016
Information Governance – Data Security	Feb 2016			21 Jun 2016
Service Reviews	Apr 2016			21 Jun 2016

Audits	Planned	In course (fieldwork + review)	Draft report	S&A committee date / (target in <i>italics</i>)
Financial Governance				
Council Tax Reduction	May 2015			25 Aug 2015
Creditors Payments	May 2015			25 Aug 2015
Procurement	Aug 2015			24 Nov 2015
Travel and Subsistence	Oct 2015			24 Nov 2015
Use of Tayside Contracts	Nov 2015			<i>8 Mar 2016</i>
Children & Young People (Scotland) Act - budgeting	Feb 2016			21 Jun 2016
Debtors and Debt recovery	Mar 2016			21 Jun 2016
Salaries	Apr 2016			21 Jun 2016
IT Governance				
IT application strategy *	<i>Aug 2015</i>			<i>8 Mar 2016</i>
IT Security *	<i>Jan 2016</i>			19 Apr 2016
Internal Controls				
Agile Working – Mobile Phones	Jul 2015			24 Nov 2015
People Directorate – Payments to third parties	Jul 2015			24 Nov 2015
Community Asset Transfer process	Sep 2015			<i>26 Jan 2016</i>
Universal Credit Preparedness	Jan 2016			19 Apr 2016
Fuel Management	Mar 2016			21 Jun 2016
Legislative and other compliance				
Carbon Reduction	Nov 2015			<i>26 Jan 2016</i>
Landfill Tax	Apr 2016			21 Jun 2016
LEADER	Removed as agreed by Scrutiny & Audit Committee January 2016			
European Maritime Fisheries Fund	Removed as agreed by Scrutiny & Audit Committee January 2016			

* These audits are to be completed by Scott-Moncrieff, as part of the contract.

Transforming Angus Programme Boards

Staff continue to attend meetings of the, Agile Working, Angus Digital and Channel Shift Boards. They are being provided with copies of all relevant papers relating to these.

Summary findings of internal audit reviews

This section provides a summary of the material findings of internal audit reviews concluded since the last meeting. It also provides information on the number of recommendations made. Recommendations are ranked in order of importance, with level 1 being the most material. Discharge of recommendations is followed up by Internal Audit and reported to this Committee.

Members are asked to consider the following summaries and provide any commentary thereon.

The following reviews are summarised in this paper:

- Complaints Management
- Business Continuity Planning
- Use of Tayside Contracts
- IT application strategy

Complaints Management

Level 1	-	Level 2	6	Level 3	-
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From 1st April 2013, Angus Council adopted and implemented the Scottish Public Services Ombudsman (SPSO) Model Complaints Handling Procedure.

The model applies to all local authorities and all local authority services with the exception of social work services. The procedures aim to ensure that a consistent approach is adopted for people making complaints and how the Council handles them.

From the 1 April 2015 to the 23 December 2015, 160 complaints were registered with the Council.

The objectives of the audit were largely been met with good practice identified, including:

- The Council has developed a Complaints Handling Procedure which is compliant with the SPSO Model.
- Complaints Handling Procedures are published on the staff intranet.
- The public can access guidance on making a complaint via the Angus Council website or through leaflets which are available at local offices.
- Complaints are logged on a database which holds all the information regarding the complaints.

A small number of areas have been identified where improvements could be made to strengthen the existing control environment. They largely relate to ensuring that complaints are dealt with timeously and the database is completed fully and accurately. We also made

recommendations to ensure that the reports generated from the database are fit for purpose and are issued in line with the CHP guidance.

Business Continuity Planning

Level 1	-	Level 2	-	Level 3	-
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The Civil Contingencies Act 2004 and Contingency Planning (Scotland) Regulations 2005, (as amended 2013) places a duty on the local authority to provide and maintain Business Continuity Plans, to ensure that the Council can continue to perform its key functions / core services (critical activities) in the event of an emergency.

Business Continuity Plans outline the processes which the Council will follow to deal with an emergency incident and the arrangements in place to return to business as normal or near normal situation following an emergency.

The results from our audit testing demonstrate that the objectives of the audit were met in full.

Examples of good practice noted during our review included:

- Business Continuity Plans are in place and regularly tested and quality checked to ensure that they remain up to date and relevant.
- To help assure appropriate resilience for the area, Angus Council is a member of the Tayside Local Resilience Partnership. The Council have worked closely with other members of the partnership as part of the recent flooding events in Perthshire and Angus.

Use of Tayside Contracts

Level 1	-	Level 2	-	Level 3	-
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Tayside Contracts is a commercially based contracting organisation that provides road maintenance, vehicle maintenance, winter maintenance, catering and cleaning to Angus Council, Dundee City Council and Perth & Kinross Council. The constituent Councils are all represented on the Tayside Contracts Joint Committee, with each Council agreeing a percentage share of the organisation between them.

Angus Council along with Dundee City Council and Perth & Kinross Council use Tayside Contracts as an in-house service for all relevant works subject to Best Value. In effect, Tayside Contracts is the commercial trading arm of the three Councils.

The results from our audit testing demonstrate that the objectives of the audit have largely been met with adequate controls in place to ensure that the processes for using Tayside

Contracts are in accordance with procurement guidance and the use of Tayside Contracts by Angus Council is maximised.

The Roads service maximise work to Tayside Contracts whilst still following Best Value guidance on competitive tendering put in place by Angus Council and in compliance with Financial Regulations.

IT application strategy

Level 1	3	Level 2	1	Level 3	-
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The Council maintains around 200 line of business systems (applications). These range from core corporate solutions such as Integra (Finance), CareFirst (Social Work) and Northgate (Revenues & Benefits) through to solutions that have been purchased or developed to meet the particular needs of a department/team.

Each year the Council spends significant amounts on the upgrade, maintenance and licensing of these applications. A core component of effective utilisation of technology within the Council is to ensure that value is generated from this spend so that assurance can be gained that applications in use are contributing to effective and efficient business operations.

Application strategies exist in parallel to IT strategies and provide a more granular level of detail in relation to the way IT applications are utilised to support the overarching IT strategic plan.

Emergence of new technologies and increased network bandwidth also allow for organisations to explore alternative means by which applications can be procured and hosted. The traditional model has been for applications to be purchased from capital, however, the emergence of solutions such as software as a service (SAAS) provides a greater number of options to consider

Our review identified a number of opportunities to improve the controls over the IT applications strategy within the Council. The key issues arising from our review are:

- We identified that there has not been any exercise undertaken to develop a register (or equivalent) which details all IT applications actively used across the Council. It is recognised that Lockheed Martin have undertaken a review of IT applications and they have identified a number of areas where improvement was required.
- We also noted that there is a localised approach to the renewal and replacement of IT applications. This, coupled with devolved funding has contributed and, arguably, encouraged a fragmented approach to management and control of IT applications. The result of this approach has been the proliferation of IT solutions geared to meet the specific needs of individual functions rather than maintaining a suite of corporate applications which all follow a consistent technical architecture. As a result, it is likely to be the case that there is duplication in respect of the functionality of applications.

- A key issue identified during the course of the audit was the lack of an IT applications strategy and supporting blueprint/ roadmap which defines the vision for the Council's infrastructure and application environment. A prerequisite of developing this will be to assess the current IT application environment and explore opportunities where applications can be rationalised and/or replaced. It will also be reliant on being closely aligned to the Transforming Angus programme.
- There is also no policy which defines the processes to be followed when replacing or renewing applications. For example, there is currently no need to develop business cases for renewing applications or to test the market to confirm that the application is fit for purpose and meets business requirements.
- There is also a need to take a more corporate approach to the funding processes for IT applications. This will ensure that there is improved control and justification (business case) for IT application expenditure. It will also reduce the potential for maverick spend.

Implementation of internal audit recommendations

Background

In November 2015 we summarised the progress made in implementing internal audit recommendations raised to 31 March 2015: This was the first time this information had been provided to Scrutiny & Audit Committee in this format and provided a baseline for future quarterly reporting.

This update summarises the progress made in implementing recommendations reported to Scrutiny & Audit Committee of 24 November 2015 as well as new recommendations which are now overdue. The update was completed in January 2016 and includes a specific update on progress of the recommendations made as part of the Equalities review in 2013/14.

To complete the review Internal Audit have engaged with Directorates to ascertain the latest position with implementing recommendations and for a sample of recommendations classed as 'Completed' sought evidence to confirm their completion.

- Table 1 below shows progress with implementing internal audit recommendations across each Directorate.
- Table 2 details outstanding recommendations by Directorate, year and grade.

The recommendations classed as outstanding are those where the required action has not been completed by the original completion date. In some cases revised completion dates have been agreed with management. The classification of outstanding includes the recommendations with the agreed revised completion dates and also those which are in progress/partially completed.

We have carried out a detailed follow up of the outstanding recommendations in the Equalities audit. The results of our follow up audit indicate there is still some work required to fully discharge the recommendations. These are required to ensure continued compliance with the Equalities Act 2010 and in particular, the on-going requirement for Equality Impact Assessments to be completed.

Of the 10 recommendations outstanding only one has been fully completed. The remaining nine recommendations are classified four as level 1 and five as level 2. Of the nine outstanding three are in progress. The main recommendations outstanding relate to the lack of regular completion of Equality Impact Assessments (EIAs) by directorates. This means there is a risk that management decisions may be made without the full consideration of how they will impact communities. In addition a recommendation to add an equalities assessment in all relevant committee reports was not completed. Revised completion dates are to be agreed with management.

Members will note the revised format of the update and are invited to both note the position in implementing internal audit recommendations and comment on the format of the information provided.

Table 1 – Progress with implementing internal audit recommendations in total and across each Directorate

	Chief Executive	Communities	Corporate	People	Resources	Total
Recommendations brought forward from last update	5	19	5	18	49	96
Recommendations added since last update		4	3	9	10	26
Recommendations re classified per directorate			8	(1)	(7)	0
Total	5	23	16	26	52	122
Complete		7	3	14	18	42
Complete pending evidence		7		6	3	16
No longer applicable		1		1	1	3
Total in progress/ outstanding	5	8	13	5	30	61
% of Total	100%	35%	81%	19%	57%	

Table 2 - Outstanding recommendations by Directorate, year and grade

Directorate	Year	Level 1	Level 2	Level 3	Grand Total
Chief Executive	2011/12		1		1
	2012/13	2			2
	2014/15			2	2
Chief Executive Total		2	1	2	5
Communities	2012/13	2			2
	2014/15		3	1	4
	2015/16	1		1	2
Communities Total		3	3	2	8
Cross-Cutting	2010/11	1			1
	2011/12	1			1
	2013/14	3	4		7
	2014/15		4		4
Cross-Cutting Total		5	8		13
People	2013/14	2	3		5
People Total		2	3		5
Resources	2012/13		3		3
	2013/14	5	16		21
	2014/15	3	2		5
	2015/16	1			1
Resources Total		9	21		30
Grand Total		21	36	4	61