

Angus Council Internal Audit



Update Report

Scrutiny & Audit Committee

22 November 2016

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Introduction

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

- Progress with the 2016/17 Internal Audit Plan;
- Progress with implementing internal audit recommendations;

Audit Plan Progress Report

2016/17 Internal Audit Plan – Progress update

The table below summarises progress as at end of October 2016.

Audits	Planned	In course (fieldwork + review)	Draft report	S&A committee date / (<i>target in italics</i>)
Corporate Governance				
Corporate Governance annual review – 2015-16				21 Jun 2016
Risk Management	Aug 2016			<i>7 Mar 2017</i>
Agile Working	Jan 2017			<i>22 Jun 2017</i>
Review of Corporate Culture	Oct 2016			<i>22 Jun 2017</i>
Health & Social Care Integration	Sep 2016			<i>To be scheduled by Lead Auditor</i>
Information Governance – Information Management	Aug 2016			<i>24 Jan 2017 (amended)</i>
Strategic and Operational Planning	Jul 2016			27 Sep 2016
Culture & Leisure Trust - Monitoring	Nov 2016			<i>7 Mar 2017 (now Jan 2017)</i>
Financial Governance				
Schools' Funds - Governance	May 2016			23 August 2016

Audits	Planned	In course (fieldwork + review)	Draft report	S&A committee date / (target in italics)
Corporate Budgeting and Financial Accounting	Jul 2016			<i>24 Jan 2017</i>
NNDR (National Non- Domestic Rates)	Sep 2016			<i>24 Jan 2017</i>
Payments Processing – Service Redesign	Jul 2016			<i>24 Jan 2017</i>
IT Governance				
IT Change Management	Aug 2016			<i>24Jan 2017 (amended)</i>
IT System Development	<i>Nov 2016</i>			<i>7 Mar 2017</i>
IT User Access Management	Jul 2016			<i>27 Sep 2016</i>
Internal Controls				
Absence Management	Sep 2016			<i>7 Mar 2017</i>
Staff Development and Appraisal	Aug 2016			<i>24 Jan 2017</i>
Development of CAATs (Computer Audit Assisted Techniques)	Jul 2016			<i>22 Jun 2017</i>
Asset Management				
Stocks (year end)	Mar 2016			<i>21 Jun 16</i>
IT Asset Management	Jun 2016			<i>23 Aug 16</i>
Fleet Management	Aug 2016			<i>22 Nov 2016</i>
Legislative and other compliance				
LEADER - European Maritime Fisheries Fund (Rural Funding)	Aug 16			<i>22 Nov 2016</i>
Carbon Reduction	Jan 17			<i>22 Jun2017</i>
Interreg (European Funding)	Jan 17			<i>22 Jun 2017</i>

Transforming Angus Programme Boards

Staff attend meetings of the Agile Working Board.

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:

- Fleet Management
- LEADER review.

Fleet Management

Level 1	3	Level 2	-	Level 3	-
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Fleet Management arrangements within the Council are managed as part of the Service Level Agreement with Tayside Contracts. The Council is responsible for the strategic elements of Fleet Management including control over the Fleet Replacement Programme. Tayside Contracts are responsible for the procurement of the vehicles on behalf of the Council and the maintenance of the vehicles that are purchased.

Two Council officers are named as Transport Managers on the Operator's Licence for the Council's Fleet (all vehicles exceeding 3.5 tonne gross weight) and it is important in relation to retaining the licence that the vehicles are maintained to a satisfactory standard.

The Council is required to operate a fleet of vehicles that provide service delivery on a day to day basis and ensure that vehicles are maintained in an appropriate condition. The Council is also required to ensure that vehicles are not underutilised and incurring unnecessary costs.

We used a combination of meetings with relevant staff and the use of an internally generated risk and control matrix and audit programme as the basis for our audit work.

Vehicles are also used by the Council's Children and Learning Directorate, however as these vehicles are operated on a leased basis this area will be considered at a later date. The audit only

focused on the arrangements in place for the vehicles which are managed by the Communities Directorate – Regulatory and Protective Services as these represented higher value assets

The areas examined included:

- The Council strategy for the acquisition and disposal of vehicles.
- The available management information on vehicles used to inform decision making.
- The Processes to ensure fleet costs are monitored and managed effectively.

Three (Level 1) recommendations were made as follows:

- (1) Management should ensure there is a documented Fleet Management Strategy that includes the following:
 - The aims of Fleet Management;
 - Links to the Council's plan and environmental objectives;
 - Acquisitions, disposals and vehicle replacement programme;
 - Describes how VFM is measured;
 - How the usage of vehicle is to be optimised and how this will be measured; and
 - How the temporary replacement of vehicles and breakdowns will be managed.
- (2) Performance indicators should be identified, implemented, regularly reviewed and reported to assist with Management decision making.
- (3) Performance indicators set out in the Agreement between Angus Council and Tayside Contracts should be formally documented and obtained from Tayside Contracts.

We also identified the following areas of good practice:

- There is an annual vehicle replacement programme approved by Committee.
- Tayside Contracts' Fleetwave system records the history of each vehicle that is held under their maintenance contract.
- The 6 weekly inspection rule (health and safety check) is being monitored by Angus Council staff.
- Staff are monitoring recharges and raising queries with Tayside Contracts where the recharges do not meet expected costs.

LEADER Review

Level 1	-	Level 2	2	Level 3	-
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LEADER (Liaison Entre Actions de Développement de l'Economie Rurale) is part of the Scottish Rural Development Programme, (SRDP) 2014-2020 aimed at promoting economic and community development within rural areas.

The LEADER rural development programme operates on a 7 year cycle covering 2014-2020. The funding awarded to Angus Council is £2,750,186. The Angus Local Action Group (LAG), have

approved four applications for grant awards totalling £527,494 within the period under review although no claims requiring payment have been received to date.

There is a Service Level Agreement (SLA) between the Scottish Government Agriculture, Food and Rural Communities Directorate (SGAFRC) and Angus Council, acting as Accountable Body for LAG. The SLA states that the Council is required to submit an annual confirmation certificate and report. The report includes a summary of work undertaken by the Council's Internal Audit function and details any findings noted in determining whether the LAG has complied with the requirements of the SLA.

The overall objective of the audit assignment is to confirm that for the year 16 October 2015 to 15 October 2016 Angus Council has undertaken the delegated function as specified in the SLA referred to above.

The specific control objectives of the audit are to ensure that:

- The Council as Accountable Body for Angus Local Action Group is complying with the terms of the Service Level Agreement.
- The Council is obtaining and holding sufficient evidence on file to support the payments claimed for administration.
- The review identified good practice in respect of retention of documentation and the recording of conflicts/declarations of interest.

The report made two, level 2, recommendations; (1) to create guidance notes for staff and (2) to receive information from other Council services in time to meet the SLA deadlines for expenses claims.

The review identified good practice in respect of retention of documentation and the recording of conflicts/declarations of interest.

Implementation of internal audit recommendations

Background

The Committee receives a corporate summary of all outstanding (overdue) recommendations on a quarterly basis. The recommendations classed as outstanding are those where the required action has not been completed by the original completion date. More detailed summaries have been provided on request.

Summary of Progress

The table below highlights the most current list of 10 overdue level 1 recommendations together with detailed text and the progress to date. There are currently an additional 3 instances where the original completion target dates have been extended on request. For the purposes of this list these have been excluded.

Table 1 – Outstanding Level 1 Recommendations

Covalent Report – Overdue Level 1 Recommendations (without agreed extensions)

Priority 1

Action Code & Title	Description	Due Date	Original Due Date	Audit Update	Assigned To
IA 15-24 Debtors and Debt Recovery					
IADDR_0001 We will develop and implement a sales ledger register showing who has authority to raise sales ledger documentation within Communities.	Rec 1 We recommend that a signatory list is developed in line with Financial Regulation 21.3 stating who can authorise sales ledger invoices within Communities and this is consistent with the Scheme of Delegation. The authorisation of supporting documentation for raising invoices should be completed in accordance with the Scheme of Delegation.	30-Sep-2016	30-Sep-2016	No notes on Covalent, 0% completed.	Admin Officer (Data-processing) Communities
IA 15-27 Fuel Management					
IAFM_0001 We will ensure that Service Managers issue instruction to relevant team managers.	Rec 1 It is recommended that Managers in the Angus Health and Social Care Partnership receive the monthly fuel back-up information and ensure that it is reviewed for any anomalies relating to their staff and vehicles. Any anomalies should be investigated and any errors reported to Tayside Contracts.	30-Jun-2016	30-Jun-2016	No notes on Covalent, 0% completed.	Service Manager AHSCP Communities

Action Code & Title	Description	Due Date	Original Due Date	Audit Update	Assigned To
IAFM_0003 We will develop operational procedures for the administration of key fobs, which will include clear advice on roles and responsibilities. These procedures will be agreed with Tayside Contracts and circulated to all relevant staff in each service.	Rec 3 It is recommended that operational procedures are drawn up and provided to each service for the administration of key fobs, with clear advice on the roles and responsibilities on the requirements for updating Tayside Contracts with details of any changes to vehicle and person records.	30-Sep-2016	30-Sep-2016	No notes on Covalent, 0% completed.	Transport and Technical Co-ordinator Communities
IA 16-03 Governance of School Funds					
IAGSF_0010 We will provide the required reconciliation	Rec 10 It is recommended that the School forward a copy of the next full reconciliation to Internal Audit after completion.	31-Aug-2016	31-Aug-2016	No notes on Covalent, "50% completed". A document was received in September but found to be inadequate. The matter was raised with senior staff and a new reconciliation document is awaited.	Senior Finance Officer Children & Learning
IA 15-23 Information Governance – Data Security					
IAIGDS_AS_0001 We will issue a memo issued to council employed managers regarding the e-learning module and the email to all council staff re data security. The matter will be placed on agenda for team meetings.	Rec 1. It is recommended that all Managers ensure that the data security e-learning module is completed by all of their staff in compliance with the reminder issued by the Strategic Director in June 2015 to ensure that staff are trained and aware of data protection issues..	01-Aug-2016	01-Aug-2016	No notes on Covalent, "0% completed".	Principal Officer AHSCP

Action Code & Title	Description	Due Date	Original Due Date	Audit Update	Assigned To
IAIGDS_AS_0002 We will ensure that managers with responsibility for records at Bruce House will undertake a review and ensure security is appropriate.	Rec 2. It is recommended that management review the security of confidential archive files held in Bruce House with arrangements made to ensure that unauthorised access by non-Council employees is restricted and the storage arrangements are appropriate.	01-Aug-2016	01-Aug-2016	No notes on Covalent, 0% completed.	Principal Officer AHSCP
IAIGDS_AS_0003 We will ensure that managers with responsibility for staff at Bruce House will issue a reminder regarding clear desk policy and security of confidential files.	Rec 3. It is recommended that staff working at Bruce House are reminded of the requirement to ensure that the clear desk policy is adhered to and that all confidential files are securely locked away when not in use. Managers should also conduct regular spot checks to ensure compliance.	01-Aug-2016	01-Aug-2016	No notes on Covalent, "0% completed".	Principal Officer AHSCP
IAIGDS_CL_0009 We will issue guidance once the SCARRS guidance and schedule have been updated.	Rec 5 It is recommended that guidance regarding the retention of children's files is communicated to managers to ensure that requirements are clearly understood.	30-Jul-2016	30-Jul-2016	Working group met today to discuss taking this forward. A draft is now being prepared. 70% complete	Performance Information Team Manager Children & Learning
IA 15-29 Scottish Landfill Tax					
IALT_0008 We will agree and document a procedure for the monitoring of customers with outstanding debt. Finalised procedure and	Rec 1: The Head of Regulatory and Protective Services must establish a policy to govern the management of customers with significant debt. This policy should ensure that an objective and consistent approach is applied to	30-Sep-2016	30-Sep-2016	Still being progressed. Anticipate completion by 31 December 2016. 50% complete.	Service Manager (Environmental Management – Waste) Communities

Action Code & Title	Description	Due Date	Original Due Date	Audit Update	Assigned To
instruction will be communicated by the Head of Reg. and Prot. Services to all relevant staff and will act as agreed policy on the subject	all customers with outstanding debt. The policy should establish a process by which all customer debt is regularly reviewed and sanctions strictly applied after proper review of all circumstances. Indicators such as the level of debt and the period outstanding may be used in determining the sanctions applied.				
IA 15-28 Salaries					
IAS_0008 We will create, maintain and review on an annual basis a register of officers authorised to sign official employee related payroll/HR documentation.	Rec 1 It is recommended that to comply with Financial Regulation 20.4 a register of officers authorised to raise and/or sign official documentation should be maintained and reviewed on an annual basis by the Head of Service responsible for Human Resources.	31-Aug-2016	31-Aug-2016	No notes on Covalent, 20% completed.	HR Manager Resources

