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<b>Report To:</b>	<b>Audit Committee</b>	<b>Date:</b>	<b>25.08.09</b>
<b>Report By:</b>	<b>Corporate Director Improvement and Performance</b>	<b>Report No:</b>	<b>AC/19/09/PW/APr</b>
<b>Contact Officer:</b>	<b>Andi Priestman</b>	<b>Contact No:</b>	<b>01475 712251</b>
<b>Subject:</b>	<b>EXTERNAL AUDIT ACTION PLANS - OUTSTANDING ACTIONS</b>		

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**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 at 30 June 2009.

**2.0 SUMMARY**

- 2.1 The Chief Internal Auditor co-ordinates 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 for actions due for completion at 30 June 2009 and a summary report has now been prepared which is attached at Appendix 1.
- 2.3 4 items were due for completion by 30 June 2009 of which 2 items have been reported as completed by management and revised dates have been set for 2 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**  
**30 JUNE 2009**

**Summary: Section 1 Summary of Management Actions due for completion by 30/6/09**

4 items were due for completion by 30 June 2009 of which 2 items have been reported as completed by management and revised dates have been set for 2 items.

**Section 2 Summary of Outstanding Management Actions Plans at 30/6/09**

At 30 June 2009 there were no audit reports delayed due to management not finalising the action plan within agreed timescales.

**Section 3 Management Actions Outstanding at 30/6/09**

At 30 June 2009 there was a total of 24 outstanding audit action points.

**Section 4 Analysis of Missed Deadlines**

At 30 June 2009 there was a total of 12 of the 24 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 30.06.09**

**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
Chief Executive					
Improvement and Performance	4	2	2		
Regeneration and Resources					
<b>Total</b>	<b>4</b>	<b>2</b>	<b>2</b>		

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

In addition, for the undernoted action, this has now been superseded by the Data Handling Overview and will be followed up as part of that review.

Audit Report	Agreed Action	Original Action Date
<b>ICT Follow Up Review September 2007</b>	ICT Services and the Chief Internal Auditor are to examine the security issues raised from the recent security review.	<b>30.11.07</b>

**INVERCLYDE COUNCIL INTERNAL AUDIT  
REPORT TO AUDIT COMMITTEE ON  
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**SUMMARY OF OUTSTANDING MANAGEMENT ACTION PLANS AS AT 30.06.09  
SECTION 2**

**ACTIONS OUTSTANDING BY SERVICE**

<b>Chief Executive</b>	
Due for completion March 2010	1
<b>Actions outstanding</b>	<b>1</b>
<b>Education and Social Care</b>	
Due for completion August 2009	1
<b>Actions outstanding</b>	<b>1</b>
<b>Environment and Community Protection</b>	
Completion date to be advised	4
<b>Actions outstanding</b>	<b>4</b>
<b>Improvement and Performance</b>	
Due for completion August 2009	3
Due for completion September 2009	2
Due for completion March 2010	2
Due for completion May 2010	1
Due for completion March 2011	3
Completion date to be advised	2
<b>Actions outstanding</b>	<b>13</b>
<b>Regeneration and Resources</b>	
Due for completion March 2010	3
Completion date to be advised	2
<b>Actions outstanding</b>	<b>5</b>
<b>Total outstanding actions:</b>	<b>24</b>

**INVERCLYDE COUNCIL INTERNAL AUDIT  
REPORT TO AUDIT COMMITTEE ON  
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MANAGEMENT ACTIONS OUTSTANDING AS AT 30.06.09**

**SECTION 3**

**Chief Executive**

<b>Outstanding Actions</b>	<b>Owner</b>	<b>Expected Date</b>
<b>Members Letter 2007/08 (October 2008)</b>		
<p><b>Business Continuity Planning</b></p> <p>Business continuity plans will be implemented for all other services by 31 March 2010.</p>	<b>Chief Executive</b>	<b>31.03.10</b>

**Education and Social Care**

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

**Environment and Community Protection**

<b>Outstanding Actions</b>	<b>Owner</b>	<b>Expected Date</b>
<b>Members Letter 2006/2007 (October 2007)</b>		
<p><b>Vehicle Management Trading Account</b></p> <p>Implement the preferred replacement cycle for various items of plant and vehicles which has been drafted, dependent on financial options appraisal.</p> <p>Implement and comply with the draft procurement flowchart which has been developed in conjunction with Purchasing and Finance.</p> <p>Complete the work currently in progress with Purchasing and Finance on options/profiles for Operational Leasing and Contract Hire (with and without maintenance).</p> <p>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.</p>	<p><b>Head of Environmental Services</b></p> <p><b>Head of Environmental Services</b></p> <p><b>Head of Environmental Services</b></p> <p><b>Head of Environmental Services</b></p>	<p><b>To be advised*</b></p> <p><b>To be advised*</b></p> <p><b>To be advised*</b></p> <p><b>To be advised*</b></p>

\* 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 30.06.09**

**SECTION 3**

**Improvement and Performance**

<b>Outstanding Actions</b>	<b>Owner</b>	<b>Expected Date</b>
<b>Follow Up ICT Review (September 2007)</b>		
Finalise the network strategy.	<b>Head of ICT &amp; BT</b>	<b>To be advised*</b>
<b>Main Financial Systems (September 2008)</b>		
<p><b>Authorisation of Invoices</b></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>	<b>Finance Manager</b>	<b>To be advised*</b>
<p><b>Standing Data Checks</b></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>	<b>Principal Officer Payables</b>	<b>31.08.09*</b>
<p><b>Supplier Masterfile</b></p> <p>Further testing will be carried out on the audit function at the next release due around June 2009.</p>	<b>Finance Manager</b>	<b>31.08.09</b>
<b>Members Letter 2007/2008 (October 2008)</b>		
<p><b>Finance Skills</b></p> <p>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>	<b>Head of Finance</b>	<b>30.09.09*</b>
<p><b>Corporate Procurement Strategy</b></p> <p>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>	<b>Head of Performance Measurement and Procurement</b>	<b>22.09.09*</b>

\* See Analysis of Missed Deadlines – Section 4

**INVERCLYDE COUNCIL INTERNAL AUDIT  
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MANAGEMENT ACTIONS OUTSTANDING AS AT 30.06.09**

**SECTION 3**

**Improvement and Performance (Continued)**

<b>Outstanding Actions</b>	<b>Owner</b>	<b>Expected Date</b>
<b>Data Handling Overview (June 2009)</b>		
The need for an information and knowledge strategy will be considered during the implementation of the improvement plan arising from the Information Governance and Management Review.	<b>Corporate Director I&amp;P</b>	<b>31.03.10</b>
The requirement for an information asset register will be assessed as part of the improvement plan developed in relation to the Information Governance and Management Review.	<b>Corporate Director I&amp;P</b>	<b>31.03.11</b>
An information asset register will define the classification of the information and how the information is transferred. This will be addressed through the improvement plan developed in relation to the Information Governance and Management Review.	<b>Corporate Director I&amp;P</b>	<b>31.03.11</b>
Negotiations are ongoing with Civica/Legal and the Bank in order to comply at the required level.	<b>Finance Manager</b>	<b>31.08.09</b>
A formal corporate policy for Information Security will be introduced as part of the improvement plan developed in relation to the Information Governance and Management Review.	<b>Corporate Director I&amp;P</b>	<b>31.03.10</b>
The issue of the use of USB devices will be addressed through the implementation of the improvement plan developed in relation to the Information Governance and Management Review.	<b>Head of ICT &amp; BT</b>	<b>31.05.10</b>
An information asset register will define the classification of information and how the information is transferred.	<b>Corporate Director I&amp;P</b>	<b>31.03.11</b>

\* See Analysis of Missed Deadlines – Section 4



**INVERCLYDE COUNCIL INTERNAL AUDIT  
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**SECTION 3**

**Regeneration and Resources**

<b>Outstanding Actions</b>	<b>Owner</b>	<b>Expected Date</b>
<b>Members Letter 2007/2008 (October 2008)</b>		
<b>Common Good Title Deeds</b>		
As part of the budget process, a bid has been made for additional funds to allow the exercise to be undertaken more speedily. An additional solicitor has now been recruited to complete this work.	<b>Head of Legal and Administration</b>	<b>31.03.10</b>
<b>Project Management Framework</b>		
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.	<b>Corporate Director R&amp;R</b>	<b>31.03.10*</b>
<b>Impairment Review</b>		
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.	<b>Head of Legal and Administration</b>	<b>To be advised*</b>
<b>Workforce Management</b>		
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.	<b>Head of OD&amp;HR</b>	<b>To be advised*</b>
Objectives set for all employees.	<b>Head of OD&amp;HR</b>	<b>31.03.10</b>

\* See Analysis of Missed Deadlines – Section 4

**INVERCLYDE COUNCIL INTERNAL AUDIT  
REPORT TO AUDIT COMMITTEE ON  
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ANALYSIS OF MISSED DEADLINES**

**SECTION 4**

Report	Outstanding Actions	Original Date	Revised Date	Management Comments
<b>ICT Follow Up Review September 2007</b>	Finalise the network strategy.	<b>30.11.07 31.03.08 30.06.08</b>	<b>To be advised</b>	<p>The network strategy has been documented. This contains information about current service provision and network structure, recent developments, potential developments and includes a section on existing supplier issues and risks.</p> <p>The document also outlines a number of options for future provision of services and this will need further discussion.</p> <p>Any planned changes for future provision will need committee approval.</p>
<b>Members Letter 2006/2007</b>	<p><b>Vehicle Management Trading Account</b> Implement the preferred replacement cycle for various items of plant and vehicles which has been drafted, dependent on financial options appraisal.</p>	<b>31.03.08 31.10.08 31.03.09</b>	<b>To be advised</b>	<p>The Efficiency Review – Vehicle, Plant &amp; Equipment Procurement, Management and Maintenance Review, was this was presented to the CMT, followed by a report to P&amp;R Committee (16 June), and agreed by members at that Committee. Implementation is now underway.</p>
<b>Members Letter 2006/2007</b>	<p><b>Vehicle Management Trading Account</b> Implement and comply with the draft procurement flowchart which has been developed in conjunction with Purchasing and Finance.</p>	<b>31.03.08 31.10.08 31.03.09</b>	<b>To be advised</b>	<p>The Efficiency Review – Vehicle, Plant &amp; Equipment Procurement, Management and Maintenance Review, was this was presented to the CMT, followed by a report to P&amp;R Committee (16 June), and agreed by members at that Committee. Implementation is now underway.</p>

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**SECTION 4**

Report	Outstanding Actions	Original Date	Revised Date	Management Comments
<b>Members Letter 2006/2007</b>	<b>Vehicle Management Trading Account</b> Complete the work currently in progress with Purchasing and Finance on options/profiles for Operational Leasing and Contract Hire (with and without maintenance).	<b>31.03.08 31.10.08 31.03.09</b>	<b>To be advised</b>	The Efficiency Review – Vehicle, Plant & Equipment Procurement, Management and Maintenance Review, was this was presented to the CMT, followed by a report to P&R Committee (16 June), and agreed by members at that Committee. Implementation is now underway.
<b>Members Letter 2006/2007</b>	<b>Vehicle Management Trading Account</b> 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.	<b>31.03.08 31.10.08 31.03.09</b>	<b>To be advised</b>	The Efficiency Review – Vehicle, Plant & Equipment Procurement, Management and Maintenance Review, was this was presented to the CMT, followed by a report to P&R Committee (16 June), and agreed by members at that Committee. Implementation is now underway.
<b>Members Letter 2007/2008</b>	<b>Finance Skills</b> 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.	<b>28.02.09 31.05.09</b>	<b>30.09.09</b>	IPF report considered by P&R Committee (16.6.09) and agreed that a timelined/resourced action plan be prepared for Committee by September 2009.

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**SECTION 4**

Report	Outstanding Actions	Original Date	Revised Date	Management Comments
<b>Members Letter 2007/2008</b>	<b>Project Management Framework</b> 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.	<b>31.03.09</b>	<b>31.03.10</b>	The Project Management Framework has been developed. As part of the project planning stage, option appraisal has been considered.  The Framework will be rolled out across services on a phased basis from September 2009 to ensure all relevant managers have been appropriately trained in using the Framework.
<b>Main Financial Systems (September 2008)</b>	<b>Standing Data Checks</b> 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.	<b>31.03.09</b>	<b>31.08.09</b>	The audit print was received by Education in December 2008. Work is underway to reconcile and bring up to date by the end of August. This will include all the staffing changes (mainly in June 2009 this year) as we move from the academic year 2008/09 into 2009/10.

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**SECTION 4**

Report	Outstanding Actions	Original Date	Revised Date	Management Comments
<b>Members Letter 2007/2008</b>	<b>Impairment Review</b> 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.	<b>31.03.09</b>	<b>To be advised</b>	<p>The Year End Statement refers to our process of impairment review.</p> <p>The Council's new software has been installed and a programme for implementation of modules for Capital Accounting and the new standards for valuation and components are being developed into a strategic timetable for fy 2010/2011.</p> <p>Currently PAMIS only records property assets. Physical Investment Services will work with Finance Services to ensure that all fixed assets which are currently recorded on Logotech (tangible and non-tangible) are transferred to PAMIS where this is accepted as the corporate asset management and recording tool, provided that the system is able to reflect all the assets and comply with all the fixed asset accounting requirements.</p>
<b>Members Letter 2007/2008</b>	<b>Workforce Management</b> Scheme design and approval by committee.	<b>31.03.09</b>	<b>To be advised</b>	<p>The Performance Appraisal System is being developed for Senior managers down to team leader level. This is currently at an early stage.</p>

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Report	Outstanding Actions	Original Date	Revised Date	Management Comments
<b>Members Letter 2007/2008</b>	<b>Corporate Procurement Strategy</b> 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.	<b>30.04.09</b>	<b>30.09.09</b>	Outline Strategic Procurement Framework submitted to Committee in May 2009 for consideration and approval. Further developmental work taking place. A "full" strategy being prepared for P&R in September 2009.
<b>Main Financial Systems (September 2008)</b>	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.	<b>30.06.09</b>	<b>To be advised</b>	Services have been reminded not to exceed limits. Finance have logged a Feature Request with Consilium regarding a change to the system to reflect authorisation limits on Creditors Invoices. This will incur a cost for the change and Finance have requested a quote which is still outstanding from Consilium.