

**Report To:** Audit Committee **Date:** 29.05.12

**Report By:** Corporate Director  
Environment, Regeneration and  
Resources **Report No:** AC/41/12/AF/APr

**Contact Officer:** Andi Priestman **Contact No:** 01475 712251

**Subject:** INTERNAL AUDIT PROGRESS REPORT – 6 FEBRUARY TO 4 MAY 2012

## 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 6 February to 4 May 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 audit reports have been finalised since the last Audit Committee meeting:

- Limited Scope Review – General Ledger
- Customer Services
- Limited Scope Review – Debtors
- ICT Service Desk

2.2 These reports contain a total of 23 issues, categorised as follows:

| Red | Amber | Green |
|-----|-------|-------|
| 0   | 8     | 15    |

2.3 The progress on the 2011/12 is as follows:

| Stage                 | Number of Reports |
|-----------------------|-------------------|
| Final Report          | 9                 |
| Draft Report          | 4                 |
| Fieldwork Complete    | 1                 |
| Fieldwork in Progress | 0                 |
| Planning              | 0                 |
| Not started           | 1                 |
| <b>Total</b>          | <b>15</b>         |

### **3.0 RECOMMENDATIONS**

- 3.1 It is recommended that Members agree to note the progress made by Internal Audit in the period from 6 February to 4 May 2012.

**Aubrey Fawcett**  
**Corporate Director**  
**Environment, Regeneration and Resources**

## **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.

Personnel: 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  
6 February to 4 May 2012**

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**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:

|              |  |
|--------------|--|
| <b>Red</b>   | <ul style="list-style-type: none"> <li>• In our opinion the control environment is insufficient to address the risk and this could impact the Council as a whole.</li> <li>• Corrective action must be taken and should start immediately.</li> <li>• Overseen to completion by Corporate Management Team.</li> </ul>  |
| <b>Amber</b> | <ul style="list-style-type: none"> <li>• 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.</li> <li>• Corrective action must be taken (some exceptions may be agreed with IA) within reasonable timeframe.</li> <li>• Overseen to completion by Head of Service.</li> </ul> |
| <b>Green</b> | <ul style="list-style-type: none"> <li>• 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.</li> <li>• Process improvements/efficiencies may be actioned at management discretion in consultation with Internal Audit (IA).</li> <li>• Managed by service owner.</li> </ul>          |

1.2 Three reports have been finalised since the January 2012 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.

| Reports finalised since previous Audit Committee | Grading  |          |           | Total Number of Issues |
|--|----------|----------|-----------|------------------------|
|  | Red      | Amber    | Green     |                        |
| <b>2011/2012 plan</b>                            |          |          |           |                        |
| Limited Scope Review – General Ledger            | 0        | 0        | 1         | 1                      |
| Customer Services                                | 0        | 6        | 4         | 10                     |
| Limited Scope Review - Debtors                   | 0        | 2        | 6         | 8                      |
| ICT Service Desk                                 | 0        | 0        | 4         | 4                      |
| <b>Total</b>                                     | <b>0</b> | <b>8</b> | <b>15</b> | <b>23</b>              |

**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 6 February 2012.

**Limited Scope Review – General Ledger**

2.2 Scottish local authorities have a duty to observe proper accounting practices when preparing their annual Statements of Accounts. The principles and practices required to observe proper accounting practices are contained within the "Code of Practice on Local Authority Accounting in the United Kingdom – a statement of recommended practice" - the SORP.

2.3 Finance Services prepare the annual Statement of Accounts in accordance with accounting standards and policies set out in the SORP. The general ledger system records the effect of all financial transactions and, through its chart of accounts, collects the data in those income and expenditure or Balance Sheet accounts that were defined by the accounting standards and policies set out in the SORP.

2.4 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 the general ledger and ensuring compliance with the various Acts and technical standards.

2.5 The overall control environment opinion for this audit review was **Strong**. There was one GREEN issue identified which has been actioned by management.

**Customer Services**

2.6 A wide range of services are provided from the customer service centre. These services vary from the telephone switchboard to receiving free meal applications and accepting Council Tax payments. In practice Customer Services is the first point of contact for customers even although a proportion of queries relate to other Services. It is an aim of management to provide a professional service to customers which leaves them with a positive impression of the Council. This includes an emphasis on timeliness and accuracy.

2.7 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 faced by Inverclyde Council in relation to customer services.

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

- 2.8 The overall control environment opinion for this audit review was **satisfactory**. There were six AMBER issues identified as follows:

**Quality assurance over incoming telephone calls**

It is standard practice within customer contact centres that all incoming calls are recorded for quality assurance purposes. However, even though the Council's contact centre has been operational since October 2009, incoming calls are not automatically recorded. We understand that management had examined this issue previously and it was not progressed.

Currently, in addition, the system has the facility to monitor live incoming calls for training purposes. However, management have advised that these monitoring and recording exercises are infrequent and are not applied to all staff over time. In addition, this area is not supported by a corresponding policy and procedure. It is more difficult to identify training issues for staff when call handling cannot be assessed by supervisors.

**Information for managing the staff/customer interface**

Customers who contact the Council expect staff to know about a wide range of events which take place across Inverclyde, whether or not these involve the Council. However, Customer Service staff do not always have full or timely access to the information which they need. We understand that there are a number of reasons for this situation, including;

- the need to fully determine the scope and detail of information which staff are expected to hold, especially as it relates to the public sector, Inverclyde in particular and any relevant private sector organisations;
- receiving sufficient prior warning and details of Council run events, campaigns and Service initiatives;
- the adequacy of information available on the Council's website;
- the exchange of information between Customer Services and key Services such as Corporate Communications; and
- how to effectively manage unrealistic expectations of Customer Services role, both within and outside the Council.

Customers may be unable to obtain the information they could reasonably expect whenever staff do not have full or timely access to key details. In turn, the Council's reputation may be damaged via poor customer experiences.



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

**Customer Services Strategy**

It is important that the wide range of Customer Services activities is underpinned by a comprehensive strategy. Similarly, service level agreements can assist with increasing effectiveness and resolving misunderstandings between Services. Indeed, the relevant Directorate Plan recognises the need for this developmental work and the development and implementation of a Customer Service strategy has a timescale of September 2012, with appropriate SLAs being in place by May 2012.

However, we understand that a Customer Service strategy and relevant service level agreements are not yet in place. The latter is at an early draft stage whilst only very limited work has been undertaken on the Customer Services strategy. Given the forthcoming relocation of Customer Services to Greenock Municipal Buildings along with staff changes and other priorities it is unclear whether the above timescales will be met in full.

It is more difficult to set priorities, deliver service objectives and develop procedures in the absence of a comprehensive Customer Services strategy.

**Adequacy of training needs analysis**

A key control over ensuring that the Customer Contact Centre staff have the correct knowledge, skills and attitude is the performing of a training needs analysis for individual members of staff. This involves determining what is required to complete the task, determining the existing skills level of the staff and determining the training gap, if any. Through discussions with staff it has been identified that although an assessment of existing skills levels has been undertaken for Customer Service Representatives, this exercise has not been carried out for senior staff. Indeed we understand that there are a number of key changes amongst senior staff that have resulted in some training gaps being identified that have still to be prioritised to address. In addition, we understand that management information currently used for staff training needs analysis is limited and requires further development.

Where knowledge, skills and attitudes are not properly assessed there is a risk that urgent gaps may not be addressed or properly planned for, e.g. in the event of a key member of staff absence or if a key member of staff leaves the organisation which then adversely impact the smooth running of the service.

**Managing transactions which require to be reversed**

A key control over ensuring the validity of reversal transactions is the retrospective review of all reversal transactions on a daily basis by the Customer Service Supervisor. However, from a review of relevant cash receipting reports of reversed transactions testing identified that these are not always:

- signed-off by the supervisor, which meant there was no evidence to support the review process; and
- produced in accordance with the agreed timeframe or sometimes not at all, either of which undermines the review process. Three daily reports from November and December 2011 were missing from the relevant file.

It is more difficult to identify errors by staff and to ensure all refunds are valid when processes are not fully and consistently applied in practice.

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

**Managing access rights to the LAGAN system**

The "Lagan" system is used to record interactions with customers as part of service delivery. Customer Services staff are given individual access to the system to process customer transactions and enquiries. It is important that these system access rights are aligned to the tasks which staff currently performs. However, through audit testing we found some weaknesses in the management of these access rights. Namely;

- the process for creating new users on the system is not supported by a standard request form, rather an email is sent to the ICT Service Desk requesting access for a new user; and
- management is not regularly reviewing and validating the "Lagan" users within Customer Services.

It is more difficult for managers to enforce logical access security arrangements when records of staff access rights are not subject to regular reviews. Also, some staff may hold system access rights which are no longer relevant to their current duties.

- 2.9 The review identified a total of 10 issues, six of which we consider to be individually significant, and an action plan is in place to address all issues by 30 April 2013.

**Limited Scope Review - Debtors**

- 2.10 Debtors are administered in accordance with the Council's Sundry Debtors Best Practice Guide and the Financial Regulations. The service aims to provide excellent customer care, to undertake tasks and duties accurately and in a timely manner to maximise the recovery of income due to the Council.
- 2.11 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 Debtors.
- 2.12 The overall control environment opinion for this audit review was **satisfactory**. There were two AMBER issues identified as follows:

**Completion of Debtors' Reconciliations**

A key control over ensuring that debtor transactions are completely and accurately recorded is the regular reconciliation of the debtors' ledger to the general ledger on a monthly basis and that reconciling items should be investigated and resolved in a timely manner. Through discussions with staff and audit testing we have identified some issues regarding the timely completion of reconciliations and reconciling items have not always been actively investigated and resolved in a timely manner. In the absence of timely debtors' reconciliations it is more difficult to identify operational problems, such as postings not made to the debtors' ledger and to validate the debt outstanding to the Council.

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

**Managing Credit Balances**

A key control over the management of credit balances is a bulk write-on of small credit balances annually. The procedure for Managing Credit Balances for Council Tax, Non-Domestic Rates & Sundry Debts contains the procedure for write-on of credit balances. This procedure is currently not operating and through discussions with staff and audit testing, we have identified a credit balance held in the debtors' suspense account, with payments dating back to 2003 and customer accounts with credit balances which cumulatively total over £151,000. Many of these relate to payments received and posted into the old debtors system, which were subsequently transferred to the current system in 2003. Where year-end procedures are not complied with for writing-on credit balances, there is a risk that proper ledger maintenance cannot be demonstrated in the closure of the accounts.

- 2.13 The review identified a total of 8 issues, two of which we consider to be individually significant, and an action plan is in place to address all issues by 31 December 2012.

**ICT Service Desk**

- 2.14 The ICT Service Desk provides a first point of contact to all Inverclyde Council and Inverclyde Leisure internal customers who experience ICT operational problems and aims to resolve reported incidents and service requests within agreed timescales. In addition, the Service Desk monitors service levels of ICT support against the Service Standards, manages the ICT asset information through the service desk Configuration Management Database and organises Council-wide ICT refresh programmes.
- 2.15 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 the ICT Service Desk.
- 2.16 The overall control environment opinion for this audit review was **Strong**. There were four GREEN issues identified and an action plan is in place to address all issues by 30 November 2012.

**INVERCLYDE COUNCIL – REPORT ON INTERNAL AUDIT ACTIVITY  
FROM 6 FEBRUARY TO 4 MAY 2012**

**APPENDIX 1**

**3. Audit Plan for 2011/12 – Progress to 23 September 2011**

| <b>Planned Audit Cover</b>                          | <b>Planning</b>        | <b>TOR Issued</b> | <b>Fieldwork In Progress</b> | <b>Fieldwork Complete</b> | <b>Draft Report</b> | <b>Report Finalised</b> | <b>Reported to Audit Committee</b> |
|---|------------------------|-------------------|------------------------------|---------------------------|---------------------|-------------------------|------------------------------------|
| <b>Risk-Reviewed</b>                                |                        |                   |                              |                           |                     |                         |                                    |
| Elderly Care Payments                               | ✓                      | ✓                 | ✓                            | ✓                         | ✓                   | ✓                       | Jan 12                             |
| Registration Process – Births, Deaths and Marriages | ✓                      | ✓                 | ✓                            | ✓                         | ✓                   | ✓                       | Feb 12                             |
| Community Warden Service                            | ✓                      | ✓                 | ✓                            | ✓                         | ✓                   | ✓                       | Feb 12                             |
| Customer Services                                   | ✓                      | ✓                 | ✓                            | ✓                         | ✓                   | ✓                       | May 12                             |
| ICT Service Desk                                    | ✓                      | ✓                 | ✓                            | ✓                         | ✓                   | ✓                       | May 12                             |
| Workforce Planning – Managing a Reduced Workforce   | ✓                      | ✓                 | ✓                            | ✓                         |                     |                         |                                    |
| Procurement Compliance – Pre-Contract Stage         | ✓                      | ✓                 | ✓                            | ✓                         | ✓                   |                         |                                    |
| <b>Limited Scope Financial System Reviews</b>       |                        |                   |                              |                           |                     |                         |                                    |
| Council Tax   | ✓                      | ✓                 | ✓                            | ✓                         | ✓                   | ✓                       | Feb 12                             |
| General Ledger                                      | ✓                      | ✓                 | ✓                            | ✓                         | ✓                   | ✓                       | May 12                             |
| Debtors   | ✓                      | ✓                 | ✓                            | ✓                         | ✓                   | ✓                       | May 12                             |
| <b>Arms Length Organisation Reviews</b>             |                        |                   |                              |                           |                     |                         |                                    |
| Riverside Inverclyde – Governance Arrangements      | ✓                      | ✓                 | ✓                            | ✓                         | ✓                   |                         |                                    |
| <b>Performance Reviews</b>                          |                        |                   |                              |                           |                     |                         |                                    |
| Statutory Performance Indicators                    | ✓                      | N/A               | ✓                            | ✓                         | ✓                   | ✓                       | Jan 12                             |
| CSA Education                                       | ✓                      | ✓                 | ✓                            | ✓                         | ✓                   |                         |                                    |
| <b>Corporate Governance</b>                         |                        |                   |                              |                           |                     |                         |                                    |
| SSIFC 2010/11                                       | Input provided by CIA. |                   |                              |                           |                     |                         |                                    |
| <b>Projects/Key Change Initiatives</b>              |                        |                   |                              |                           |                     |                         |                                    |
| Information Governance and Management               | Input provided by CIA. |                   |                              |                           |                     |                         |                                    |
| CHCP  | Report at draft stage. |                   |                              |                           |                     |                         |                                    |

**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:
- Providing input to FOI requests as appropriate.
  - Provision of advice to Education Services regarding cash handling procedures.

**INVERCLYDE COUNCIL INTERNAL AUDIT**  
**REPORT TO AUDIT COMMITTEE ON**  
**STATUS OF INTERNAL AUDIT ACTION PLAN POINTS (RED AND AMBER ONLY)**  
**AT 31 MARCH 2012**

**Summary: Section 1 Summary of Management Actions due for completion by 31/03/12**

There were 16 items due for completion by 31 March 2012, of which 10 have been reported as completed by management and action in relation to 6 items has been revised.

**Section 2 Summary of Current Management Actions Plans at 31/03/12**

At 31 March 2012 there were no audit reports delayed due to management not finalising the action plan within agreed timescales.

**Section 3 Current Management Actions at 31/03/12**

At 31 March 2012 there was a total of 22 current audit action points.

**Section 4 Analysis of Missed Deadlines**

At 31 March 2012 there was a total of 17 of the 22 audit action points where the agreed deadline had been missed.

**Section 5 Summary of Action Plan Points by Audit Year**

**INVERCLYDE COUNCIL INTERNAL AUDIT  
REPORT TO AUDIT COMMITTEE ON  
STATUS OF INTERNAL AUDIT ACTION PLAN POINTS (RED AND AMBER ONLY)  
SUMMARY OF MANAGEMENT ACTION PLANS DUE FOR COMPLETION BY 31.03.12**

**SECTION 2**

| <b>Directorate</b>                                    | <b>No. of Actions Due</b> | <b>No. of Actions Completed</b> | <b>Deadline missed Revised date set*</b> | <b>Deadline missed Revised date to be set*</b> |
|---|---------------------------|---------------------------------|--|--|
| Environment, Regeneration & Resources                 | 11                        | 9                               |  | 2  |
| Community Health & Care Partnership (CHCP)**          | 3                         | 1                               | 2  |  |
| Education, Communities and Organisational Development | 2                         |                                 | 1  | 1  |
| <b>Total</b>  | <b>16</b>                 | <b>10</b>                       | <b>3</b>                                 | <b>3</b>                                       |

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

**INVERCLYDE COUNCIL INTERNAL AUDIT  
 REPORT TO AUDIT COMMITTEE ON  
 STATUS OF INTERNAL AUDIT ACTION PLAN POINTS (RED AND AMBER ONLY)  
 SUMMARY OF CURRENT MANAGEMENT ACTION PLANS AS AT 31.03.12**

**SECTION 2**

**CURRENT ACTIONS BY DIRECTORATE**

|  |           |
|--|-----------|
| <b>Environment, Regeneration and Resources</b>               |           |
| Due for completion April 2012                                | 1         |
| Due for completion June 2012                                 | 4         |
| <b>Total Actions</b>   | <b>5</b>  |
| <b>Community Health and Care Partnership</b>                 |           |
| Due for completion June 2012                                 | 2         |
| Due for completion December 2012                             | 8         |
| Completion Date to be advised                                | 1         |
| <b>Total Actions</b>   | <b>11</b> |
| <b>Education, Communities and Organisational Development</b> |           |
| Due for completion April 2012                                | 1         |
| Due for completion July 2012                                 | 2         |
| Completion Date to be advised                                | 3         |
| <b>Total Actions</b>   | <b>6</b>  |
| <b>Total current actions:</b>                                | <b>22</b> |



**INVERCLYDE COUNCIL INTERNAL AUDIT  
REPORT TO AUDIT COMMITTEE ON  
STATUS OF INTERNAL AUDIT ACTION PLAN POINTS (RED AND AMBER ONLY)  
CURRENT MANAGEMENT ACTIONS AS AT 31.03.12**

**SECTION 3**

**Environment, Regeneration and Resources**

| <b>Action</b>  | <b>Owner</b>   | <b>Expected Date</b> |
|--|--|----------------------|
| <b>Physical Investment Services (May 2009)</b>   |  |                      |
| <b>Asset Performance Reviews (Amber)</b><br>A detailed action plan will be developed and finalised in relation to the implementation of PAMIS.   | <b>Head of<br/>Property Assets<br/>&amp; Facilities<br/>Management</b> | <b>07.06.12*</b>     |
| <b>Budgetary Control (August 2011)</b>   |  |                      |
| <b>Member Training &amp; Survey (Amber)</b><br>Member Services will review the schedule and identify any gaps in the training records of re-elected members.<br><br>An email will be sent to all members reminding them of the need to comply with the Financial Strategy, identifying training events that they are required to attend and informing them that they should raise any concerns around budgetary control directly with the CFO. | <b>Member<br/>Services<br/>Manager</b>                                 | <b>30.06.12</b>      |
|  | <b>Member<br/>Services<br/>Manager</b>                                 | <b>30.06.12</b>      |
| <b>Budgetary Control (August 2011)</b>   |  |                      |
| <b>Member Training &amp; Survey (Amber)</b><br>Following the 2012 election, the Chief Financial Officer (CFO) will provide Member Services (MS) with a schedule of training events that members are required to attend to comply with the Financial Strategy.  | <b>Chief Financial<br/>Officer</b>                                     | <b>30.06.12</b>      |
| <b>Limited Scope Financial System Review – Council Tax (December 2011)</b>   |  |                      |
| <b>Staff training within the council tax team (Amber)</b><br>Although current staff are highly competent, the benefit of a training matrix is acknowledged especially for new starts; consideration will therefore be given to introducing this within Revenues.   | <b>Principal<br/>Revenues<br/>Officer</b>                              | <b>30.04.12</b>      |

\* See Analysis of Missed Deadlines – Section 4

**INVERCLYDE COUNCIL INTERNAL AUDIT  
REPORT TO AUDIT COMMITTEE ON  
STATUS OF INTERNAL AUDIT ACTION PLAN POINTS (RED AND AMBER ONLY)  
CURRENT MANAGEMENT ACTIONS AS AT 31.03.12**

**SECTION 3**

**Community Health & Care Partnership**

| Action  | Owner                                     | Expected Date         |
|---|---|-----------------------|
| <b>Social Care – Business Support (July 2009)</b>   |   |                       |
| <b>Adequacy of Financial Information (Amber)</b><br>Business case will be developed to formalise a project for implementation of SWIFT Financials Module.   | <b>Corporate Director CHCP</b>            | <b>30.06.12</b>       |
| <b>Homelessness (January 2010)</b>  |   |                       |
| <b>Writing-off irrecoverable rent arrears (Amber)</b><br>Management will review current arrears position and consider write off.<br><br>Management will consider processes and procedures for monitoring bad debts and introduce a system for write offs which will include:<br>(a) Submitting cases to Chief Financial Officer for write off approval in order to comply with Council Financial Regulations<br>(b) Seeking advice from the Social Work Accountant on how to create ongoing bad debt provision to fund write offs<br>(c) maintaining adequate records of all write off activity | <b>Service Manager (Homelessness)</b>     | <b>30.06.12*</b>      |
| <b>Protecting client information from loss or damage (Amber)</b><br>Management will discuss the following actions with ICT, consider full integration with SWIFT and obtain best practice advice from ICT Services regarding the business continuity issues surrounding the database, including the feasibility of moving the system to be centrally managed by ICT;  | <b>Service Manager/AFO (Homelessness)</b> | <b>To be advised*</b> |
| <b>Information Governance and Management (May 2009)</b>   |   |                       |
| <b>Organisation (Red)</b><br>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.<br><br>Consideration will be given to establishing a clear desk policy for all staff with access to the Council's information.   | <b>Corporate Director CHCP</b>            | <b>31.12.12*</b>      |
|   | <b>Corporate Director CHCP</b>            | <b>31.12.12*</b>      |

\* See Analysis of Missed Deadlines – Section 4

**INVERCLYDE COUNCIL INTERNAL AUDIT  
REPORT TO AUDIT COMMITTEE ON  
STATUS OF INTERNAL AUDIT ACTION PLAN POINTS (RED AND AMBER ONLY)  
CURRENT MANAGEMENT ACTIONS AS AT 31.03.12**

**SECTION 3**

**Community Health & Care Partnership (Continued)**

| <b>Action</b>  | <b>Owner</b>                   | <b>Expected Date</b> |
|--|--------------------------------|----------------------|
| <p><b>People (Red)</b><br/>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.</p>  | <b>Corporate Director CHCP</b> | <b>31.12.12*</b>     |
| <p>Information governance and management responsibilities will be specified in job descriptions, or in terms and conditions of employment, including a non-disclosure/ confidentiality clause.</p>   | <b>Corporate Director CHCP</b> | <b>31.12.12*</b>     |
| <p>External third parties who need access to the council's information and systems will be required to sign non-disclosure/confidentiality agreements.</p>   | <b>Corporate Director CHCP</b> | <b>31.12.12*</b>     |
| <p><b>Process (Amber)</b><br/>Processes will be developed and implemented to strengthen the system of internal control over information governance and management. This will include:</p> <ul style="list-style-type: none"> <li>• Developing and implementing a data/information classification system</li> <li>• Identifying owners for critical information and systems</li> <li>• Ensuring important papers and removable storage media are protected against theft or copying, such as by locking them away, restricting access and via a clear desk policy</li> <li>• Investing in secure archiving facilities for appropriate hard copy records that must be retained in accordance with relevant legislation.</li> </ul> | <b>Corporate Director CHCP</b> | <b>31.12.12*</b>     |
| <p><b>Technology (Amber)</b><br/>Standards and guidance will be prepared to:</p> <ul style="list-style-type: none"> <li>• Support remote working and ensure workers do not compromise the security of any facilities to which they can be connected.</li> <li>• Ensure that access privileges are revoked immediately when authorised users leave the organisation</li> <li>• Advise staff what to do in the event of a security breach.</li> <li>• Ensure that for new system implementations, an information governance review will form part of the testing and go-live sign off.</li> </ul>  | <b>Corporate Director CHCP</b> | <b>31.12.12*</b>     |

\* See Analysis of Missed Deadlines – Section 4

**INVERCLYDE COUNCIL INTERNAL AUDIT  
REPORT TO AUDIT COMMITTEE ON  
STATUS OF INTERNAL AUDIT ACTION PLAN POINTS (RED AND AMBER ONLY)  
CURRENT MANAGEMENT ACTIONS AS AT 31.03.12**

**SECTION 3**

**Community Health & Care Partnership (Continued)**

| <b>Action</b>  | <b>Owner</b>                   | <b>Expected Date</b> |
|--|--------------------------------|----------------------|
| <p><b>Technology (Amber)</b><br/>Consideration will be given to establishing a dedicated information security function 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.</p> | <b>Corporate Director CHCP</b> | <b>31.12.12*</b>     |

**Education, Communities and Organisational Development**

| <b>Action</b>  | <b>Owner</b>                                   | <b>Expected Date</b>  |
|--|--|-----------------------|
| <b>Facilities Services (September 2008)</b>  |  |                       |
| <p><b>Retrospective Disclosure Checks (Amber)</b><br/>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.</p>   | <b>Head of OD, HR and Communications</b>       | <b>To be advised*</b> |
| <b>Travel and Subsistence (June 2010)</b>  |  |                       |
| <p>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 45p per mile to ensure that all employees are treated fairly and equitably.</p> | <b>HR Manager (Organisational Development)</b> | <b>To be advised*</b> |
| <b>Community Learning and Development (August 2011)</b>  |  |                       |
| <p><b>Information Governance and Management (Amber)</b><br/>The website has been closed down. Where staff resourcing permits information available on the Council website will be expanded.</p>  | <b>Service Manager CLD</b>                     | <b>To be advised*</b> |

\* See Analysis of Missed Deadlines – Section 4



**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  | Action   | Original Date  | Revised Date         | Management Comments  |
|---|--|--|----------------------|--|
| <b>Facilities Services (September 2008)</b>             | <b>Retrospective Disclosure Checks (Amber)</b><br>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.   | <b>31.12.08</b><br><b>30.06.09</b><br><b>31.12.09</b><br><b>31.03.10</b><br><b>31.08.10</b><br><b>31.03.12</b> | <b>To be advised</b> | A report has been prepared and presented to CMT in relation to PVG Legislation which comes into force in February 2011. This will introduce the requirement for checks on relevant staff on an ongoing basis from February 2012. Implementation has been delayed due to constraints from Disclosure Scotland in terms of system capacity issues. This is a national issue and work is ongoing to resolve this. |
| <b>Homelessness (January 2010)</b>                      | <b>Protecting client information from loss or damage (Amber)</b><br>Management will discuss the following actions with ICT, consider full integration with SWIFT and obtain best practice advice from ICT Services regarding the business continuity issues surrounding the database, including the feasibility of moving the system to be centrally managed by ICT. | <b>31.03.10</b><br><b>30.06.10</b><br><b>31.12.10</b><br><b>31.05.11</b><br><b>30.09.11</b><br><b>31.03.12</b> | <b>To be advised</b> | ICT has recently started work on these issues in conjunction with AVD Ltd. Co-ordination with both management and the company will be required along with the technical aspects of the database being on a separate server whilst ensuring the "front end" processes for users remain.   |
| <b>Information Governance and Management (May 2009)</b> | <b>People (Red)</b><br>External third parties who need access to the council's information and systems will be required to sign non-disclosure/confidentiality agreements.   | <b>30.04.10</b>  | <b>31.12.12</b>      | A meeting of the Working Group was held in October 2011 and a report was presented to CMT in December 2011 to prioritise and deliver on agreed actions.  |
| <b>Information Governance and Management (May 2009)</b> | <b>Organisation (Red)</b><br>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.   | <b>30.04.10</b>  | <b>31.12.12</b>      | A meeting of the Working Group was held in October 2011 and a report was presented to CMT in December 2011 to prioritise and deliver on agreed actions.  |

**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  | Action   | Original Date   | Revised Date         | Management Comments   |
|---|--|---|----------------------|---|
| <b>Information Governance and Management (May 2009)</b> | <b>People (Red)</b><br>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.  | <b>30.06.10</b>   | <b>31.12.12</b>      | A meeting of the Working Group was held in October 2011 and a report was presented to CMT in December 2011 to prioritise and deliver on agreed actions.   |
| <b>Physical Investment Services (May 2009)</b>          | <b>Asset Performance Reviews (Amber)</b><br>A detailed action plan will be developed and finalised in relation to the implementation of PAMIS.   | <b>31.07.10</b><br><b>31.12.10</b><br><b>30.06.11</b><br><b>30.09.11</b><br><b>31.03.12</b> | <b>07.06.12</b>      | The action plan required for the implementation of PAMIS is in the process of being finalised and a report will be prepared together with a presentation for the CMT setting out required resources necessary to implement the action plan.                         |
| <b>Information Governance and Management (May 2009)</b> | <b>Organisation (Red)</b><br>Consideration will be given to establishing a clear desk policy for all staff with access to the Council's information.   | <b>31.08.10</b>   | <b>31.12.12</b>      | A meeting of the Working Group was held in October 2011 and a report was presented to CMT in December 2011 to prioritise and deliver on agreed actions.   |
| <b>Homelessness (January 2010)</b>                      | <b>Writing-off irrecoverable rent arrears (Amber)</b><br>Management will review current arrears position and consider write off.<br><br>Management will consider processes and procedures for monitoring bad debts and introduce a system for write offs.  | <b>30.09.10</b><br><b>31.12.10</b><br><b>31.05.11</b><br><b>30.09.11</b><br><b>31.01.12</b> | <b>30.06.12</b>      | Service has now met with Finance colleagues to discuss in more detail the mechanism under which irrecoverable rent arrears can be managed/written off, and the future inclusion in budgets for bad debt provision. A draft list has now been prepared for approval. |
| <b>Travel and Subsistence (June 2010)</b>               | <b>Value for Money – Mileage Claims (Amber)</b><br>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 45p per mile to ensure that all employees are treated fairly and equitably. | <b>31.12.10</b><br><b>31.03.11</b><br><b>30.04.11</b><br><b>30.09.11</b><br><b>31.03.12</b> | <b>To be advised</b> | A report has been prepared and discussed by CMT. Further work is required in order to finalise the new approach including liaison with union members and a further report will be prepared for CMT and Committee approval in due course.                            |

**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                                  | Action   | Original Date  | Revised Date    | Management Comments  |
|---|--|--|-----------------|--|
| <b>Corporate Complaints (June 2010)</b> | <p><b>Reporting of Complaints (Amber)</b><br/>Procedures will be developed, documented and implemented for reporting of complaints to P&amp;R committee.</p> <p>This will include the total number of complaints received, the stage of complaints received and the percentage of complaints responded to within agreed timescales.</p>  | <p><b>31.01.11</b><br/><b>30.04.11</b><br/><b>30.06.11</b></p> | <b>31.07.12</b> | The Scottish Public Services Ombudsman is introducing a new complaints handling process which requires to be put in place by 1 April 2012. The Customer Services Manager is on the working group involved in taking this work forward. |
| <b>Corporate Complaints (June 2010)</b> | <p><b>Recording of Complaints (Amber)</b><br/>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 e.g. request for service, complaint, compliment or comment.</p> <p>In conjunction with the above, steps will be taken to ensure the <a href="mailto:inform@inverclyde.gov.uk">inform@inverclyde.gov.uk</a> mailbox will be channelled through the customer contact centre.</p> <p>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.</p> | <p><b>31.01.11</b><br/><b>30.04.11</b><br/><b>30.06.11</b></p> | <b>31.07.12</b> | The Scottish Public Services Ombudsman is introducing a new complaints handling process which requires to be put in place by 1 April 2012. The Customer Services Manager is on the working group involved in taking this work forward. |



**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  | Action   | Original Date   | Revised Date    | Management Comments   |
|---|--|-----------------|-----------------|---|
| <b>Information Governance and Management (May 2009)</b> | <p><b>People (Red)</b><br/>Security awareness will be promoted using materials such as brochures, posters or web based documents and through structured education/training programmes and computer based training. Training will be compulsory for all staff to create security positive behaviour.</p>  | <b>31.03.11</b> | <b>31.12.12</b> | A meeting of the Working Group was held in October 2011 and a report was presented to CMT in December 2011 to prioritise and deliver on agreed actions. |
| <b>Information Governance and Management (May 2009)</b> | <p><b>Process (Amber)</b><br/>Processes will be developed and implemented to strengthen the system of internal control over information governance and management. This will include:</p> <ul style="list-style-type: none"> <li>• Developing and implementing a data/information classification system</li> <li>• Identifying owners for critical information and systems</li> <li>• 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</li> <li>• Investing in secure archiving facilities for appropriate hard copy records that must be retained in accordance with relevant legislation.</li> </ul> | <b>31.03.11</b> | <b>31.12.12</b> | A meeting of the Working Group was held in October 2011 and a report was presented to CMT in December 2011 to prioritise and deliver on agreed actions. |

**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  | Action   | Original Date                              | Revised Date         | Management Comments  |
|---|--|--|----------------------|--|
| <b>Information Governance and Management (May 2009)</b> | <p><b>Technology (Amber)</b><br/>Standards and guidance will be prepared to:</p> <ul style="list-style-type: none"> <li>• Support remote working and ensure workers do not compromise the security of any facilities to which they can be connected.</li> <li>• Ensure that access privileges are revoked immediately when authorised users leave the organisation.</li> <li>• Advise staff what to do in the event of a security breach.</li> <li>• Ensure that for new system implementations, an information governance review will form part of the testing and go-live sign off.</li> </ul> | <p><b>31.03.11</b><br/><b>31.03.12</b></p> | <b>31.12.12</b>      | A meeting of the Working Group was held in October 2011 and a report was presented to CMT in December 2011 to prioritise and deliver on agreed actions. This action has been deferred to end of December 2012. |
| <b>Limited Scope Financial Review (August 2011)</b>     | <p><b>Adequacy of System Updates Testing (Amber)</b><br/>Payroll already retains evidence of upgrade testing. This issue relates solely to changes to PAYE Tax/NIC levels. Payroll will retain evidence of testing in relation to HMRC legislation.</p>  | <b>31.08.11</b>                            | <b>30.04.12</b>      | The HMRC process is annual and therefore will be confirmed using 12/13 tax year end data.  |
| <b>Community Learning and Development (August 2011)</b> | <p><b>Information Governance and Management – (Amber)</b><br/>The website has been closed down. Where staff resourcing permits information available on the Council website will be expanded.</p>  | <p><b>31.12.11</b><br/><b>31.03.12</b></p> | <b>To be advised</b> | Staff resourcing not yet in place to facilitate expansion of website.  |

**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  | Action   | Original Date   | Revised Date    | Management Comments   |
|---|--|-----------------|-----------------|---|
| <b>Information Governance and Management (May 2009)</b> | <b>Technology (Amber)</b><br>Consideration will be given to establishing a dedicated information security function 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. | <b>31.03.12</b> | <b>31.12.12</b> | This action will be reviewed in conjunction with the other technology actions which are due for completion by end of December 2012. |

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

**SECTION 5**

The following table sets out the total number of agreed actions raised by audit year together with their completion status as at 31 March 2012.

| <b>Audit Year</b> | <b>Total Agreed Actions</b> | <b>Total Actions Completed</b> | <b>Total Actions Outstanding</b> |              |              |
|-------------------|-----------------------------|--------------------------------|----------------------------------|--------------|--------------|
|                   |                             |                                | <b>Red</b>                       | <b>Amber</b> | <b>Green</b> |
| 2006/2007         | 26                          | 26                             | 0                                | 0            | 0            |
| 2007/2008         | 174                         | 170                            | 0                                | 0            | 4            |
| 2008/2009         | 214                         | 203                            | 5                                | 6            | 0            |
| 2009/2010         | 194                         | 170                            | 0                                | 8            | 16           |
| 2010/2011         | 118                         | 101                            | 0                                | 3            | 14           |
| 2011/2012         | 27                          | 24                             | 0                                | 0            | 3            |
| <b>Total</b>      | <b>753</b>                  | <b>694</b>                     | <b>5</b>                         | <b>17</b>    | <b>37</b>    |