

ANGUS COUNCIL

SCRUTINY AND AUDIT COMMITTEE – 23 APRIL 2019

INTERNAL AUDIT ACTIVITY UPDATE

REPORT BY MARGO WILLIAMSON – CHIEF EXECUTIVE

ABSTRACT

This report provides the Internal Audit Activity update on the main findings of internal audit reports issued since the date of the last Scrutiny and Audit Committee.

1. RECOMMENDATIONS

It is recommended that the Scrutiny and Audit Committee:

- (i) note the update on progress with the 2018/19 Internal Audit Plan, and
- (ii) note management's progress in implementing internal audit recommendations.

2. ALIGNMENT TO THE ANGUS LOCAL OUTCOMES IMPROVEMENT PLAN (LOIP) AND COUNCIL PLAN

The proposals set out in this report will contribute to the outcomes outlined in the Local Outcomes Improvement Plan, Locality Plans and Council Plan, which focus on the economy, people and place.

3. BACKGROUND

Introduction

The annual internal audit plan was ratified by the Scrutiny and Audit Committee and a progress report is submitted to each meeting of the Committee. This report outlines progress in delivering the plan.

Internal Audit issues a formal report for each review undertaken as part of the annual audit plan. Each report contains an action plan which incorporates all the recommendations made. This action plan, prepared under SMART (Specific, Measurable, Achievable, Realistic, Timed) criteria, is agreed with management who nominate persons responsible for taking forward the actions and who set their own completion date for each action. This agreed action plan forms an integral part of the final audit report and audit recommendations are ranked to indicate materiality.

As part of the on-going audit process, Internal Audit reviews the implementation of recommendations and reports the results to each meeting of the Scrutiny and Audit Committee. The latest results are included in the Update Report at **Appendix 1**.

4. CURRENT POSITION

Work continues within the Internal Audit team to progress the 2018/19 Internal Audit Plan agreed by this Committee in April 2018. (Report 134/18 refers). Ad hoc requests for advice are being dealt with as they arise. The focus of some items within the plan has been revised to take account of changing circumstances and ensure internal audit work remains effective. There has been some slippage in the plan. There is a possibility that some work may not be completed in time for the annual report in June 2019. IT audit delivery is dependent on the IT contractor; the contract for this work was let to Scott Moncrieff on 15 February 2019. Sufficient work will be completed to allow the annual report and opinion to be provided.

5. PROPOSALS

The attached report provides Scrutiny and Audit Committee members with an update on progress with the 2018/19 Internal Audit Plan. The Committee is asked to note:

- this report.
- the progress made in implementing internal audit recommendations.

6. FINANCIAL IMPLICATIONS

There are no financial implications arising directly from this report.

NOTE: No background papers, as detailed by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information) were relied on to a material extent in preparing the above report.

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List of Appendices:

Appendix 1 - Internal Audit Activity Update Report

Angus Council Internal Audit



Update Report

Scrutiny & Audit Committee

23 April 2019

Cathie Wyllie
Service Leader – Internal Audit
Strategic Policy, Transformation & Local Government Reform

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Introduction

This report presents the progress of Internal Audit activity within the Council up to the 15 April 2019 and provides an update on:

- Progress with the 2018/19 Internal Audit Plan; and
- Progress with implementing internal audit recommendations.

Audit Plan Progress Report


2018/19 Internal Audit Plan – Progress update



The table below summarises progress as at the 15 April 2019. Definitions for control assurance assessments are shown on page 22.



Timings for some audits have been revised since the last progress report. This is to accommodate operational requirements in services, or the result of audit staff with LEAN training being involved in the corporate review of mobile phones and reactive investigation work that was not planned.







It should be noted that timings for IT Governance audits were dependent upon completion of the new tender for specialist IT audit support. The tender process has now been completed and the contract was awarded to Scott-Moncrieff Chartered Accountants.

There are several incomplete reviews that are well advanced and others that are at an early stage. It is possible that some work may need to be carried forward to the 2019/20 plan for completion. A verbal update on the latest progress will be provided at the Scrutiny & Audit meeting.

Audits	Planned	WIP status	Overall control assurance	Control assessment by objective	S&A committee date / (target in italics)
Corporate Governance					
Corporate Governance annual review – 2018-19	June 2018	Complete	N/A	N/A	19 June 2018 (report 204/18)
New Management Structure - revised Governance Arrangements	April 2019	Planning			<i>18 June 2019</i>
General Data Protection Regulations (GDPR) Readiness	June 2018	Complete	Substantial		21 August 2018
Risk management	Jan./Feb. 2019	Complete	N/A	N/A	23 April 2019
Council Governance & Oversight of Arrangements with Angus Alive	May 2019	In Progress			<i>18 June 2019</i>

Audits	Planned	WIP status	Overall control assurance	Control assessment by objective	S&A committee date / (target in italics)
Council oversight of IJB	March/April 2019	In Progress			<i>18 June 2019</i>
Financial Governance					
Schools' Funds – Governance (follow-up)	Feb. 2019	Draft Report In Progress			<i>18 June 2019</i>
Savings targets/Income generation Removed as work on budgets provides assurance on savings and OD/ZBB and other work is looking at Income Generation	Removed from plan	N/A	N/A	N/A	Removal approved 22/1/19
Change programme / Agile Savings Focus changed to review governance of the change programme. Agile savings will not be reviewed.	Jan. 2019	In Progress			<i>18 June 2019</i>
Review of Voluntary Severance scheme	June 2018	Complete	Substantial		25 September 2018
On-line payments/ "Cashless Council"	April/May 2019				<i>18 June 2019</i>
On-line school payments – now split in to two phases. Phase 1 included in 3 project review of project management procedures. Phase 2 to be undertaken during 2019 to review operation of system.	See project management below Will be carried forward to 2019/20 plan	Complete N/A	N/A Consultancy project N/A	Blank N/A	22 Jan. 2019 Timing confirmed 23 April 2019
BACS system	Aug. 2018	Complete	Substantial		20 November 2018
Data Analysis – Payroll & Accounts Payable	Continuous Auditing	On-going. Last reported Nov. 2018	Payroll - Comprehensive Accounts payable - Substantial		<i>18 June 2019</i>

Audits	Planned	WIP status	Overall control assurance	Control assessment by objective	S&A committee date / (target in italics)
IT Governance					
Carefirst Social Work system Focus changed. This project included in 3 project review of project management procedures Phase 2 to be undertaken as part of 2019/20 Audit Plan to review operation of system.	See Project Management Postponed until 2019/20 Audit Plan	Complete	N/A Consultancy project		22 January 2019 <i>2019/20</i>
IT User Access Administration – Integra (follow-up)	March 2019	Planned			<i>18 June 2019</i>
IT User Access Administration - Resourcelink	April 2019	Planned			<i>18 June 2019</i>
Internal Controls					
Contract specification process	March/April 2019	Planning			<i>18 June 2019</i>
Change Management/Project Management procedures – now 2 separate audits. Change Management covered by Change Programme above. Project management procedures	Oct/Nov./ Dec. 2018	Complete	N/A – Consultancy project		22 January 2019
Business continuity planning and disaster recovery	Postponed until 2019/20 Audit Plan				<i>2019/20</i>
School transport	July 2018	Complete	Comprehensive		20 November 2018
Nursery/Early years expansion	July 2018	Complete	Substantial		20 November 2018

Audits	Planned	WIP status	Overall control assurance	Control assessment by objective	S&A committee date / (target in italics)
Asset Management					
Stocks	May 2018	Complete	Limited		25 September 2018
MEB (Formerly DERL)	Jan. 2019	Complete	Comprehensive		5 March 2019
Property Repairs Work Allocation (Schedule of Rates)	Feb./March 2019	Complete	Substantial		23 April 2019
Section 75 agreements	Oct. 2018	Complete	Substantial		22 January 2019
Legislative and other compliance					
LEADER	October 2018	Complete	Substantial		22 January 2019
Carbon Reduction / Climate Change Targets 2020	Feb. 2019	Draft report issued			<i>18 June 2019</i>
IR35 (off payroll working rules)	Jan./Feb. 2019	Draft report issued			<i>18 June 2019</i>
Procurement Reform (Scotland) Act 2014	April. 2019	Planning			<i>18 June 2019</i>
EESH 2020 housing standards compliance	Jan. 2019	In Progress			<i>18 June 2019</i>
Environmental Health, Consumer Protection and Food Safety Enforcement	Dec./Jan. 2018	Complete	Limited		23 April 2019
Corporate Health & Safety	April 2019	Planning			<i>18 June 2019</i>

Audits	Planned	WIP status	Overall control assurance	Control assessment by objective	S&A committee date / (target in italics)
Interreg (European Funding)	Jan. 2019	Complete	N/A	N/A	5 March 2019
<ul style="list-style-type: none"> Initial testing 					
<ul style="list-style-type: none"> Payroll testing 	March 2019	Complete	N/A	N/A	23 April 2019
Chief Executive Reports					
Lochside Leisure Centre	Oct 2018	Complete	N/A	N/A	20 November 2018

Angus Alive and Angus Health & Social Care IJB

Angus Council's Internal Audit staff have continued to work on the audit plans for both Angus Alive and Angus Health & Social Care IJB during the period covered by this update report. The third audit for 2018/19 for Angus Alive has been completed. The report on our main IJB audit assignment for 2018/19 has also been completed. Reports for both bodies are presented to their respective audit committees throughout the year.

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. Execution 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: -

- Property Repairs Works Allocations – Schedule of Rates
- Interreg
- Risk Management
- Environmental Health, Consumer Protection and Food Safety Enforcement

Property Repairs Works Allocation – Schedule of Rates

Introduction

As part of the 2018/19 annual plan, Internal Audit has completed an audit to provide assurance that there are appropriate controls in place over the allocation and subsequent management of work to contractors. The contract framework, Schedule of Rates for planned maintenance, electrical work, heating etc. is the area covered by this review.

The factual accuracy of this report has been confirmed with Doug Henderson, Manager Property Assets.

The co-operation and assistance given by all members of staff in the course of the audit is gratefully acknowledged.

Background & Scope

In August 2017, following an investigation, the Council's Fraud Team issued a report on the allocation of urgent electrical contracts. The report recommended that Internal Audit carry out an audit to review the allocation of work to contractors. This review is the second of two reviews which address that recommendation and includes a wider consideration of contract management.

The first review, carried out as part of the 2017/18 Internal Audit Plan, focussed on the contract framework for Urgent Repairs & Jobbing, and this second review deals with Schedule of Rates. The volume of work involved was considered to be too much to cover in one single review, and as a new Schedule of Rates was due to start on 1 April 2018 it was considered appropriate to review this area as part of the 2018/19 Internal Audit Plan, once the new procedures were embedded.

The audit reviewed the arrangements in place against the following control objectives:

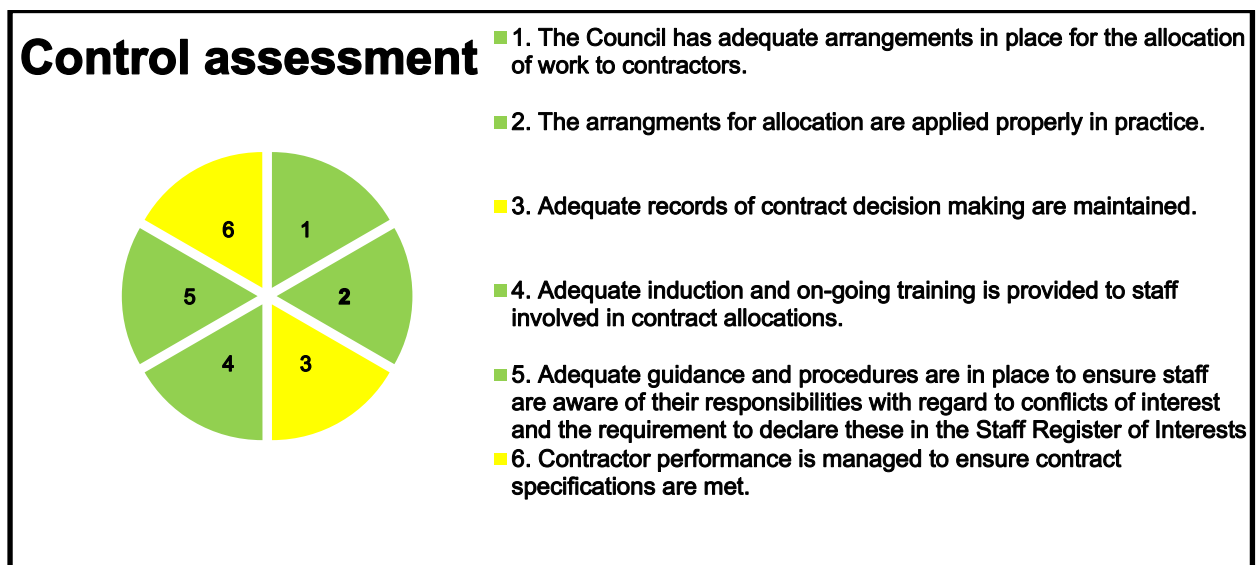
- The Council has adequate arrangements in place for the allocation of work to contractors
- The arrangements for allocation are applied properly in practice
- Adequate records of contract decision making are maintained.
- Adequate induction and on-going training is provided to staff involved in contract allocations
- Adequate guidance and procedures are in place to ensure staff are aware of their responsibilities with regards to conflicts of interest and the requirement to declare these in the Staff Register of Interests
- Contractor performance is managed to ensure contract specifications are met.

Conclusion

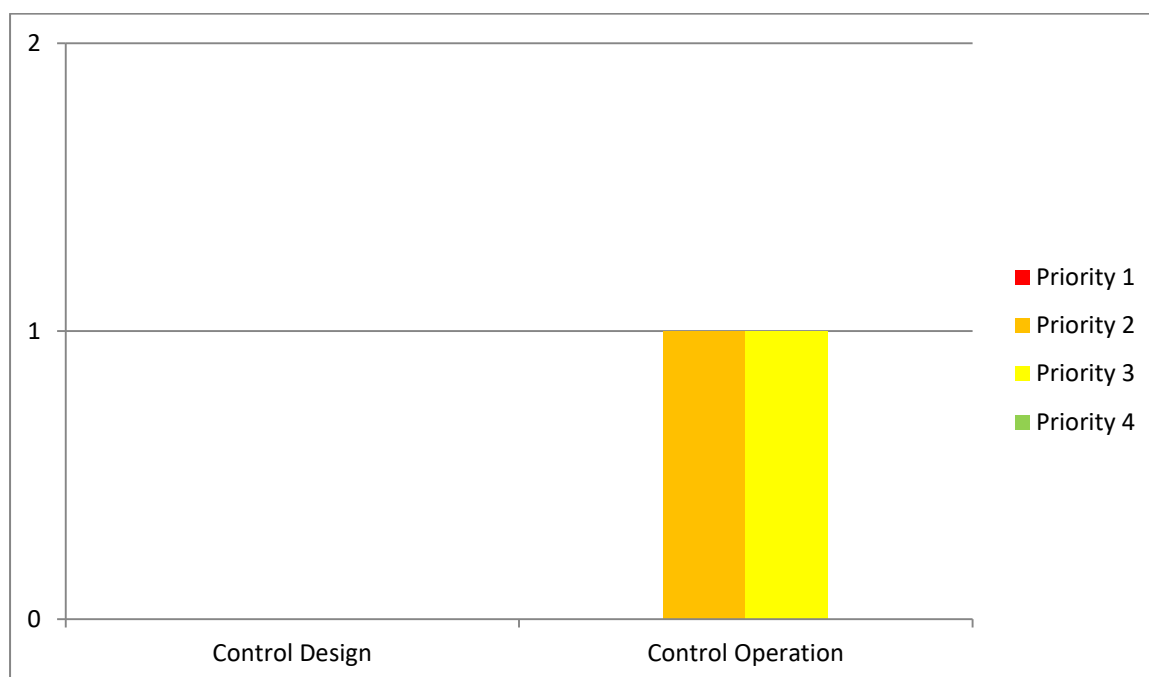
The overall level of assurance given for this report is '**Substantial Assurance**'.

Overall assessment of Key Controls

The audit reviewed and assessed the controls in place to manage the following Key Control Objectives:



Audit Recommendations summarised by Type & Priority



There are one priority 2 and one priority 3 operational recommendations in this report.

Key Findings

Good Practice:

We have identified the following area of good practice:

The Schedule of Rates Term Contracts for repair, maintenance and improvements for the period 2018 to 2022 was approved by the Communities Committee, report 176/17 refers.

Planned Improvements/Changes:

From the OD/ZBB exercise, the Assets Service are to introduce client satisfaction surveys and KPI's.

Areas Identified for Improvement:

We have made two recommendations to address medium and limited risk exposure which are:

Level 2

- Staff should be reminded that the Contractor Performance records are to be completed, appropriately signed and saved in Timemaster in the relevant project folder. All projects which are completed to date for minor contracts should be checked to confirm the Contractor Performance record is held.

Level 3

- Staff should be reminded to save a signed Quantity Surveyors Cost report for a planned maintenance project in the relevant project file in Timemaster.

Interreg Like! Building a Local Digital Innovation Culture

This is an update from our initial report on the work performed on the second Interreg funding claim for the period to 31 August 2018, due to be submitted by 31 March 2019, report 70-19 refers. Further audit work was completed on the documents supporting Staff Costs, minor queries were raised and amendments made prior to the claim being submitted and 100% reviewed by the external First Level Controller. The issues about how to collate the information for the claim that we previously reported are now resolved, however the documents to support pension costs paid in March 2017 were unable to be verified in time for the second claim deadline and this cost has been delayed until the third claim.

The second claim was approved by the First Level Controller on 28 March 2019. The claim included expenses for External Expertise (£53,461), Travel & Subsistence (£7,020), Staff Costs (£48,655) and Administration (£7,298). This equates to 136,178 euros.

Risk Management

Background

Risk management was noted in the Corporate Governance Action Plan in June 2018 as an area for improvement.

During 2018/19, a new Risk Resilience and Safety team was formed, bringing together all of the risk functions within the council and strengthening links with internal audit, governance and change. It has also provided opportunities for the sharing of and integration of risk priorities across the organisation, whilst supporting council services to be much more accountable and responsible for all aspects of risk underpinning their business objectives.

The 2018/19 Internal Audit plan included a review of risk management which was intended to cover the operation of the new arrangements. These will not be fully implemented until mid-2019 and therefore further internal audit work on risk management is included in the 2019/20 Audit Plan, approved in March 2019. Report 71/19 refers.

Current Position

During 2018 work to revise the Risk Management Strategy and related guidance has been ongoing. The Risk Management Strategy was approved at the Policy & Resources Committee on 29 January 2019. Report 27/19 refers. Work is also underway to update the supporting guidance, to improve and integrate existing processes and ensure that risk is embedded within our core business functions

The Corporate Risk Register has not been updated formally since January 2018, however risk in the Council continues to be managed at corporate and service level using existing systems. The update to the risk management guidance will provide an opportunity for a refreshed approach, including training and output of simplified documentation.

Internal Audit has been involved in all discussions and workshops with regard to the risk management strategy and related guidance, thereby providing real-time audit input to progress. Dialogue will continue alongside a more combined approach to risk management and assurance within the organisation.

No further recommendations have been made at this point in relation to risk management improvements, due to the ongoing activity. Revised guidance and refresher training is scheduled to be in place by mid-2019.

Conclusion

My assessment from observation, informal feedback from colleagues, and involvement with the Risk Resilience and Safety team in the period from July 2018 to date is that, whilst there is still work to be done, the new arrangements are working well towards achieving the objectives for sharing and integrating risk priorities across the council whilst supporting services to be more accountable and responsible for all aspects of risk underpinning their business objectives.

It is important that risk management becomes an integral part of day to day management at all levels of the Council. The Risk Management Strategy approved in January 2019 follows good practice and provides a sound basis for embedding risk management arrangements going forward. The planned audit work in 2019/20 will review and confirm how well this has been achieved.

There is a potential risk in the meantime that the informal nature of some of the current risk management arrangements, and particularly those relating to corporate risk identification, could lead to risks not being identified and addressed accordingly. The work to finalise the revised risk management arrangements is therefore a priority.

Environmental Health – Environmental Protection & Food Safety

As part of the 2018/19 annual plan, Internal Audit has completed an audit to determine the Council's ability to deliver its statutory requirements in regard to environmental protection and food safety.

The Environmental Health Service sits within the Environmental and Consumer Protection Service and has wide ranging responsibilities for enforcing legislation which has the purpose of protecting our community from harm. The Service works in partnership with a number of Council services including, planning, licensing, housing and waste management and with government services such as Food Standards Scotland, HSE, SEPA and DEFRA.

Environmental Health is responsible for regulation, enforcement and advice. Its areas of responsibility include

- food hygiene and food safety – inspection of food premises and labeling and composition of food from small cafes to large manufacturers;
- control of infectious diseases - the service work with the NHS regarding this;
- health and safety at work - including accident investigations, also liaison with HSE;
- pollution control - including statutory nuisance;
- animal welfare – cattle movement, welfare on farms/slaughter houses, licensing of animal breeders, boarding and riding establishments;
- pest control;
- port health service – inspections of ships and issuing of ship sanitation certificates;
- sampling of swimming pools;
- private water supplies;
- caravan sites – holiday and residential;
- migrant worker sites;
- private sector housing;
- health promotion;
- local air quality;
- contaminated land.

We reviewed the ability of the service to deliver its statutory requirements in regard to environmental protection and food safety.

The audit was to provide assurance on the following objectives:

- The service is meeting its obligation to provide statutory requirements in regard to environmental protection and food safety.
- There are clear guidelines in place within the team and these are adhered to.
- The team is aware of current legislation and officers are adhering to it.
- Accurate and up to date records are maintained and managed.
- Each authorised officer has an appropriate programme of training based on the principles of continuing professional development.
- Sufficient qualitative and quantitative monitoring is taking place and is documented.

Conclusion

The overall level of assurance given for this report is **Limited Assurance**. This assessment should not be seen as a criticism of the staff currently carrying out the duties covered by this audit, rather it reflects the impact which historic and ongoing budget cuts and the subsequent lack of staffing resource is having on the service.

There is a significant risk that the service as a whole will be unable to fulfil its statutory duties; our audit has identified that some of those duties are already not being met, as outlined below. It should be noted that statutory duties not currently being carried out, particularly in relation to food safety and standards, are risk assessed and are duties which other Local Authorities have also taken a decision not to deliver.

A significant reduction in staff resource over the last five years has, inevitably, placed an increased burden on remaining staff. The current workload is predicted to increase substantially over the coming two years as a result of new or existing legislative requirements. (See “Key Findings” below).

With staff resource and level of risk in mind the service has assessed areas of work which can be stopped or reduced and has identified a number of areas where this has been carried out or are still under consideration. There are non-statutory services provided which are preventative in nature and if stopped there may be a resultant increase in complaints and subsequent increase in workload. This is taken into account during the review process.

Within small service teams long term sickness absence can have a significant impact on the ability of a team to deliver the full range of duties. Both the Environmental Protection and Food and Safety teams have, over the last few years, had periods where long term staff absence has affected the effective operation of the service. These absences have been managed by the team leaders along with colleagues in HR, however, as management and operational resource has reduced, the impact of any absence has increased. In the Environmental Protection team in particular this has resulted in the Team Leader being drawn into operational duties and this has had an impact on involvement in management duties such as appraisals, system improvements and updating of guidance.

It was noted during our audit that Food Standards Scotland had carried out an audit in December 2015 (published August 2016) of the Council’s food law enforcement service, and although their report concluded that, at that time, the Food & Safety service was adequately resourced, they expressed concern regarding the imminent restructure of the Environmental Health service overall (implemented 1 April 2016), which reduced staffing numbers.

The current Service Leader - Environmental Health & Consumer Protection, previously had responsibility for Food Standards & Safety, but now has responsibility for all of Environmental Health, Consumer Protection and Trading Standards; Team Leaders in Environmental Health have reduced from four posts to two. Operational resource has been reduced by the equivalent of 4.5 days per week due to the deletion of half a post and permanent reduction of hours in another post.

The effect of this loss on a small team has been exacerbated by the operational officers taking additional leave through the bought leave scheme. Whilst managers have the option to refuse bought leave, the managers in the unit felt some obligation to approve this due to the current budget position and also to maintain staff morale.

The two Team Leaders have been required to take on additional workload (Animal Welfare, Private Water Supplies, Private Sector Housing, Pest Control and Health and Safety at Work), and additional management responsibilities at a level which were previously undertaken by their line manager. As an example the Food and Safety team leader is now the Council's Lead Food Officer, a position previously held by the former Environmental Health, Principal Officer.

The issues highlighted within the Environmental Protection section with regard to management duties are also evident, but not to the same extent, in the Food and Safety team. As previously noted the Team Leader and Service Leader have taken decisions based on risk to discontinue areas of work such as the inspection of lower risk food premises and the inspection of farms involved in primary food production. Food sampling will be reduced over the coming year due to a reduction in the budget allocated to analytical services, however, this reduction will be carried out with a planned and risk based approach and the service is confident that the reduction should have no significant impact on public health in the area. Due to the largely planned nature of the work carried out by the Food and Safety team management decisions have occasionally been taken to move staff resource to the Environmental Protection team, which is a reactive service during periods when there are staff resource issues. The work planned by the Food and Safety service can, therefore be affected during these periods.

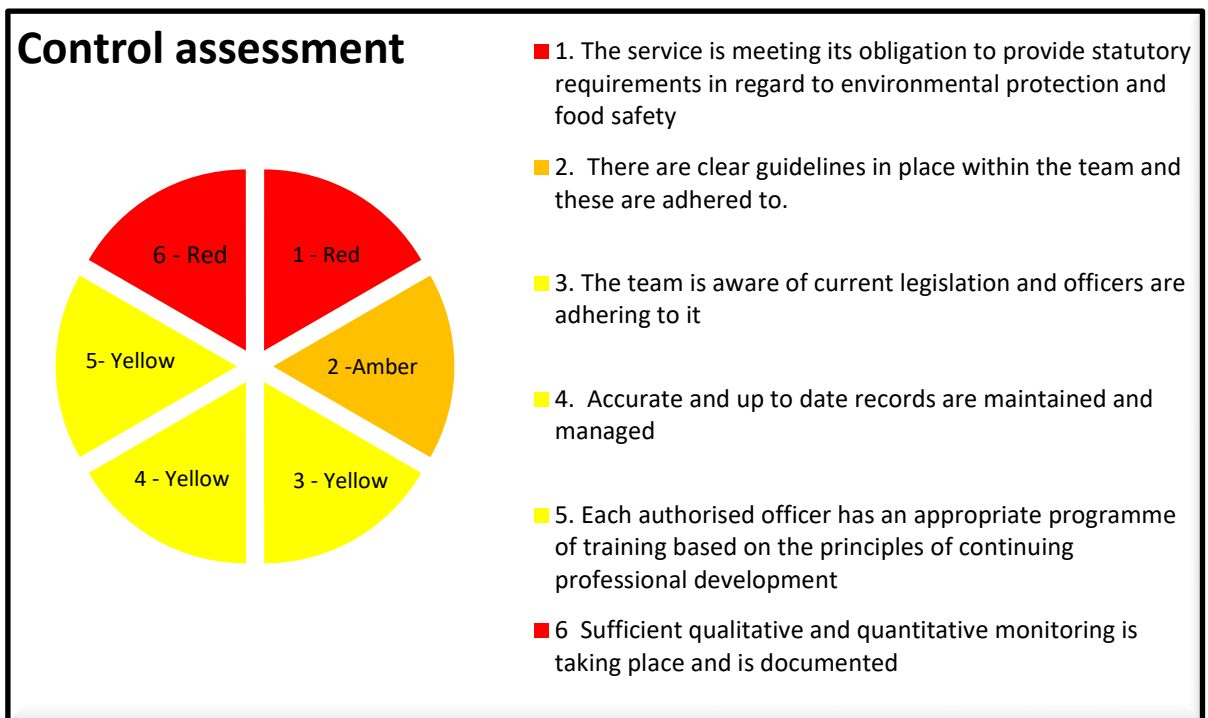
There are concerns regarding lack of resilience in the Food & Safety team in the event of a major incident such as a communicable disease outbreak or a fatal accident. Responses to such incidents involve several members of the team, and can last for an extended period of time; recent reductions in staff at both operational and management level may mean that other statutory work would require to be either stopped or postponed should a major incident occur. A resource sharing agreement is currently in place between the Environmental Health services at Angus, Perth and Kinross, and Dundee City Councils and it may therefore be possible during such an event to source additional staff resource from one of those partner authorities as part of this mutual aid agreement.

The Environmental and Consumer Protection zero based budgeting / organisational design report to the Change Programme Board and the Corporate Leadership Team highlighted the increased future demands on the service due to new legislation.

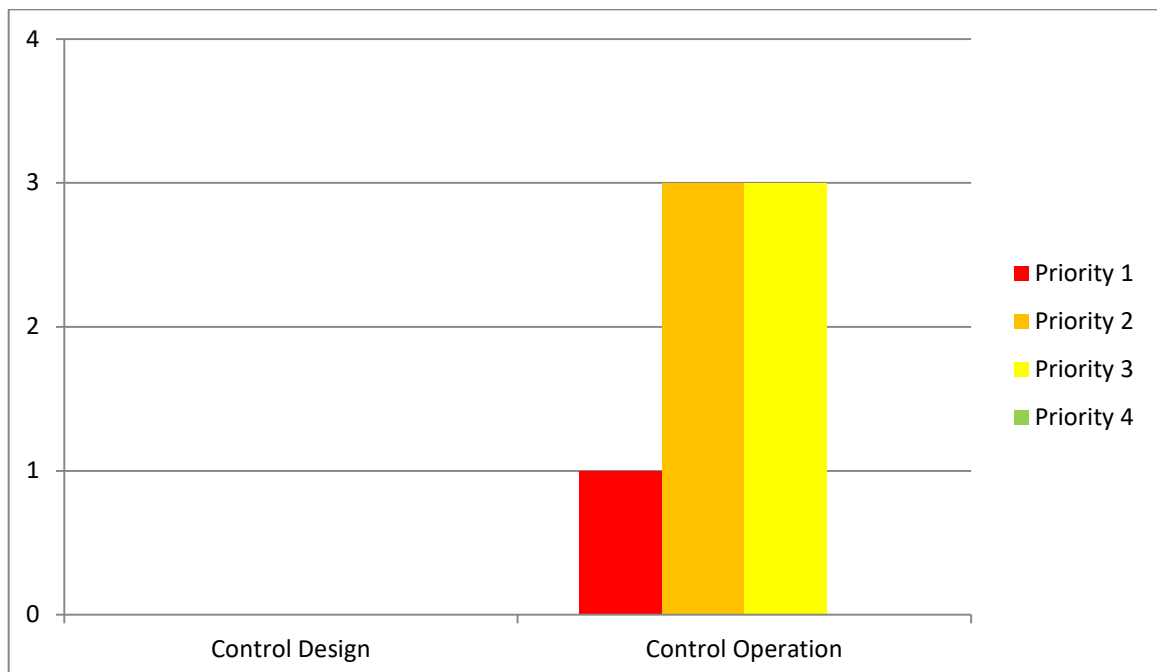
All of the issues highlighted above increase the risk of a major incident or service failure in this area. It is, however, considered by the Service Lead, Environmental & Consumer Protection that these risks are being properly managed at present. He does, however, have concern, which is shared by Internal Audit, that existing and proposed legislative change and government focus on public health reform will have significant impact on the work of the Environmental Health service in the coming years. There is a possibility that any additional duties arising from a change of policy at national level will be resourced by the Scottish Government.

Overall assessment of Key Controls

The audit reviewed and assessed the controls in place to manage the following Key Control Objectives:



Audit Recommendations summarised by Type & Priority



There are one priority 1, three priority 2 and three priority 3 operational recommendations in this report.

Key Findings

Good Practice:

We have identified the following areas of good practice:

- All information is kept on the Flare system and is easily visible to all relevant staff;
- There is an audit trail of visits and issues relating to Food and Safety and Environmental Protection service requests kept on the Flare system;
- Food visits are prioritised and allocated to staff on a monthly basis.

Due to the issues highlighted in this report, the service is not meeting all of its statutory duties at present in the areas audited. It is, however, acknowledged that these issues are being managed with a risk based approach. The new legislation as highlighted below will increase the amount of work and visits needed to be carried out by the section in future and carries a further risk of non-compliance.

Areas where statutory duties are currently not being met include:

- Food safety work. Food hygiene and standards have a national system for risk assessment. Risk is assessed and scored A to E, being A - high risk and E - low risk. There is a statutory duty to inspect all areas, category A-E. Angus doesn't inspect category E or some lower risk category D. The section is looking at not inspecting some category Cs due to capacity. The system of risk rating is scheduled to change from 1 April 2019. As previously stated non inspection of some category D and all category E premises is not uncommon in Environmental Health services across Scotland.
- In a return to Food Standards Scotland, the team leader stated that Angus did not have sufficient qualified staff to meet all the requirements of both Regulation (EC) No 882/2004 and the 2015 Food Law Code of Practice (Scotland). The Food Law Code of Practice (Scotland) relates to all areas of Food Legislation and in the services view it is unlikely that any other authority has sufficient staff to deal with all aspects of the code. In previous years the service has ignored this question and preferred to state that sufficient resource is in place to carry out most of the work contained within the Food and Safety Service Plan.
- The Water Intended for Human Consumption (Private Supplies) (Scotland) Regulations 2017. These regulations came into force in October 2017, and are regulated and enforced by Local Authorities. These new regulations are estimated to at least double the number of supplies that have to be sampled by the Environmental Protection team. The new regime will also require a new risk assessment tool to be used and new sampling programmes to be implemented. No progress has yet been made towards implementing the new regulations, although the Council should by now be fully compliant.

Legislative Requirements/Duties:

Work in the following areas will increase due to new legislation:

Licensing of residential caravans

Part 5 of the Housing (Scotland) Act 2014 inserts a new Part 1A in the Caravan Sites and Control of Development Act 1960 (the 1960 Act). Existing sites will have to apply for a new license by 1 March 2019 in order to have a license in place by 1 May 2019. The Environmental Protection team will be involved in the inspection of these sites (estimated at 8 sites in Angus). The section will require to take into account revised model standards and assess new applications when submitted.

Revised Housing tolerable standard

A proposal to change the Housing tolerable standard to include interlinked smoke alarms and CO detectors in all housing has been agreed but the relevant statute has not been amended yet. This will add to the issues officers will have to cover during housing inspections and may also increase enforcement work.

Blue green algae

Revised Guidance is expected early in 2019 which will require susceptible water bodies to be risk assessed.

Food Hygiene and Food Standards

As from 1 April 2019 food hygiene and food standards inspections will be amalgamated. This will result in increased inspection numbers. There were seventeen food standards inspections carried out by the service in 2018. After 1 April 2019 all inspections will include both food hygiene and food standards. There are currently approximately 450 food hygiene inspections annually so this will increase the time taken for each one. The risk rating scheme is also changing to more regular inspections with pilot authorities reporting that inspection numbers have increased by 50%.

Scottish Government Healthy Eating

The Scottish Government is currently consulting on reducing health harms from foods high in fat, sugar or salt. The consultation includes plans to make this a statutory function of councils to enforce the requirements. It is commonly held, that as this will involve food businesses, that Environmental Health will be the enforcing authority. This issue was raised by the service during their OD/ZBB exercise and included in their subsequent report to the Change Programme Board. In addition, Food Standards Scotland is consulting on nutritional requirements for foods eaten out of the home and there is an expectation that Environmental Health will respond to this although the consultation is not suggesting that it will be a statutory duty.

The new legislation outlined above will cause a substantial increase in workload for the service, and creates a high risk of failure to comply with statutory requirements.

In the event of a no deal Brexit businesses will require to provide export health certificates to EU countries. Although this is not a statutory duty, if the service was not provided local business would be unable to access the EU market.

There are seven recommendations in this report.

Priority 1

- A review of staffing requirements to establish the minimum staffing and skills required to meet legislative requirements should be carried out to ensure that the Council is meeting its statutory requirements.

Priority 2

- The Environmental Protection section should review current guidance, policies and procedures to ensure that they are up to date, as lean and efficient as possible, held in one place and easy to access. This is even more important with fewer staff in the section to enable business continuity.
- Regular monitoring reports covering missed visits should be produced for the Environmental Protection section of ECP and be reviewed by management.
- The Team Leader (Food and Safety) should ensure that two audit inspections of each officer's work are carried out annually, in line with established Food Standards Scotland requirements.

Priority 3

- Staff should ensure that the Flare system is updated as soon as practical and ensure that complaints and queries are closed off when complete.
- All staff in the Environmental Health section must ensure that evidence of training attended is completed promptly so that training records are up to date.
- Managers should ensure that staff appraisals are being carried out in accordance with Council guidelines.

Implementation of internal audit recommendations

Background

The summary report is presented below in accordance with the agreed reporting schedule.

Summary of Progress

The figures presented in the tables below have been obtained after analysis of the corporate action recording and monitoring system, "Pentana". Work continues to be carried out on the configuration and management of the Pentana system to provide improved management information and to bring greater efficiency to the follow-up process.

The information presented below reflects the position of the 29 actions in progress at 15 April 2019 (excludes actions for Angus Alive and IJB). Chief Officers receive and review regular detailed reports on the outstanding recommendations.

- Table 1 identifies internal audit recommendations which are overdue as at 15 April 2019.
- Table 2 identifies recommendations which would have been overdue but have had the **original completion date extended** at the request of the Directorate.
- Table 3 details all other recommendations which are **currently in progress** (not yet reached due date).

Table 1 – Recommendations Overdue (as at 15 April 2019)

Directorate	Year Audit Carried Out	Level 1	Level 2	Level 3	Level 4	Not Graded	Grand Total
Communities	2018/19	-	2	2	-	-	4
Grand Total		-	2	2	-	-	4

**Table 2 – Recommendations in Progress (as at 15 April 2019)
(Original Due Date Extended)**

Directorate	Year Audit Carried Out	Level 1	Level 2	Level 3	Level 4	Not Graded	Grand Total
Strategic Policy, Transformation & Public Sector Reform	2016/17	-	-	-	-	-	-
	2017/18	-	1	-	-	-	1
	2018/19	-	-	-	-	-	-
Finance	2016/17	-	-	-	-	-	-
	2017/18	1	6	3	-	-	10
	2018/19	-	1	2	-	-	3
Legal & Democratic	2016/17	-	-	-	-	-	-
	2017/18	-	1	-	-	-	1
	2018/19	-	-	-	-	-	-
HR, Digital Enablement & Business Support	2016/17	2	2	-	-	-	4
	2017/18	-	-	-	-	-	-
	2018/19	-	-	-	-	-	-
Infrastructure	2016/17	-	-	-	-	-	-
	2017/18	-	1	-	-	-	1
	2018/19	-	-	-	-	-	-
Grand Total		3	12	5	-	-	20

**Table 3 – Recommendations in Progress (as at 15 April 2019)
(Not yet reached due date)**

Directorate	Year Audit Carried Out	Level 1	Level 2	Level 3	Level 4	Not Graded	Grand Total
Finance	2018/19	-	1	-	-	-	1
Infrastructure	2018/19	-	1	1	-	1	3
Communities	2018/19	-	-	1	-	-	1
Grand Total		-	2	2	-	1	5

Definition of Assurance Levels, Control Assessments & Recommendation Priorities

Level of Assurance definitions

Level of Assurance	Definition
Comprehensive Assurance	There is a sound control framework in place designed to achieve the system objectives, which should be effective in mitigating risks. Some improvements in a few, relatively minor, areas may be required, and any residual risk is either being accepted or addressed by management.
Substantial Assurance	The control framework in place is largely satisfactory, however there are a few areas where improvements could be made to current arrangements to reduce levels of risk, and/or there is some evidence that non-compliance with some controls may put some of the system objectives at risk.
Limited Assurance	Some satisfactory elements are evident within the control framework. However, some significant weaknesses have been identified which are likely to undermine the achievement of objectives, and/or the level of non-compliance with controls puts the system objectives at risk.
No Assurance	The control framework is ineffectively designed and operated. The issues identified require immediate attention to address the risks to the Council which are currently unacceptable. Significant improvements are required.

Control assessment definitions

Control Assessment	Definition
Red	Fundamental absence or failure of key control
Amber	Control objective not achieved – control is inadequate or ineffective
Yellow	Control objective achieved – no major weakness but scope for improvement
Green	Control objective achieved – control is adequate, effective & efficient

Recommendation Priority definitions

Priority	Definition
1	Recommendation concerning the absence/failure of fundamental control which is critical to the success of the system. Major weakness which significantly impairs the overall control framework. Immediate management action required. Very high risk exposure.
2	Recommendation concerning absence or non-compliance with key control which creates significant risks within the organisation. Substantial weakness identified. Prompt management action required. High risk exposure.
3	Recommendation concerning absence or non-compliance with lower level control, or an isolated instance of non-compliance with a key control. The weakness identified is not necessarily great, but controls would be strengthened and the risks reduced if it were rectified. To be addressed by management within a reasonable timescale. Moderate risk exposure.
4	Recommendation concerning minor issue which is not critical, but implementation would improve the system and/or strengthen controls. To be addressed by management within a reasonable timescale. Limited risk exposure.

