Inverclyde council

Report To:	**Audit Committee**	**Date:**	**19.10.10**
Report By:	**Corporate Director Regeneration and Environment**	**Report No:**	**AC/17/10/AF/APr**
Contact Officer:	**Andi Priestman**	**Contact No:**	01475 712251

Subject: INTERNAL AUDIT PROGRESS REPORT – 2 AUGUST TO 24 SEPTEMBER 2010

1.0 PURPOSE

1.1 The purpose of this report is to enable Members to monitor the performance of Internal Audit, to discharge their scrutiny and performance monitoring roles and gain an overview of the overall control environment throughout the Council.

1.2 The Monitoring Report from 2 August to 24 September 2010 is attached as an Appendix to this report since its content is essential to the understanding of the Council's control environment. **Appendix 1**

2.0 SUMMARY

2.1 Four internal audits report have been finalised since the last Audit Committee meeting:

- Control Self Assessment (Social Work) 2009/10
- Statutory Performance Indicators 2009/10
- Members Expenses
- Procurement Compliance

2.2 These reports contain a total of 32 recommendations, categorised as follows:

Red	Amber	Green
2	13	17

2.3 The Red issues relate to the review of Procurement Compliance. Specific issues were raised as follows:

1. Due to a lack of procurement leadership since October 2008 the team have been significantly restricted in providing required support and guidance which has resulted in Services fulfilling procurement tasks assisted by Legal Services team.

2. The level of procurement management information currently available from the existing systems is very limited, with only monthly supplier invoice downloads used by the Corporate Procurement Team. In addition, although a range of information is provided from Scotland Excel and Procurement Scotland, this information is not routinely reviewed by the existing team.

2.4 The fieldwork for the 2010/2011 Audit Plan is progressing well with progress as follows:

Stage	Number of Reports
Final Report	2
Draft Report	0
Fieldwork Complete	1
Fieldwork in Progress	3
Planning	2
To be planned	10
Total	18

2.5 Recruitment is underway for a temporary internal auditor to assist in delivery of the full plan by 31 March 2011.

3.0 RECOMMENDATIONS

3.1 It is recommended that Members agree to note the progress made by Internal Audit in the period from 2 August to 24 September 2010.

Aubrey Fawcett
Corporate Director
Regeneration and Environment

4.0 BACKGROUND

4.1 None.

5.0 IMPLICATIONS

5.1 Legal: Relevant action plans will bring processes in line with regulatory and legislative requirements where applicable.
Finance: There are no financial implications arising from this report.
Human Resources: There are no personnel implications arising from this report.
Equalities: There are no equalities issues arising from this report.

6.0 CONSULTATIONS

6.1 Relevant officers have been consulted in the preparation of this report.

7.0 LIST OF BACKGROUND PAPERS

7.1 File of completed internal audit reports: By Andi Priestman, Chief Internal Auditor.

Audit Committee Report
Report on Internal Audit Activity from 2 August to 24 September 2010

Section	Contents	Page

1   Audit work undertaken in the period

Reports issued since last update

1.1   Detailed findings and recommendations reported to management are currently graded using the following criteria:

Red	• In our opinion the control environment is insufficient to address the risk and this could impact the Council as a whole. • Corrective action must be taken and should start immediately. • Overseen to completion by Corporate Management Team.
Amber	• In our opinion there are areas of control weakness which we consider to be individually significant but which are unlikely to affect the Council as a whole. • Corrective action must be taken (some exceptions may be agreed with IA) within reasonable timeframe. • Overseen to completion by Head of Service.
Green	• In our opinion the risk area is well controlled or our audit highlighted areas for minor control improvement and/or areas of minor control weakness. • Process improvements/efficiencies may be actioned at management discretion in consultation with Internal Audit (IA). • Managed by service owner.

1.2   Three reports have been finalised since the August 2010 Audit Committee, which are identified below, together with a summary of the gradings of the recommendations made to management. In Section 2 we have provided a summary of the main findings from the review.

	Grading			
Reports finalised since previous Audit Committee	**Red**	**Amber**	**Green**	**Total Number of Issues**
2010/2011 plan				
Statutory Performance Indicators	0	1	3	**4**
2009/2010 plan				
Control Self Assessment (Social Work)	0	3	2	**5**
Members Expenses	0	2	6	**8**
Procurement Compliance	2	7	6	**15**
Total	**2**	**13**	**17**	**32**

1.3   The fieldwork for the 2009/10 plan is complete and all reports have now been finalised.

Other activities

Risk Management

1.4   Risk Management is the subject of separate reporting to Audit Committee and a full report is submitted separately.

1.5   **Internal Audit Action Plan Follow Up**

The current status of Internal Audit Action Plans is set out as an attachment at Appendix 2 to this report.

2   **Summary of main findings from reports issued since previous Audit Committee**

2.1   We have provided below a summary of the key findings from the final reports issued since 2 August 2010

Statutory Performance Indicators (2009/10)

2.2   Under the Local Government Act (1992) the Accounts Commission is required to direct that councils publish information relating to their activities, so that comparisons can be made between authorities and between years for a single authority with regard to standards of performance.

2.3   Each year the Council is required to:-

"Make such arrangements for collecting and recording the information as are necessary to ensure that the information is available for publication and, so far as practicable, that everything published in pursuance of the direction is accurate and complete' (LG Act 1992, section 1(2)(a))."

Publication of the SPIs is required by 30 September following the year end.

2.4   For 2009/2010, the following Statutory Performance Indicators were examined by Internal Audit:-

- Sport & Leisure Management
- Use of Libraries
- Domestic Noise Complaints
- Carriageway Condition
- Refuse Recycling

- Museum Services
- Homelessness
- Trading Standards
- Refuse Collection
- Street Cleanliness

2.5   The overall control environment opinion for this audit review was **Satisfactory**. One AMBER issue was identified as follows:-

Audit testing of statutory performance indicators identified errors in 8 out of 10 indicators reviewed. Currently, there are issues around the adequacy and effectiveness of the checking process carried out within Services prior to submission of the data to the Corporate Policy Team which resulted in these errors arising.

The errors identified through our work have now been corrected and the revised SPIs have now been submitted to Audit Scotland and have been agreed as reliable.

2   Summary of main findings from reports issued since previous Audit Committee (Continued)

2.6   The review identified a total of 4 issues, one of which we consider to be individually significant, and an action plan is in place to address all issues by 30 June 2011.

2.7   **Control Self Assessment (Social Work)**

2.8   Control Self Assessment is a process through which the adequacy and effectiveness of internal controls are examined, with the goal of providing assurance that key objectives are being met. The process allows Service Managers and Assistant Service Managers to participate in the assessment of internal controls and develop action plans to address any weaknesses identified. In turn, these action plans assist in the evaluation of risks which, if not properly addressed can undermine the achievement of these key objectives. Finally, the Control Self Assessment process can increase awareness of internal control issues and motivate staff to carefully design and implement suitable control processes.

2.9   The scope of the review focussed on the confirmation that adequate and effective controls are in place within all schools and identify any areas for improvement that may emerge.

2.10   The overall control environment opinion for this review was **Satisfactory**. However, 3 AMBER issues were identified as follows:

Use of personal non-encrypted USB memory sticks for permanent storage of confidential or sensitive data (Amber)

Portable USB Memory devices have become very popular due to their small physical size and large storage capacity. Employees across all services have found them to be an extremely convenient and easy to use method of transporting Council information. However, the proliferation of these devices and their ease of use has increased the level of risk to the Council as a result of their use or misuse.

Responses to Control Self Assessment questionnaires and subsequent testing visits within Social Work Services have identified that;

- A number of units continue to make use of unencrypted USB memory devices;
- In some cases these devices are used as a permanent backup facility rather than a tool for temporary data transfer;
- Whilst most commonly used for presentations and personal development material, some services continue to store data which may be considered sensitive or confidential; and
- Some staff continue to use non-encrypted USB memory devices as a means of transferring council data to/from home PCs.

As a result, there remains a considerable risk that confidential Council data may not be suitably controlled. The loss or theft of non-encrypted USB memory devices could have significant legal, financial and reputational implications for the Council. In addition, staff making use of non-encrypted devices to transfer Council data to/from their home PC are in breach of the Council's Acceptable Usage of Information Systems policy.

2   Summary of main findings from reports issued since previous Audit Committee (Continued)

<u>Breach of Copyright Legislation (Amber)</u>

The Copyright Licensing Agency (CLA) state that any organisation who copies extracts from books, journals, magazines or digital publications without express clearance from copyright owners is likely to be breaking the law. A CLA licence is available for organisations undertaking such activity and provides 'blanket' clearance to protect against potential risks and costs associated with infringing copyright.

CSA returns and discussions with staff have identified that a variety of learning materials and extracts from publications are copied and shared amongst staff on a regular basis. Through discussions with Legal Services, we understand that although the Council holds a CLA licence, its coverage only extends to staff within the Municipal Buildings, and Social Work services are therefore not covered by this arrangement. The absence of CLA licence coverage within the service indicates that Social Work is currently in breach of copyright legislation.

<u>Failure to comply with Council Inventory Procedures in regard to the secure marking of valuable items (Amber)</u>

As part of council inventory procedures, items of value excluding those still under guarantee or warranty should be marked as property of Inverclyde Council and contain details of establishment name and postcode for security purposes.

Findings have indicated that this is not always given appropriate consideration within Social Work Services. As a result, failure to securely mark items of value may increase their overall vulnerability to theft or make items that are stolen more difficult to recover.

2.11   The review identified a total of 5 issues, 3 of which we consider to be individually significant and an action plan is in place to address all issues by 31 March 2011.

Members Expenses

2.12   Inverclyde Council is required by the Local Governance (Scotland) Act 2004 (Remuneration) Amendment Regulations 2008 and the Local Governance (Scotland) Act 2004 (Remuneration) Amendment Regulations 2007 to prepare a Scheme to give guidance on Members' Salaries, Allowances and Expenses. The Council's Scheme gives details of the level, entitlement, claiming and payment procedures for Members' remuneration and expenses. Levels of payment are banded within the Regulations and cannot be varied.

2.13   The objective of this audit was to provide management and the Audit Committee with an assessment of the adequacy and effectiveness of the governance, risk management and controls over the key risks faced by Inverclyde Council in relation to Members' Expenses.

2 **Summary of main findings from reports issued since previous Audit Committee (Continued)**

2.14   The overall control environment opinion for this audit was **Satisfactory.** However, 2 AMBER issues were identified as follows:

Members' Vehicle Documentation (Amber)

Members' are required to have valid motor insurance cover for business purposes and a valid driving licence when using their own vehicle whilst undertaking approved Council duties. Currently, full checks have not been undertaken to ensure valid vehicle documents are held by Members'. Where checks on licence and insurance documentation are not carried out, there is a risk that Members' undertaking approved duties on behalf of the Council may not have valid documentation.

Validity and Completeness of Claims Processed (Amber)

A key control over ensuring the completeness and accuracy of expense claims is the independent review by Members' Services, prior to payment. Through audit testing we identified issues with the completeness and accuracy of claims which had been authorised for payment. There is a risk, where claim forms are not appropriately challenged by Members' Services, that inappropriate or excessive expenditure may be processed.

2.15   The review identified 8 issues, 2 of which we consider to be individual significant, and an action plan is in place to address all issues by 31 December 2010.

Procurement Compliance

2.16   Procurement within Inverclyde Council is managed both centrally by the Corporate Procurement Team and locally by the respective management teams within each of the Services. At the time of the review, the Corporate Procurement Function formed part of the Performance Management & Procurement Service within the Improvement & Performance Directorate, but transferred to Finance on 1 April 2010.

2.17   The remit of the team is to assist the services with their procurement needs and queries in relation to tender processes, supplier availability, contract requirements etc without necessarily performing the entire procurement lifecycle function and ensures the continuous development of procurement strategy, policy, systems and supplier relationships.

2.18   The 2006 McLelland report on Public Procurement in Scotland recommended various key procurement requirements that should be in place within all Local Authorities and it is against this backdrop that an Inverclyde Strategic Procurement Framework was created in September 2009. This framework document identifies the key areas of improvement required to achieve conformance with McLelland recommendations by the end of 2012.

2.19   The review was carried out between January and March 2010. A new Corporate Procurement Manager was appointed in May 2010 and the Strategic Procurement Framework was reviewed and approved by P&R Committee in August 2010.

2.20   The objective of this audit was to provide management and the Audit Committee with an assessment of the adequacy and effectiveness of the governance, risk management and controls surrounding the key risks in relation to procurement compliance.

2 Summary of main findings from reports issued since previous Audit Committee (Continued)

2.21 The overall control environment opinion for this audit review was **Requires Improvement** due to a number of significant compliance issues identified both within the Corporate Procurement function and in the procurement practices being applied across various Services within the Council.

The issues which currently exist within the Corporate Procurement team have been recognised by management and it is intended that these issues will be addressed by the delivery of the key recommendations of the Strategic Procurement Framework, which in turn will address some of the operational procurement compliance issues identified within the Services.

2.22 The review identified 2 RED and 7 AMBER issues as follows:

Corporate Procurement Resource (Red)

The Corporate Procurement Team within Inverclyde Council is responsible for the provision of procurement advice and procurement services to all Services within the Council. However, due to a lack of procurement leadership since October 2008 the team have been significantly restricted in providing required support and guidance which has resulted in Services fulfilling procurement tasks assisted by Legal Services.

Procurement Management Information (Red)

The level of Procurement management information currently available from the existing systems is very limited, with only monthly supplier invoice downloads used by the Corporate Procurement Team. In addition, although a range of information is provided from Scotland Excel and Procurement Scotland, this information is not routinely reviewed by the existing team.

Maintenance of Approved Supplier Lists (Amber)

The Corporate Procurement Team within Inverclyde Council are responsible for maintaining the Standing Restricted List of Tenderers who are able to participate in competitive tenders for goods and services tenders run by the Council. In addition, the Corporate Procurement Team are also responsible for maintaining the List of Approved Contractors who are able to participate in competitive tenders for works projects run by the Council. Audit testing has identified that neither of these documents has been maintained in a current and complete state.

Corporate Procurement General/Contract Management (Amber)

During the course of the review fieldwork it became apparent that several issues in relation to the general management of the Corporate Procurement function underpinned some of the other weaknesses within the procurement practices being adopted by Services throughout the organisation. The most notable of these being that there is currently no central contracts database maintained by the Council detailing all contracts held by each of the Services with their respective suppliers; there is currently no formal process for contract management or monitoring of key suppliers performance; the co-ordination of council wide purchases/suppliers is not managed in a formal manner; and evaluation criteria used in supplier selection is not consistently applied across all services.

2   Summary of main findings from reports issued since previous Audit Committee (Continued)

Education Procurement (DMR Framework/process compliance) (Amber)

There are specific issues within Education Services in relation to the Education DMR framework which is used by the Service to order all goods and services, instead of the FMS system used by all other areas of the Council. Due to the devolved nature of the Education DMR purchasing framework, there is a significant risk that many supplier contracts/relationships are not adhering to the formal procurement guidelines for standing orders. In addition, the purchasing system (DMR) used by Education services for all school procurement does not have a built in GRN requirement for purchase approval for payment.

Standing Orders Relating to Contracts (Amber)

The Standing Orders Relating to Contracts document currently dictates a £10k exemption threshold for all Goods & Services procured by Inverclyde Council. This existing £10k limit is significantly lower than all other Local Authorities surveyed during a recent sample benchmarking exercise. The majority of other councils apply a £20-30k exemption limit on all non-tendered supplies and services which reduces the overall resource requirement for tendering of non-contracted suppliers.

Environmental Services (Waste Treatment contract)

The recycling contract for Inverclyde Council, managed by Environmental Services' Waste Management Team, is currently operated by Greenlight Environmental Ltd. Although Greenlight are the sole provider of recycling services via the waste treatment contract, due to capacity constraints of the site and operational machinery breakdowns during 2009/10 a large volume of recycled waste collections have been processed by a third party (William Tracey). There is currently no contract between Inverclyde Council and William Tracey for the provision of this service and no tender process was undertaken by Greenlight when identifying a suitable recycling contractor to sub-contract some of the Inverclyde recycled waste collections.

Scotland Excel Contracts V Best Value/VFM

Scotland Excel contracts account for £4-5M of the overall Inverclyde Council annual procurement spend. During the course of the audit fieldwork and meetings with key personnel in each of the Services reviewed, it was apparent that there is an inconsistent understanding of when Scotland Excel contracts must be used and when Best Value overrides any existing Scotland Excel contract. Indeed many of the Services believed that the existence of a Scotland Excel contract meant no alternative supplier comparison was allowed, therefore achievement of Best Value was entirely assumed to be the use of a Scotland Excel contract arrangement.

2.23   The review identified a total of 15 issues, 9 of which we consider to be individually significant and an action plan is in place to address all issues by 31 March 2012.

2.24   Since the appointment of the Corporate Procurement Manager in May 2010, management has now reviewed the current structure and management information has now been developed and presented to Committee.

3. **Audit Plan for 2010/11 – Progress to 24 September 2010**

Planned Audit Cover	Planning	TOR Issued	Fieldwork in Progress	Fieldwork Complete	Draft Report Issued	Report Finalised	Reported to Audit Committee
Risk-Based Reviews							
Freedom of Information Arrangements	✓	✓	✓				
Transfer of Community Facilities to ILT	✓	✓					
Waste Management	✓	✓	✓				
Limited Scope Financial System Reviews							
Non-Domestic Rates	✓	✓	✓	✓			
Housing Benefit	✓	✓	✓				
HR/Payroll Administration	✓	✓					
Performance Reviews							
Statutory Performance Indicators	✓	N/A	✓	✓	✓	✓	October 2010
Mailroom Services and Postages	✓	✓	✓	✓	✓	✓	August 2010
Corporate Governance							
SSIFC 2009/10	Input provided by CIA.						
Projects/Key Change Initiatives							
General Election Process	Input provided by CIA.						
Operating Model	Input provided by CIA.						
Information Governance and Management	Input provided by CIA.						

4   Ad hoc activities undertaken since the previous Audit Committee

4.1   From time to time, management will request the assistance of Internal Audit in certain activities that are in addition to the annual Operational Plan. Examples of such activities include investigations of alleged irregularities, review of changes in system procedures etc.

4.2   Contingency has been made available in the Operational Plan for such ad hoc activities. Since the previous Audit Committee, ad hoc activity undertaken in the period is as follows:

- Audit input to Information Governance and Management Working Group.
- Audit input to Operating Model – Transactional Shared Services – Future Process Mapping.

INVERCLYDE COUNCIL INTERNAL AUDIT

**REPORT TO AUDIT COMMITTEE ON
STATUS OF INTERNAL AUDIT ACTION PLAN POINTS (RED AND AMBER ONLY)
AT 31 AUGUST 2010**

Summary: **Section 1** **Summary of Management Actions due for completion by 31/08/10**

5 items were due for completion by 31 August 2010, 1 of which has been reported as completed by management and action in relation to 4 items has been revised.

Section 2 **Summary of Outstanding Management Actions Plans at 31/08/10.**

At 31 August 2010 there were no audit reports delayed due to management not finalising the action plan within agreed timescales.

Section 3 **Management Actions Outstanding at 31/08/10.**

At 31 August 2010 there were a total of 46 outstanding audit action points.

Section 4 **Analysis of Missed Deadlines**

At 31 August 2010 there were a total of 24 of the 46 outstanding items where the agreed deadline had been missed.

INVERCLYDE COUNCIL INTERNAL AUDIT
REPORT TO AUDIT COMMITTEE ON
STATUS OF INTERNAL AUDIT ACTION PLAN POINTS (RED AND AMBER ONLY)

SUMMARY OF MANAGEMENT ACTION DUE FOR COMPLETION BY 31.08.10

SECTION 1

Directorate	No. of Actions Due	No. of Actions Completed	Deadline missed Revised date set*	Deadline missed Revised date to be set*
Regeneration & Environment	2	0	2	0
Education & Communities	1	1	0	0
Organisational Improvement & Resources	2	0		2
Total	**5**	**1**	**2**	**2**

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

SUMMARY OF OUTSTANDING MANAGEMENT ACTION PLANS AS AT 31.08.10

SECTION 2

ACTIONS OUTSTANDING BY DIRECTORATE

Regeneration and Environment	
Due for completion September 2010	7
Due for completion December 2010	4
Due for completion March 2011	2
Actions outstanding	**13**
Education and Communities	
Due for completion September 2010	1
Due for completion October 2010	1
Completion date to be advised	2
Actions outstanding	**4**
Community Health and Care Partnership	
Due for completion September 2010	3
Due for completion October 2010	2
Due for completion December 2010	2
Completion date to be advised	1
Actions outstanding	**8**
Organisational Improvement and Resources	
Due for completion September 2010	3
Due for completion November 2010	5
Due for completion December 2010	1
Due for completion January 2011	2
Due for completion March 2011	3
Due for completion March 2012	1
Completion Date to be advised	6
Actions outstanding	**21**
Total outstanding actions:	**46**

SECTION 3

Regeneration and Environment

Outstanding Actions	Owner	Expected Date
Inverclyde Leisure Trust Risk Management (Nov 2007)		
Risk Register & Monitoring Regime (Red) If ILT is to meet recognised governance standards for Risk Management, a risk identification and assessment process should be developed and work should be undertaken to develop specific Corporate and operational risk registers for the organisation. In addition a monitoring regime should be developed and implemented to support continuous management of the risks.	**Chief Executive, Inverclyde Leisure**	**31.03.11***
Trading Activities (June 2008)		
Customer Complaints and Satisfaction Surveys (Amber) Vehicle Management will carry out annual internal customer satisfaction survey and develop action plan for improvement.	**Team Leader – Vehicle Management**	**31.12.10***
Performance Management and Measurement (Amber) Service to continue to develop and report service standards and performance through APSE.	**Team Leader – Vehicle Management**	**31.12.10***
Non-Mainframe Systems – Vehicle Management (Amber) A new fleet management system will have individual passwords, protected access with passwords changed periodically.	**Team Leader – Vehicle Management**	**31.12.10***
Project Management (September 2008)		
Project Management Framework (Amber) The project management framework and guidelines will be rolled out across all services on a phased basis.	**Corporate Director R&E**	**30.09.10**
Project Management Tools (Amber) The feasibility of using Microsoft Project for tracking and monitoring of projects will be investigated. Relevant action will then be taken.	**Corporate Director R&E**	**30.09.10**

SECTION 3

Regeneration and Environment (Continued)

Outstanding Actions	Owner	Expected Date
Physical Investment Services (May 2009)		
Asset Performance Reviews (Amber) Officers responsible for implementation of key functions; • input Estate Management module;	**Asset Manager Team Leader**	**30.09.10***
• strategic timetable for development and implementation of Planned Maintenance module;	**Property Assets Manager**	**31.12.10***
• development of a strategic timetable for implementation of Capital Accounting module	**Property Assets Manager**	**31.03.11***
Management of Rents and Insurance Recharges (Amber) Develop a procedure for checking and authorising invoices. Timetable to be developed in discussion with Internal Audit.	**Asset Manager Team Leader**	**30.09.10***
Management of Overdue Debtors Accounts (Amber) Strategic timetable for implementing new processes will be developed to take account of service needs.	**Asset Manager Team Leader**	**30.09.10***
Procedures for Management of Property Portfolio (Amber) New office manual will be drafted.	**Asset Manager Team Leader**	**30.09.10***
Mailroom Services & Postages Performance Review (June 2010)		
Demonstrating Value for Money (Amber) Mailroom management will, in consultation with all relevant Service Managers, identify those services or sections which operate Royal Mail accounts or use franking machines instead of mailroom. In turn management will explore with the relevant Service Managers how staff could use the mailroom but accept that some existing arrangements may demonstrate value for money.	**Members Services Manager**	**30.09.10**

SECTION 3

Education and Communities

Outstanding Actions	Owner	Expected Date
SEEMIS (April 2008)		
Formalisation of the System Administrator Role (Amber) Back up arrangements are made to provide adequate cover for the system administration role.	**Head of Schools**	**To be advised***
Education Control Self Assessment (June 2010)		
Use of Personal Non-Encrypted USB Storage Devices (Red) This issue is currently under consideration as part of Information Governance and Management workshops which representatives from Education actively participate in. Interim guidance is being prepared on the use of USB Memory Devices within schools and it is intended that this will be in place for the start of the 10/11 term.	**Corporate Director Education and Communities**	**To be advised**
Security of Portable IT Equipment (Amber) Schools will introduce more stringent levels of control in relation to storage of moveable I.T. equipment. Teaching staff will be reminded of the importance of this issue on a regular basis and Head Teacher spot checks introduced to ensure this is maintained. All schools will introduce and maintain INV/3 form for all equipment removed from establishment.	**Heads Of Establishments**	**30.09.10**
Secure Marking of Assets (Amber) All establishments to ensure that items of value are securely marked by engraving or invisible pen in line with council inventory procedures. For newly acquired items, schools will check manufacturer documentation prior to making any security markings.	**Heads of Establishments**	**31.10.10**

SECTION 3

Community Health & Care Partnership

Outstanding Actions	Owner	Expected Date
Social Care – Business Support (July 2009)		
Adequacy of Financial Information (Amber) The requirement for implementation of SWIFT Financials module will be discussed at the Social Work management team. Relevant action will then be taken to formalise a project for implementation.	**Business Support Manager**	**To be advised***
Homelessness (January 2010)		
Managing Rent Arrears – (Amber) Management to examine the costs and benefits of updating homelessness database, identify new clients who do not receive full Housing Benefits, decide how any arrears should be managed at an early stage and ensure that the responsible Accommodations Officer will work jointly with client Support worker to identify those clients with highest level of arrears. An overall procedure highlighting areas of responsibility should also be introduced.	**Assistant Homelessness Service Manager/ Acting Service Manager**	**31.12.10**
Writing-off Irrecoverable Rent Arrears – (Amber) Management will review current arrears position and consider write off. Management will consider processes and procedures for monitoring bad debts and introduce a system for write offs.	**Assistant Homelessness Service Manager/ Acting Service Manager**	**30.09.10**
Securing Value for Money on Furnishing Temporary Accommodation – (Amber) Management working with Corporate Procurement regarding contracts for furnishing temporary accommodation. On completion of tendering process, mechanism to be introduced ensuring re-tendering commences in advance of contract expiry dates.	**Assistant Homelessness Service Manager/ Acting Service Manager**	**30.09.10***
Council Tax Liability Within the Inverclyde Centre (Amber) Service Manager (Business Services) and Assistant Service Manager (Homelessness) to meet Revenues and Benefits Manager to seek a resolution to the issue of Homelessness Service meeting council tax liability of clients within Inverclyde Centre.	**Acting Service Manager**	**31.10.10**

SECTION 3

Community Health & Care Partnership (Continued)

Outstanding Actions	Owner	Expected Date
Homelessness (January 2010)		
Demonstrating Value for Money When Using Agency Staff (Amber) A review of the staff structure has taken place and a proposed restructure is currently being considered. Management will consult Corporate Procurement and, where appropriate Legal Services, to seek an interim solution regarding use of agency staff.	**Corporate Director CHCP**	**30.09.10**
Protecting client information from loss or damage (Amber) Management to discuss with ICT and consider full integration with SWIFT.	**Acting Service Manager/AFO**	**31.12.10***
Single Person Dependency – AFO Post (Amber) Management to identify key duties of AFO and ensure these are covered by written procedures and timetable. AFO to complete schedule of works detailing level of priority in line with other social work departments.	**Acting Service Manager**	**31.10.10***

Organisational Improvement & Resources

Outstanding Actions	Owner	Expected Date
Facilities Services (September 2008)		
Retrospective Disclosure Checks (Amber) A report will need to be prepared for CMT with options in respect of retrospective checks as this will involve considerable cost to the Authority and also requirement to consult with unions.	**Head of OD, HR and Performance**	**To be advised***
Corporate Purchase Cards (September 2008)		
Adequacy of Corporate Purchase Card Policy (Amber) The Corporate Purchase Card Policy will be reviewed and updated for issues identified by this review. Appropriate consultation will be sought prior to approval.	**Corporate Procurement Manager**	**30.11.10***
Adequacy of Corporate Purchase Card Procedures (Amber) Corporate Purchase Card procedures will be reviewed and updated to take account of the issues identified by the review.	**Corporate Procurement Manager**	**30.11.10***

INVERCLYDE COUNCIL INTERNAL AUDIT
REPORT TO AUDIT COMMITTEE ON
STATUS OF INTERNAL AUDIT ACTION PLAN POINTS (RED AND AMBER ONLY)
MANAGEMENT ACTIONS OUTSTANDING AS AT 31.08.10

SECTION 3

Organisational Improvement & Resources (Continued)

Outstanding Actions	Owner	Expected Date
Appropriateness of Authorisation Limits (Amber) The Corporate Procurement Team will review each cardholders monthly expenditure limit against the limit set for them by the Finance Creditors Team and where the cardholder; a) does not have a creditor limit then their Head of Service will be asked to set a limit for them or confirm the cardholders exclusion from the creditors system; b) has a monthly card limit below the creditors system limit then no further action is required; c) has a monthly card limit above the creditors system then the monthly limit will either be reduced or the relevant Head of Service invited to request an increase in the creditor system limit to match the monthly card limit. The Chief Financial Officer will be consulted when proposing increases in creditor system limits. d) does not have a creditor limit then their Head of Service will be asked to set a limit for them or confirm the cardholders exclusion from the creditors system; e) has a monthly card limit below the creditors system limit then no further action is required; f) has a monthly card limit above the creditors system then the monthly limit will either be reduced or the relevant Head of Service invited to request an increase in the creditor system limit to match the monthly card limit. The Chief Financial Officer will be consulted when proposing increases in creditor system limits.	**Corporate Procurement Manager**	**30.11.10***

SECTION 3

Organisational Improvement & Resources (Continued)

Outstanding Actions	Owner	Expected Date
Processing of Staff Travel Costs (Amber) The revised corporate purchase card policy and procedures will make clear how all staff travel costs are to be processed. This will involve consulting the Chief Financial Officer and Head of Organisational Development & Human Resources in order to clarify a number of issues, including; a) fully complying with the requirements of HM Revenues & Customs; b) how best to minimise the risk of fraud by specifying the method of payment (i.e. purchase card, orders or KV Pay) for each mode of transport; c) the need to demonstrate value for money regarding staff travel costs; d) the role, if any, of travel agents, whether contracted with the Council or not; e) the role of purchase cards in pre-booking journeys along with using the internet; and f) obtaining advances from Payroll when staff travel costs cannot be pre-booked and exceed an amount deemed as substantial, however defined.	**Corporate Procurement Manager**	**30.11.10***
Information Governance and Management (May 2009)		
Organisation (Red) Information Governance and Management will form part of the corporate training programme for employees new to the Council or when employees are trained in new systems by other colleagues.	**Corporate Director OI&R**	**To be advised***
Consideration will be given to establishing a clear desk policy for all staff with access to the Council's information.	**Corporate Director OI&R**	**To be advised***

SECTION 3

Organisational Improvement & Resources (Continued)

Outstanding Actions	Owner	Expected Date
Information Governance and Management (May 2009)		
People (Red) Security awareness will be promoted using awareness materials such as brochures, posters or web based documents and through structured education/training programmes or computer based training. Training will be made compulsory for all staff to create security positive behaviour.	**Corporate Director OI&R**	**31.03.11**
Staff will be provided with guidance to help them understand the importance of complying with information security policies and their personal responsibilities.	**Corporate Director OI&R**	**30.09.10**
Information governance and management responsibilities will be specified in job descriptions, or in terms and conditions of employment, including a non-disclosure/ confidentiality clause.	**Corporate Director OI&R**	**To be advised***
External third parties who need access to the council's information and systems will be required to sign non-disclosure/confidentiality agreements.	**Corporate Director OI&R**	**To be advised***
Process (Amber) Processes will be developed and implemented to strengthen the system of internal control over information governance and management. This will include: • Developing and implementing a data/information classification system • Identifying owners for critical information and systems • Ensuring important papers and removable storage media (e.g. CDs) are protected against theft or copying, such as by locking them away and restricting access and via a clear desk policy • Investing in secure archiving facilities for appropriate hard copy records that must be retained in accordance with relevant legislation.	**Corporate Director OI&R**	**31.03.11**

INVERCLYDE COUNCIL INTERNAL AUDIT
REPORT TO AUDIT COMMITTEE ON
STATUS OF INTERNAL AUDIT ACTION PLAN POINTS (RED AND AMBER ONLY)
MANAGEMENT ACTIONS OUTSTANDING AS AT 31.08.10

SECTION 3

Organisational Improvement & Resources (Continued)

Outstanding Actions	Owner	Expected Date
Information Governance and Management (May 2009)		
Technology (Amber) Standards and guidance will be prepared to: • Support remote working and ensure workers do not compromise the security of any facilities to which they can be connected. • Restrict removable storage media eg CDs, memory sticks, to only allow Council approved devices to be used. • Ensure that access privileges are revoked immediately when authorised users leave the organisation • Advise staff what to do in the event of a security breach. • Ensure that for new system implementations, an information governance review will form part of the testing and go-live sign off.	**Corporate Director OI&R**	**31.03.11**
Consideration will be given to establishing a dedicated information security function as part of the Future Operating Model which has council-wide responsibility for promoting and co-ordinating information security across the council, developing information security policies/guidelines, providing expert advice, investigating major information security incidents and conducting security awareness programmes.	**Corporate Director OI&R**	**To be advised**

SECTION 3

Organisational Improvement & Resources (Continued)

Outstanding Actions	Owner	Expected Date
Cash and Banking (February 2010)		
Security arrangements at Wallace Place Contact Centre (Amber) Management will prepare action plan to; • Ensure Wallace Place CCTV and panic alarms are correctly positioned and fit for purpose. • Examine the installation of cash collection drawers that open when new transactions commence on cash receipting system.	**Customer Services Manager**	**31.03.12**
Travel and Subsistence (June 2010)		
Compliance with Workplace Transport and Occupational Road Risk Policy (Amber) All services will ensure they fully comply with the Workplace Transport and Occupational Road Risk Policy and that on an annual basis they receive from every employee using their own vehicle on council business the following; • completed driver's risk assessment form • completed driver's declaration form • driving licence, valid for the category of vehicle they are driving • their insurance certificate which must specifically include business cover • MOT certificate, if applicable	**All Heads of Services**	**30.09.10**
Value for Money – Mileage Claims (Amber) A review will be undertaken into current operation of the travel and subsistence scheme to determine if it is efficient and economic in terms of the annual costs. Alternative methods of transport require to be considered by all services with high mileage users, for example; • pooled cars, where cheaper fuel can be supplied by the councils in house arrangements, • the use of public transport, • innovative and alternative working practices	**All Heads of Services**	**30.09.10**

SECTION 3

Organisational Improvement & Resources (Continued)

Outstanding Actions	Owner	Expected Date
Travel and Subsistence (June 2010)		
Value for Money – Mileage Claims (Amber) The anomaly in the mileage rates where teachers are paid a higher rate will be further investigated and a common approach adopted which uses the Inland Revenue rate of 40p per mile to ensure that all employees are treated fairly and equitably.	**HR Manager (Organisational Development)**	**31.12.10**
Fixed Asset Accounting (June 2010)		
Single Person Dependency (Principal Accountant – Exchequer) Cross-training within the Accountancy team will be undertaken as required in relation to the Logotech system and associated accounting requirements to overcome single person dependency in completion of financial year end tasks and finalisation of accounts.	**Principal Accountant (Exchequer)**	**30.11.10**
Corporate Complaints (June 2010)		
Recording of Complaints Management will develop and implement Intelligent eForms as a corporate solution to capturing customer contact in a consistent manner with drop down facility to select type of contact eg request for service, complaint, compliment or comment. In conjunction with the above, steps will be taken to ensure the inform@inverclyde.gov.uk mailbox will be channelled through the customer contact centre. Management will develop and implement a corporate process for recording of complaints including complainant name, nature/type of complaint, description, timescale for responses, actual response dates, stages of complaint etc. These procedures will then be developed for rolling out to services.	**Head of Customer Service and Business Transformation** **Customer Service Manager** **Customer Service/ Corporate Communications Manager**	**30.01.11**
Reporting of Complaints Procedures will be developed, documented and implemented for reporting of complaints to P&R committee. This will include the total number of complaints received, the stage of complaints received and the percentage of compaints responded to within agreed timescales.	**Customer Service/ Corporate Communications Manager**	**30.01.11**

INVERCLYDE COUNCIL INTERNAL AUDIT
REPORT TO AUDIT COMMITTEE ON
STATUS OF INTERNAL AUDIT ACTION PLAN POINTS (RED AND AMBER ONLY)
ANALYSIS OF MISSED DEADLINES

SECTION 4

Report	Outstanding Actions	Original Date	Revised Date	Management Comments
Inverclyde Leisure Trust Risk Management (November 2007)	**Risk register & monitoring regime (Red)** If ILT is to meet recognised governance standards for Risk Management, a risk identification and assessment process should be developed and work should be undertaken to develop specific Corporate and operational risk registers for the organisation. In addition a monitoring regime should be developed and implemented to support continuous management of the risks.	**01.04.08** **31.05.09** **31.10.09** **31.03.10** **31.05.10**	**31.03.11**	Risk Management training has been undertaken by the Senior Management Team (SMT). Risk registers will be now be developed for relevant facilities and self assessment process put in place and a reporting process will be put in place on an annual basis to the Board as part of the SSIFC process.
SEEMIS (April 2008)	**Formalisation of the SA Role (Amber)** The service formalises the role of the system administrator providing detailed job descriptions, key tasks and responsibilities. Backup arrangements are made to provide adequate cover for the system administration role.	**30.06.08** **31.03.10**	**To be advised**	Development Officer now in place. Job descriptions, remits and responsibilities to be discussed and reviewed. New team member being trained in SEEMIS process to ensure back up arrangements are in place.

INVERCLYDE COUNCIL INTERNAL AUDIT
REPORT TO AUDIT COMMITTEE ON
STATUS OF INTERNAL AUDIT ACTION PLAN POINTS (RED AND AMBER ONLY)
ANALYSIS OF MISSED DEADLINES

SECTION 4

Report	Outstanding Actions	Original Date	Revised Date	Management Comments
Trading Activities (June 2008)	**Customer Complaints and Satisfaction Surveys (Amber)** Vehicle Management will carry out annual internal customer satisfaction survey and develop an action plan for improvement.	**31.10.08** **31.12.08** **31.03.09** **31.03.10**	**31.12.10**	Survey based on APSE guidance to be completed. Survey and action plan to be completed for 30.09.10. Analysis will then be performed.
Facilities Services (September 2008)	**Retrospective Disclosure Checks (Amber)** A report will need to be prepared for CMT with options in respect of retrospective checks as this will involve considerable cost to the Authority and also requirement to consult with unions.	**31.12.08** **30.06.09** **31.12.09** **31.03.10** **31.08.10**	**To be advised**	The Protection of Vulnerable Groups (PVG) Act is due to be introduced in November 2010. A report is being prepared for approval which will inform the action to be taken.
Corporate Purchase Cards (September 2008)	**Adequacy of Corporate Purchase Card Policy (Amber)** The Corporate Purchase Card Policy will be reviewed and updated for issues identified by this review. Appropriate consultation will be sought prior to approval.	**31.12.08** **31.07.09** **31.12.09** **30.04.10**	**30.11.10**	Action plan has been reviewed by new Corporate Procurement Manager and dates have been revised in line with the Strategic Procurement Framework.
Corporate Purchase Cards (September 2008)	**Processing of staff Travel Costs (Amber)** The revised corporate purchase card policy and procedures will make clear how all staff travel costs are to be processed. This will involve consulting the Chief Financial Officer and Head of Organisational Development & Human Resources in order to clarify a number of issues.	**31.12.08** **31.07.09** **31.12.09** **30.04.10**	**30.11.10**	Action plan has been reviewed by new Corporate Procurement Manager and dates have been revised in line with the Strategic Procurement Framework.
Corporate Purchase Cards (September 2008)	**Corporate Purchase Card Procedures (Amber)** Corporate Purchase Card procedures will be reviewed and updated to take account of the issues identified by the review.	**31.01.09** **31.07.09** **31.12.09** **30.04.10**	**30.11.10**	Action plan has been reviewed by new Corporate Procurement Manager and dates have been revised in line with the Strategic Procurement Framework.

INVERCLYDE COUNCIL INTERNAL AUDIT
REPORT TO AUDIT COMMITTEE ON
STATUS OF INTERNAL AUDIT ACTION PLAN POINTS (RED AND AMBER ONLY)
ANALYSIS OF MISSED DEADLINES

SECTION 4

Report	Outstanding Actions	Original Date	Revised Date	Management Comments
Corporate Purchase Cards (September 2008)	**Appropriateness of Corporate Purchase Card Limits (Amber)** The Corporate Procurement Team will review each cardholders monthly expenditure limit against the limit set for them by the Finance Creditors Team and action accordingly.	31.01.09 31.07.09 31.10.09 30.06.10	30.11.10	Action plan has been reviewed by new Corporate Procurement Manager and dates have been revised in line with the Strategic Procurement Framework.
Trading Activities (June 2008)	**Performance Management and Measurement (Amber)** Service to continue to develop and report service standards/performance through APSE.	31.03.09 30.06.10	31.12.10	Issues have arising in collating some of the data and a full review is now planned.
Trading Activities (June 2008)	**Non-Mainframe Systems – Vehicle Management (Amber)** A new fleet management system will have individual passwords, protected access with passwords changed periodically.	31.03.09 30.06.10	31.12.10	New fleet management system will not be in place until September 2010 and not fully operational until Spring 2011.
Physical Investment Services (May 2009)	**Management of Rents and Insurance Recharges (Amber)** Develop a procedure for checking and authorising invoices.	30.06.09 31.08.09 30.04.10 30.06.10 31.08.10	30.09.10	Procedures have been drafted and are in the process of being finalised.
Physical Investment Services (May 2009)	**Management of Overdue Debtors Accounts (Amber)** Strategic timetable for implementing new processes will be developed to take account of service needs.	30.06.09 31.08.09 30.04.10 30.06.10 31.08.10	30.09.10	Procedures have been drafted and are in the process of being finalised.
Physical Investment Services (May 2009)	**Asset Performance Reviews (Amber)** Development of a strategic timetable for implementation of Capital Accounting module.	30.09.09	31.03.11	This will be reviewed and developed as part of the IFRS Project.
Physical Investment Services (May 2009)	**Procedures for Management of the Property Portfolio (Amber)** New office manual will be drafted.	31.10.09	30.09.10	Due to resource constraints this has not been fully developed. New Property Asset Manager is in place and a review of procedures will be undertaken.

INVERCLYDE COUNCIL INTERNAL AUDIT
REPORT TO AUDIT COMMITTEE ON
STATUS OF INTERNAL AUDIT ACTION PLAN POINTS (RED AND AMBER ONLY)
ANALYSIS OF MISSED DEADLINES

SECTION 4

Report	Outstanding Actions	Original Date	Revised Date	Management Comments
Physical Investment Services (May 2009)	**Asset Performance Reviews (Amber)** Officers responsible for implementation of key functions; • input Estate Management module;	**31.12.09** **30.06.10**	**30.09.10**	New Property Asset Manager is in place and PAMIS development is being reviewed.
Homelessness (January 2010)	**Protecting client information from loss or damage (Amber)** Management to discuss with ICT and consider full integration with SWIFT.	**31.03.10** **30.06.10**	**31.12.10**	Initial discussions have taken place with ICT. Follow up meetings are required to progress this issue.
Homelessness (January 2010)	**Securing value for money on furnishing temporary accommodation – (Amber)** Management working with Corporate Procurement regarding contracts for furnishing temporary accommodation. On completion of tendering process, mechanism to be introduced ensuring re-tendering commences in advance of contract expiry dates.	**30.04.10**	**30.09.10**	Work is ongoing in conjunction with Corporate Procurement. Committee report is being prepared.
Information Governance and Management (May 2009)	**People – (Red)** External third parties who need access to the council's information and systems will be required to sign non-disclosure/confidentiality agreements.	**30.04.10**	**To be advised**	This is being led by the people sub group. Action plan being developed to progress this area.
Information Governance and Management (May 2009)	**Organisation – (Red)** Information Governance and Management will form part of the corporate training programme for employees new to the Council or when employees are trained in new systems by other colleagues.	**30.04.10**	**To be advised**	This is being led by the People Sub-Group. Action plan being developed to progress this area.

INVERCLYDE COUNCIL INTERNAL AUDIT
REPORT TO AUDIT COMMITTEE ON
STATUS OF INTERNAL AUDIT ACTION PLAN POINTS (RED AND AMBER ONLY)
ANALYSIS OF MISSED DEADLINES

SECTION 4

Report	Outstanding Actions	Original Date	Revised Date	Management Comments
Social Care – Business Support (July 2009)	**Adequacy of Financial Information – (Amber)** The requirement for implementation of SWIFT Financials module will be discussed at the Social Work management team. Relevant action will then be taken to formalise a project for implementation.	30.04.10	**To be advised**	Due to the restructure, this item has not yet been progressed. This will be discussed at a future SWMT meeting.
Homelessness – (January 2010)	**Single Person Dependency – (Amber)** Management to identify key duties of AFO and ensure these are covered by written procedures and timetable. AFO to complete schedule of works detailing level of priority in line with other social work departments.	31.05.10	31.10.10	Tasks are being reallocated and additional training is underway to ensure sufficient cross-training in key tasks.
Information Governance and Management (May 2009)	**People (Red)** Information Governance and management responsibilities will be specified in job descriptions, or within terms and conditions of employment. This will include a non-disclosure/confidentiality clause.	30.06.10	**To be advised**	This is being led by the People Sub-Group. Action plan being developed to progress this area, including input to the Code of Conduct for Employees.
Physical Investment Services (May 2009)	**Asset Performance Reviews (Amber)** Officers responsible for implementation of key functions; strategic timetable for development and implementation of Planned Maintenance module	31.07.10	31.12.10	PAMIS development is under review by the Property Assets Manager. This will include prioritisation of planned maintenance module.
Information Governance and Management (May 2009)	**Organisation – (Red)** Consideration will be given to establishing a clear desk policy for all staff with access to the Council's information.	31.08.10	**To be advised**	This is being led by the Culture/ Organisation Sub-Group. Action plan being developed to progress this area.