
Report To:	Audit Committee	Date:	02.03.09
Report By:	Corporate Director Improvement and Performance	Report No:	AC/08/09/PW/APr
Contact Officer:	Andi Priestman	Contact No:	01475 712251
Subject:	EXTERNAL AUDIT ACTION PLANS - OUTSTANDING ACTIONS		

1.0 PURPOSE

- 1.1 The purpose of this report is to advise members of the status of outstanding actions from External Audit Action Plans as at 31 December 2008.

2.0 SUMMARY

- 2.1 The CMT has agreed that the Chief Internal Auditor will co-ordinate follow up reporting on outstanding actions arising from External Audit Action Plans on a monthly basis with regular reporting to Audit Committee.
- 2.2 Responses have now been co-ordinated by Internal Audit for actions due for completion at 31 December 2008 and a summary report has now been prepared which is attached at Appendix 1 – this was considered by CMT on 29 January 2009.
- 2.3 8 items were due for completion by 31 December 2008 of which 5 items have been reported as completed by management and revised dates have been set for 3 items.

3.0 RECOMMENDATIONS

- 3.1 It is recommended that members consider the report and note the progress to date in relation to the implementation of external audit recommendations.

Paul Wallace
Corporate Director
Improvement and Performance

4.0 BACKGROUND

- 4.1 External Audit regularly report findings and action plans to relevant Council Officers and the Audit Committee as part of their annual audit plan.
- 4.2 A revised follow up process is now in place to allow follow up of outstanding external audit actions to be co-ordinated and updated by Internal Audit on a monthly basis with regular reporting to CMT and the Audit Committee.

5.0 IMPLICATIONS

- 5.1 Legal: There are no legal implications arising from this report.
Finance: There are no financial implications arising from this report.
Personnel: There are no personnel implications arising from this report.
Equalities: There are no equalities implications arising from this report.

6.0 CONSULTATIONS

- 6.1 Relevant Officers were asked to provide updates to the report as appropriate.

7.0 LIST OF BACKGROUND PAPERS

- 7.1 Audit Scotland's External Audit reports. Copies available from Andi Priestman, Chief Internal Auditor.

INVERCLYDE COUNCIL INTERNAL AUDIT
REPORT TO AUDIT COMMITTEE ON
STATUS OF EXTERNAL AUDIT ACTION PLAN POINTS
31 DECEMBER 2008

Summary: Section 1 Summary of Management Actions due for completion by 31/12/08

8 items were due for completion by 31 December 2008 of which 5 items have been reported as completed by management and revised dates have been set for 3 items.

In addition, for 2 items with no fixed deadline, these have been reported as closed by management.

Section 2 Summary of Outstanding Management Actions Plans at 31/12/08

At 31 December 2008 there were no audit reports delayed due to management not finalising the action plan within agreed timescales.

Section 3 Management Actions Outstanding at 31/12/08

At 31 December 2008 there was a total of 39 outstanding audit action points.

Section 4 Analysis of Missed Deadlines

At 31 December 2008 there was a total of 11 of the 39 outstanding items where the agreed deadline had been missed.

**INVERCLYDE COUNCIL INTERNAL AUDIT
REPORT TO AUDIT COMMITTEE ON
STATUS OF EXTERNAL AUDIT ACTION PLAN POINTS**

SUMMARY OF MANAGEMENT ACTION DUE FOR COMPLETION BY 31.12.08

SECTION 1

Area	No. of Actions Due	No. of Actions Completed	Deadline missed Revised date set*	Deadline missed Revised date to be set*	No action proposed
Improvement and Performance	8	5	3		
Total	8	5	3		

* These actions are included in the Analysis of Missed Deadlines – Section 4

For two items with no fixed deadline, these have been reported as closed by management:

Audit	Action Date
Members Letter 2007/08 (October 2008)	
<p>Financial Pressures</p> <p>Budget reports will be submitted to CMT and Policy and Resources Committee with the next one due November 2008.</p>	Ongoing
<p>Modernisation and Efficiency Programme</p> <p>The Council has robust programme management arrangements in place for managing the M&E Programme including a Programme Board and Members Reference Group. Regular progress reports are submitted to CMT and P&R Committee which address any significant issues.</p>	Ongoing

In addition, for the following actions, these will now be addressed through the action plan arising from the 2007/08 Report to Members and the Controller of Audit.

Audit Report	Original Action Date
Follow Up ICT Review (September 2007)	
The Council's Appraisal System will be cascaded via Management, team leaders and staff.	30.09.07
Continue working on the strategic business continuity issues, for example deciding where to locate the back up data centre.	31.12.07

**INVERCLYDE COUNCIL INTERNAL AUDIT
REPORT TO AUDIT COMMITTEE ON
STATUS OF EXTERNAL AUDIT ACTION PLAN POINTS**

SUMMARY OF OUTSTANDING MANAGEMENT ACTION PLANS AS AT 31.12.08

SECTION 2

ACTIONS OUTSTANDING BY SERVICE

Chief Executive	
Due for completion February 2009	1
Due for completion March 2009	2
Due for completion April 2009	1
Due for completion March 2010	1
Actions outstanding	5
Education and Social Care	
Due for completion August 2009	1
Actions outstanding	1
Environment and Community Protection	
Due for completion March 2009	5
Actions outstanding	5
Improvement and Performance	
Due for completion January 2009	5
Due for completion February 2009	4
Due for completion March 2009	5
Due for completion April 2009	1
Due for completion June 2009	3
Due for completion August 2009	1
Completion date to be advised	2
Actions outstanding	21
Regeneration and Resources	
Due for completion February 2009	1
Due for completion March 2009	5
Due for completion March 2010	1
Actions outstanding	7
Total outstanding actions:	39

**INVERCLYDE COUNCIL INTERNAL AUDIT
REPORT TO AUDIT COMMITTEE ON
STATUS OF EXTERNAL AUDIT ACTION PLAN POINTS
MANAGEMENT ACTIONS OUTSTANDING AS AT 31.12.08**

SECTION 3

Chief Executive

Outstanding Actions	Expected Date
Members Letter 2007/08 (October 2008)	
<p>Statutory Trading Operations</p> <p>The Council will carry out a fundamental review of its arrangements for the Council's significant trading operations with a view to maximising operational performance further. Appropriate evidence will be retained of this review and all subsequent reviews.</p>	30.04.09
<p>Financial Pressures</p> <p>The Council has agreed a Financial Strategy in April 2008. It was agreed that this would be reviewed on a regular basis with updates to the Committee. The Council has put in place a new, robust budget process to ensure effective budget management and address the challenges it will face of the next two years. A two year budget will be agreed by the Council in February 2009.</p>	28.02.09
<p>Business Continuity Planning</p> <p>Recommendations arising from the Internal Audit Review of Business Continuity Management will be considered by the CMT for implementation by the Crisis and Resilience Management Team.</p>	31.03.09
<p>Business continuity plans will be implemented for key services by 31 March 2009.</p>	31.03.09
<p>Business continuity plans will be implemented for all other services by 31 March 2010.</p>	31.03.10

Education and Social Care

Outstanding Actions	Expected Date
Members Letter 2007/08 (October 2008)	
<p>School Estates Strategy</p> <p>An annual review of the Schools Estate Strategy will be undertaken in June 2009 and reported to relevant Committee.</p>	31.08.09

* See Analysis of Missed Deadlines – Section 4

**INVERCLYDE COUNCIL INTERNAL AUDIT
REPORT TO AUDIT COMMITTEE ON
STATUS OF EXTERNAL AUDIT ACTION PLAN POINTS
MANAGEMENT ACTIONS OUTSTANDING AS AT 31.12.08**

SECTION 3

Environment and Community Protection

Outstanding Actions	Expected Date
Members Letter 2006/2007 (October 2007)	
Vehicle Management Trading Account	
Develop a replacement strategy for vehicles and plant and identify available funding routes for option appraisal aimed at identifying true costs to the user services and demonstrating Best Value for the Council.	31.03.09*
Implement the preferred replacement cycle for various items of plant and vehicles which has been drafted, dependent on financial options appraisal.	31.03.09*
Implement and comply with the draft procurement flowchart which has been developed in conjunction with Purchasing and Finance.	31.03.09*
Complete the work currently in progress with Purchasing and Finance on options/profiles for Operational Leasing and Contract Hire (with and without maintenance).	31.03.09*
Implement the revised processes for recovery of fleet management costs, which utilise vehicle weightings as used by the APSE resulting in a re-profile of the budget for the service.	31.03.09*

Improvement and Performance

Outstanding Actions	Expected Date
Follow Up ICT Review (September 2007)	
ICT Services and the Chief Internal Auditor are to examine the security issues raised from the recent security review.	To be advised*
Finalise the network strategy.	To be advised*

* See Analysis of Missed Deadlines – Section 4

**INVERCLYDE COUNCIL INTERNAL AUDIT
REPORT TO AUDIT COMMITTEE ON
STATUS OF EXTERNAL AUDIT ACTION PLAN POINTS
MANAGEMENT ACTIONS OUTSTANDING AS AT 31.12.08**

SECTION 3

Improvement and Performance (Continued)

Outstanding Actions	Expected Date
Housing and Council Tax Benefit (June 2008)	
<p>Failure to consult with customers and the wider community on the level and type of service they need</p> <p>Consult with customers and the wider community.</p>	31.01.09
<p>Absence of customer service targets</p> <p>Introduce Customer Service Targets and publicise, monitor and report performance against these.</p>	31.01.09
<p>Appeals and Reconsiderations not achieving target</p> <p>Develop management information and link to PMF. Report to Members through Directorate Performance Report.</p>	31.01.09*
Website Audit (July 2008)	
<p>The use of the Content Management Software will start for meeting cycles commencing August 2008.</p>	28.02.09*
Main Financial Systems (September 2008)	
<p>Authorisation of Invoices</p> <p>This is an issue the FMS team has been looking at in conjunction with Consilium and will be reviewed/tested early 2009 after the migration of the servers to in-house. In the interim, services will be reminded that users should not exceed their authorisation limits.</p>	30.06.09
<p>Standing Data Checks</p> <p>Standing data checks will continue until single database is established in 2009. In the meantime, to complement the extensive checking involved in Single Status, a check on the Teachers payroll will be completed by the end of March.</p>	31.03.09
<p>Staff Accounts</p> <p>A process to independently review revenues staff council tax records will be introduced by the end of December 2008.</p>	31.01.09*
<p>Supplier Masterfile</p> <p>Further testing will be carried out on the audit function at the next release due around June 2009.</p>	31.08.09

* See Analysis of Missed Deadlines – Section 4

**INVERCLYDE COUNCIL INTERNAL AUDIT
REPORT TO AUDIT COMMITTEE ON
STATUS OF EXTERNAL AUDIT ACTION PLAN POINTS
MANAGEMENT ACTIONS OUTSTANDING AS AT 31.12.08**

SECTION 3

Improvement and Performance (Continued)

Outstanding Actions	Expected Date
<p>Exception Reports</p> <p>Some possible workarounds have been advised to the FMS team and these will be tested after the migration of the Servers.</p>	31.01.09
Members Letter 2007/2008 (October 2008)	
<p>Preparation and Audit of Financial Statements</p> <p>An action plan will be created for the 2008/09 Accounts which will set out training needs for all staff.</p>	28.02.09
<p>Equal Pay</p> <p>The number of cases and potential costs will be monitored on an ongoing basis and formally reviewed at the year end.</p>	30.06.09
<p>SSIFC</p> <p>Appropriate arrangements will be put in place to ensure that the Council can place reliance on the SSIFCs submitted by Group bodies. This assessment will be incorporated into the overall accounts action plan.</p>	28.02.09
<p>Strategic Plans</p> <p>Links have been established between the SOA and the other strategic plans via the Directorate Planning Process. Revised Directorate Planning guidance will be issued by the end of March 2009 which will further develop the link between the SOA, key strategic documents and service delivery.</p>	31.03.09
<p>Performance Management and Reporting</p> <p>Links have been established between the SOA and the other strategic plans via the Directorate Planning Process. Revised Directorate Planning guidance will be issued by the end of March 2009 which will further develop the link between the SOA, key strategic documents and service delivery.</p>	31.03.09

* See Analysis of Missed Deadlines – Section 4

**INVERCLYDE COUNCIL INTERNAL AUDIT
REPORT TO AUDIT COMMITTEE ON
STATUS OF EXTERNAL AUDIT ACTION PLAN POINTS
MANAGEMENT ACTIONS OUTSTANDING AS AT 31.12.08**

SECTION 3

Improvement and Performance (Continued)

Outstanding Actions	Expected Date
<p>Performance Management and Reporting The Council's efforts to invest resources into improving performance in respect of the statutory performance indicators are yielding benefits. The effort will be maintained over the period 2008/09 in order to secure further performance gains through more effective and efficient service delivery. The Council's approach to SPIs will be reviewed in relation to the most recent Accounts Commission Consultation on the future of SPIs.</p>	31.03.09
<p>Organisational Improvement Plan The OIP will be finalised by March 2009 and incorporate the outputs of both the PSIF Corporate Assessment and the Best Value follow up report. Implementation of the OIP will be prioritised over the next 3 years and overseen by the SP&PM Board.</p>	31.03.09
<p>Regular reports on progress will be submitted to CMT and P&R Committee. The first reports will be submitted to the June meetings of the CMT and P&R Committee.</p>	30.06.09
<p>Finance Skills A proposal is being developed with IPF to provide a Financial Capacity review and associated action plan with a timescale of early 2009 for production of the action plan.</p>	28.02.09
<p>Corporate Procurement Strategy The strategy and improvement plan for 2009/12 has been developed and is currently subject to a consultation prior to being submitted to CMT and Policy and Resources Committee for approval.</p>	30.04.09

* See Analysis of Missed Deadlines – Section 4

**INVERCLYDE COUNCIL INTERNAL AUDIT
REPORT TO AUDIT COMMITTEE ON
STATUS OF EXTERNAL AUDIT ACTION PLAN POINTS
MANAGEMENT ACTIONS OUTSTANDING AS AT 31.12.08**

SECTION 3

Regeneration and Resources

Outstanding Actions	Expected Date
Members Letter 2007/2008 (October 2008)	
Common Good Title Deeds	
As part of the budget process, a bid has been made for additional funds to allow the exercise to be undertaken more speedily.	28.02.09
Project Management Framework	
The Corporate Director, Regeneration and Resources has been appointed Corporate Lead in ensuring recommendations arising from the Internal Audit review of Project Management are implemented. This will include option appraisal as a key stage of the project management lifecycle.	31.03.09
Corporate Asset Management Plan	
A draft Asset Management Plan has been produced in June 2008 which will:	31.03.09
<ul style="list-style-type: none"> • Maximise the efficient and effective use of assets. • Provide quality accommodation for customers and employees. • Release under-used and revenue demanding properties. • Assist in the rationalisation and modernisation of public services within Inverclyde. 	
The draft plan after full consultation will be submitted to committee for consideration in early 2009.	
Impairment Review	
It is anticipated that the software will be fully installed by November 2008 to allow records to be fully updated with the valuation information by January 2009.	31.03.09

* See Analysis of Missed Deadlines – Section 4

**INVERCLYDE COUNCIL INTERNAL AUDIT
REPORT TO AUDIT COMMITTEE ON
STATUS OF EXTERNAL AUDIT ACTION PLAN POINTS
MANAGEMENT ACTIONS OUTSTANDING AS AT 31.12.08**

SECTION 3

Regeneration and Resources (Continued)

Outstanding Actions	Expected Date
Workforce Management	
It is anticipated that the workforce plan will be commenced by December 2008 with a view to commencing implementation in 2009.	31.03.09
A key component of the workforce plan will be the roll out of the Corporate Appraisal Scheme to all staff. This will be rolled out in two phases:	
Scheme design and approval by committee.	31.03.09
Objectives set for all employees.	31.03.10

* See Analysis of Missed Deadlines – Section 4

**INVERCLYDE COUNCIL INTERNAL AUDIT
REPORT TO AUDIT COMMITTEE ON
STATUS OF EXTERNAL AUDIT ACTION PLAN POINTS
ANALYSIS OF MISSED DEADLINES**

SECTION 4

Report	Outstanding Actions	Original Date	Revised Date	Management Comments
ICT Follow Up Review September 2007	Finalise the network strategy.	30.11.07 31.03.08 30.06.08	To be advised	Draft Strategy is in production. However, the resignation of the IT Security Officer means this will have to be taken on by another member of staff. In addition, discussions are underway with Education and Social Care regarding a major redesign of the Education and Corporate networks. These discussions have been prompted by the developing ICT requirements in schools and the recent restructure of the Council.
ICT Follow Up Review September 2007	ICT Services and the Chief Internal Auditor are to examine the security issues raised from the recent security review.	30.11.07	To be advised	The draft Security Policy has been prepared, however this task will now be dealt with by the Information Governance review. In addition to the points outlined, ICT and Business Transformation is currently reviewing a number of IT security issues related to GSX reaccreditation. The Council has implemented a card-based staff access system for the Municipal Buildings to improve physical security. An ICT asset lifecycle policy is in place; all assets are recorded in the service desk system and disposed of in compliance with WEEE directive. ICT and Business Transformation has also drafted a set of guidelines for users in relation to securing confidential information. These include information handling and use of email guidelines, as well as a password good practice guide. These are currently with Legal and HR for review.

**INVERCLYDE COUNCIL INTERNAL AUDIT
REPORT TO AUDIT COMMITTEE ON
STATUS OF EXTERNAL AUDIT ACTION PLAN POINTS
ANALYSIS OF MISSED DEADLINES**

SECTION 4

Report	Outstanding Actions	Original Date	Revised Date	Management Comments
Members Letter 2006/2007	Vehicle Management Trading Account Develop a replacement strategy for vehicles and plant and identify available funding routes for option appraisal aimed at identifying true costs to the user services and demonstrating Best Value for the Council.	31.03.08 31.10.08	31.03.09	The Efficiency Review – Vehicle, Plant & Equipment Procurement, Management and Maintenance Review, was presented to the CMT on 6 November and is under active deliberation. On conclusion of this forum, the report is scheduled for consideration by Members at the earliest meeting of the Safe & Sustainable Communities Committee.
Members Letter 2006/2007	Vehicle Management Trading Account Implement the preferred replacement cycle for various items of plant and vehicles which has been drafted, dependent on financial options appraisal.	31.03.08 31.10.08	31.03.09	The Efficiency Review – Vehicle, Plant & Equipment Procurement, Management and Maintenance Review, was presented to the CMT on 6 November and is under active deliberation. On conclusion of this forum, the report is scheduled for consideration by Members at the earliest meeting of the Safe & Sustainable Communities Committee.
Members Letter 2006/2007	Vehicle Management Trading Account Implement and comply with the draft procurement flowchart which has been developed in conjunction with Purchasing and Finance.	31.03.08 31.10.08	31.03.09	The Efficiency Review – Vehicle, Plant & Equipment Procurement, Management and Maintenance Review, was presented to the CMT on 6 November and is under active deliberation. On conclusion of this forum, the report is scheduled for consideration by Members at the earliest meeting of the Safe & Sustainable Communities Committee.

**INVERCLYDE COUNCIL INTERNAL AUDIT
REPORT TO AUDIT COMMITTEE ON
STATUS OF EXTERNAL AUDIT ACTION PLAN POINTS
ANALYSIS OF MISSED DEADLINES**

SECTION 4

Report	Outstanding Actions	Original Date	Revised Date	Management Comments
Members Letter 2006/2007	Vehicle Management Trading Account Complete the work currently in progress with Purchasing and Finance on options/profiles for Operational Leasing and Contract Hire (with and without maintenance).	31.03.08 31.10.08	31.03.09	The Efficiency Review – Vehicle, Plant & Equipment Procurement, Management and Maintenance Review, was presented to the CMT on 6 November and is under active deliberation. On conclusion of this forum, the report is scheduled for consideration by Members at the earliest meeting of the Safe & Sustainable Communities Committee.
Members Letter 2006/2007	Vehicle Management Trading Account Implement the revised processes for recovery of fleet management costs, which utilise vehicle weightings as used by the APSE resulting in a re-profile of the budget for the service.	31.03.08 31.10.08	31.03.09	The Efficiency Review – Vehicle, Plant & Equipment Procurement, Management and Maintenance Review, was presented to the CMT on 6 November and is under active deliberation. On conclusion of this forum, the report is scheduled for consideration by Members at the earliest meeting of the Safe & Sustainable Communities Committee.
Housing and Council Tax Benefit (June 2008)	Appeals and Reconsiderations not meeting target Develop management information and link to PMF. Report to Members through Directorate Performance Report.	31.08.08 31.10.08 01.12.08	31.01.09	The Benefits Performance Framework has been updated to reflect appeals and requests for reconsideration. Data will be collected manually from 5.1.09, tested at 31.1.09 and will be ready to report to members thereafter. The Benefits operating system (Northgate) is expected to have a solution ready towards June 2009.

**INVERCLYDE COUNCIL INTERNAL AUDIT
REPORT TO AUDIT COMMITTEE ON
STATUS OF EXTERNAL AUDIT ACTION PLAN POINTS
ANALYSIS OF MISSED DEADLINES**

SECTION 4

Report	Outstanding Actions	Original Date	Revised Date	Management Comments
Housing and Council Tax Benefit (June 2008)	Staff Accounts A process to independently review revenues staff council tax records will be introduced by the end of December 2008.	31.12.08	31.01.09	The first check on all revenues staff will be completed by the end of January 2009. This will be countersigned by the Revenue and Benefits Manager and the exercise will be repeated on a quarterly basis.
Website Audit (July 2008)	The use of the Content Management Software will start for meeting cycles commencing August 2008.	31.08.08 01.10.08 31.12.08	28.02.09	The committee minutes application is installed, though not yet live due to a couple of small changes being required. Ongoing user training and awareness raising around security for those who will have access.