

<b>Report To:</b>	<b>Audit Committee</b>	<b>Date:</b>	<b>22 April 2014</b>
<b>Report By:</b>	<b>Acting Corporate Director Environment, Regeneration &amp; Resources</b>	<b>Report No:</b>	<b>AC/79/14/AP/APr</b>
<b>Contact Officer:</b>	<b>Andi Priestman</b>	<b>Contact No:</b>	<b>01475 712251</b>
<b>Subject:</b>	<b>Internal Audit Progress Report – 3 February to 28 March 2014</b>		

## 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 3 February to 28 March 2014 is attached as an Appendix to this report since its content is essential to the understanding of the Council's control environment. **Appx 1**

## 2.0 SUMMARY

- 2.1 Two internal audit report have been finalised since the last Audit Committee meeting:-
- Waste Management – Contract Management; and
  - Maintenance of Client Accounts.
- 2.2 These report contain a total of 10 issues categorised as follows:

Red	Amber	Green
0	6	4

- 2.3 The fieldwork for the 2013/14 audit plan is complete and the current status of the plan is as follows:-

Stage	Number of Reports
Final Report	8
Draft Report	4
Fieldwork Complete	0
Fieldwork in Progress	0
Planning	0
Not started/Deferred	1
<b>Total</b>	<b>13</b>

- 2.4 In relation to Internal Audit follow up, there were no items due for completion by 28 February 2014. The current status report is attached at Appendix 2. **Appx 2**

### **3.0 RECOMMENDATIONS**

- 3.1 It is recommended that Members agree to note the progress made by Internal Audit in the period from 3 February to 28 March 2014.

**Alan Puckrin**  
**Acting Corporate Director Environment, Regeneration & Resources**

## 4.0 BACKGROUND

- 4.1 In April 2013, the Audit Committee approved the current Internal Audit Annual Plan which detailed a programme of activity to be undertaken during 2013-14.
- 4.2 Internal Audit regularly reports findings and action plans to relevant Council Officers and the Audit Committee as part of the annual audit plan. A follow up process is in place to allow follow up of current internal audit actions to be co-ordinated and updated by Internal Audit on a monthly basis with regular reporting to CMT and the Audit Committee.

## 5.0 CURRENT POSITION

- 5.1 Two internal audit reports have been finalised since the last Audit Committee meeting in February 2014.
- 5.2 The fieldwork for the 2013/14 plan is now complete and the current status of the plan is as follows:

Stage	Number of Reports
Final Report	8
Draft Report	4
Fieldwork Complete	0
Fieldwork in Progress	0
Planning	0
Not started/Deferred	1
<b>Total</b>	<b>13</b>

- 5.4 There are 37 current action points being progressed by officers. No actions were due for completion by 28 February 2014.

## 6.0 IMPLICATIONS

### Finance

- 6.1 There are no direct financial implications arising from this report.

Financial Implications:

One off Costs

Cost Centre	Budget Heading	Budget Years	Proposed Spend this Report	Virement From	Other Comments
N/A					

Annually Recurring Costs/ (Savings)

Cost Centre	Budget Heading	With Effect from	Annual Net Impact	Virement From (If Applicable)	Other Comments
N/A					

### Legal

- 6.2 There are no direct legal implications arising from this report.

### **Human Resources**

6.3 There are no direct HR implications arising from this report.

### **Equalities**

6.4 There are no direct equalities implications arising from this report.

### **Repopulation**

6.5 There are no direct repopulation implications arising from this report.

## **7.0 CONSULTATIONS**

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

## **8.0 LIST OF BACKGROUND PAPERS**

8.1 File of completed internal audit reports: Available from Andi Priestman, Chief Internal Auditor.



**Audit Committee Report  
Report on Internal Audit Activity from  
3 February to 28 March 2014**

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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 Two reports have been finalised since the February 2014 Audit Committee, which are identified below, together with a summary of the gradings of the issues identified. In Section 2 we have provided a summary of the main findings from the reviews.

Reports finalised since previous Audit Committee	Grading			Total Number of Issues
	Red	Amber	Green	
<b>2013/2014 plan</b>				
Waste Management – Contract Management	0	2	1	3
Maintenance of Client Accounts	0	4	3	7
<b>Total</b>	<b>0</b>	<b>6</b>	<b>4</b>	<b>10</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 on a 6-monthly basis.

**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 after 31 January 2014.

**Waste Management – Contract Management**

- 2.2 The key aim of waste management is to manage waste in a sustainable manner to meet the current and future needs of Inverclyde communities. The Service delivers a comprehensive range of waste management services including household and trade waste collection, civic amenity site operations and recycling sites. A range of disposal services are procured from the private sector, including haulage and disposal at landfill of the residual waste, management and operation of the materials recycling facility and the treatment of organic waste.
- 2.3 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 Waste Management Contracts.
- 2.4 The overall control environment opinion for this audit was **Satisfactory**. The audit identified 2 AMBER issues as follows:

Insufficient Checking of Information Submitted by Contractors to Recover Income

Contractors submit information on tonnages of recyclable materials collected, which allows the Council to raise an invoice to recover the income due from their sale. Variances between contractor records and Council records are acceptable within a tolerance limit of 5%. Audit testing identified a number of issues arising from the checking process of documentation submitted by contractors of tonnages of recyclable materials collected. These included records not being maintained of the differences in the tonnages between the Council's weighbridge records and the tonnage documentation submitted by the contractors, to ensure that any variances are acceptable and within tolerance limits and that over time there is no adverse loss to the Council. Errors were also identified in a number of invoices where the contractor had been undercharged. The underpayment has now been repaid to the Council.

Where tonnage documentation submitted by contractors regarding the collection of recyclable materials for sale is not completely and accurately checked and verified against the Council's weighbridge records and agreed rates, there is a risk that the amount of income invoiced for may not be accurate and the contractor is not properly charged.



## **2 Summary of main findings from reports issued since previous Audit Committee (Cont'd)**

### Monitoring of Contractors Performance

The performance of contractors against the standards specified in the contract documentation is monitored by Waste Management Officers. In addition, the Corporate Procurement Team, Finance introduced a supplier management process for the higher value contracts, whereby a scorecard is completed following each contractors monitoring meeting. However, through discussions with staff and audit testing, we identified that there is no written log to monitor day to day issues identified with contract performance and the scorecard is not currently being used in relation waste management contracts, although minutes are taken of the issues discussed. Also, the scorecard does not currently monitor financial information or management information, e.g. key performance indicators, tonnage and recycling data received from the contractor.

Where records are not retained of day to day issues, there is a risk that these issues escalate over time into more significant issues which then require senior management involvement to address. Retaining daily performance information may also be helpful if an exit strategy requires to be triggered. In addition, where all areas of contract performance is not adequately monitored and recorded, there is a risk that any operational problems being experienced by a contractor will not be highlighted at an early stage, so allowing preventative measures to be taken.

- 2.5 The review identified a total of 3 issues, 2 of which we consider to be individually significant, and an action plan is in place to address all issues by 30 April 2014.

### **Maintenance of Client Accounts – CHCP**

- 2.6 Some adult CHCP clients have been assessed as needing staff support due to mental or physical incapacities. CHCP staff are involved in organising aspects of these clients personal finances. It is important that processes for handling clients' income and expenditure transactions are robust and applied consistently over time. Operational and administrative staff along with designated Finance officers are involved in managing clients and trust accounts.
- 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 the maintenance of client accounts.
- 2.8 The overall control environment opinion for this audit was **Satisfactory**. The audit identified 4 AMBER issues as follows:

#### Managing client and trust accounts across CHCP teams

Adults over 16 years are legally assumed to be capable of making decisions regarding their financial affairs unless there is evidence of incapacity to overturn this presumption. Some adult clients with mental or physical incapacities require staff support with managing their financial affairs. This intervention aims to ensure that clients are not left vulnerable as often close family members are unavailable or there is a risk of financial abuse. Arrangements are made for clients' DWP benefits to be paid into dedicated Council bank accounts. In turn, CHCP staff (or external keyworkers) are involved with spending clients' monies using clients' accounts. These arrangements also include those clients;

- whose financial affairs can be managed through DWP corporate appointee-ships, known as trust accounts. These appointee-ships are used when clients only receive DWP benefits. DWP officers decide whether or not a claimant is capable of managing their benefits. More significantly, corporate appointee-ships require the CHCP to assume claimants reporting responsibilities to the DWP; or

**2 Summary of main findings from reports issued since previous Audit Committee (Cont'd)**

- covered by the Adults with Incapacity (Scotland) Act 2000 as they have legally and medically defined incapacities. This involves managing the finances of adults who lack capacity to make some or all decisions for themselves e.g. due to mental health or a learning disability. For these clients their finances are managed through the Access to Funds (ATF) scheme which is operated by the Office of the Public Guardian (Scotland). The ATF scheme is required when clients' private savings need to be managed or when occupational pensions are received. At present these cases are not handled in-house as an external solicitor is used.

We found a number of issues in the arrangements for managing client and trust accounts, namely;

- the client assessment processes do not consistently provide a formal review of the different support options outlined above, and where a need to intervene is identified. These pathways are determined by a number of factors, including the need for minimal intervention in clients' finances, the previous wishes of clients and allowing for adult protection policies;
- Community Care clients accounts continue to be created using a pre-1996 Regional Council policy which has not been tested against current legislation;
- Community Care clients informally consent to support from CHCP staff with their financial affairs through care assessments and plans. However, clients do not sign mandates to formally consent to this support;
- via Legal & Democratic Services relevant CHCP teams use an externally appointed solicitor when clients require to be brought within the ATF scheme, which results in costs being recharged to clients. However, this does not represent value for money as the ATF scheme can be operated in-house, although not yet implemented;
- for Community Mental Health (CMH) clients staff can provide support with their financial affairs under the 2000 Act noted above. However, the 2006 policy, used by both Finance and CMH staff, does not allow for the ATF scheme and the duties currently undertaken by staff;
- the DWP can award corporate appointee-ships for claimants who meet its assessment of incapacity in relation to the management of their benefits. When the DWP awards a corporate appointee-ship to a client's Social Worker the CHCP assumes the obligations normally assigned directly to a claimant. For example, reporting changes in circumstances or declaring capital which exceeds means tested limits. We found that a specific mechanism for regularly reviewing and reporting changes to the DWP in client circumstances is not in place. Instead, reliance is placed on client case conferences to deal with such matters;
- over time clients' needs and circumstances can change which removes the need for clients and trust accounts. Clients' abilities to manage their own financial affairs can improve but some clients also die. We found that effective arrangements are not in place for managing the closure of client and trust accounts when next of kin cannot be traced. This has resulted in a small number of trust and client accounts whereby the Council continues to hold clients monies, although the sums are not excessive; and
- the processes used for managing clients and trust accounts are essentially manual in nature and little use is made of electronic client account management services offered by some banks.

In summary, the arrangements for managing client and trust accounts are largely historic in nature and mainly driven by the needs of frontline staff and clients. Management has not yet implemented sufficient arrangements to fully deal with the complexities arising from clients and trust accounts.

## **2 Summary of main findings from reports issued since previous Audit Committee (Cont'd)**

There are a number of risks arising from these findings, including;

- whenever client assessment processes do not fully allow for the complexities of managing clients' finances then intervention may not be adequately in line with client needs and relevant legislation;
- there may not be a valid legal basis for supporting Community Care clients with their financial affairs as an out of date policy continues to be used or when clients do not formally consent to receiving support with managing their personal finances;
- it is more difficult to demonstrate best value when an external solicitor is used to operate the Access to Funds scheme and charges are applied to the client's funds; and
- financial liabilities could arise for the Council if changes in clients' circumstances are not reported to the DWP for clients with corporate appointee-ships in place.

### Reconciling Community Care client accounts

Some Community Care clients require staff support with managing their financial affairs. Arrangements are made for these clients' DWP benefits to be paid directly into a dedicated Council bank account. This bank account pools the income and expenditure arising from a number of clients and transactions are recorded on a dedicated spreadsheet. As cash and cheques are used to facilitate client related expenditure it is important to regularly reconcile cash and bank balances to ensure the completeness and accuracy of monies held on behalf of clients. However, through discussions with staff and audit testing we found some issues in the arrangements for reconciling client accounts, namely;

- the spreadsheet version of the cashbook does not include daily closing bank balances, although the latest total cash balance is shown. This makes it more difficult to identify and correct input errors. Also, the spreadsheet contains a monthly bank reconciliation which is linked to client transaction data. The format of the bank reconciliation is unclear when compared to that used elsewhere by Finance and this made it more difficult to confirm the audit trail of transactions; and
- the Community Care clients monthly bank reconciliation had not been undertaken for the first five months of 2013 and a small difference identified in June 2013 was not cleared until December 2013. There is no checking process within Community Care administration to confirm the accuracy of input to the spreadsheet and Finance does not apply a service standard to clear unreconciled items before the next bank reconciliation is due.

Accountability and transparency over clients' monies is reduced whenever there are backlogs in performing bank reconciliations or correcting input errors.

In addition, more staff time is required to investigate reconciliation anomalies whenever input errors involving the clients account spreadsheet arise and there is no checking mechanism for minimising their occurrence.

Furthermore, it is more difficult to identify input errors involving the clients account spreadsheet when the daily closing bank balance is not readily available.

**2 Summary of main findings from reports issued since previous Audit Committee (Cont'd)**

Reconciling trust bank accounts

Some Community Mental Health (CMH) clients have trust bank accounts as they require direct staff support with managing their financial affairs. In turn, their benefits are paid directly into these dedicated bank accounts with cash withdrawals being recorded on client log sheets. However, these records cannot be fully reconciled to clients trust bank accounts as a complete cashbook is not maintained i.e. DWP income is not recorded on the client log sheets. Discussions with staff have identified that bank reconciliations are not done.

It is more difficult to fully account for clients monies when trust bank accounts are not regularly reconciled.

Security arrangements over clients cash held by Community Mental Health

Some administrative staff within the Community Mental Health (CMH) team are required to hold cash balances when operating trust accounts. Adequate security arrangements are essential as these cash balances can peak at several thousand pounds and the monies ultimately belong to clients. We reviewed the security arrangements over clients cash held by the CMH administration team located within Crown House and identified a number of issues;

- cash arising from the six trust accounts is held in a dedicated and lockable cash box. However, the spare key to this cash box is kept on the same key ring as the key which is used each day;
- the trust accounts cash box is kept in a safe located on the same floor as the CMH administration team. Access to the unoccupied room holding the safe is by a keypad. However, access to the keypad code is not restricted solely to administration staff as some other CMH staff require access to the room as it holds client files; and
- the room containing the safe has two wall-mounted key safes. The key to the safe was held within the key safe which was not adequately restricted as the key to the key safe was still in the lock. It is understood that there is no CCTV covering the area leading to the room which holds the safe. Overall, access to the safe is not fully controlled at all times.

In addition, it is necessary to have adequate insurance arrangements in place over the cash held within Crown House on behalf of clients. The CHCP involves joint working between two separate legal entities, the Council and the Health Board, with each arranging its own insurance cover. There is a need for clarity regarding the insurance arrangements over clients monies held by the Community Mental Health team. We understand that the Council's insurance policy requires that technical details of safes used by staff are held by the insurer. At the time of our fieldwork this requirement had not been met and it is necessary to clarify which organisation is responsible for insuring clients' monies. However, we did clarify that if clients' monies were lost from the safe and a break-in had not occurred, there would be no insurance cover.

There is a risk therefore that clients' cash is more vulnerable whenever the arrangements for holding and storing keys are not strictly controlled. More so when the keypad number used to access the room holding the safe is not adequately restricted.

In addition, clients cash held within Crown House may not be insured due to a lack of clarity over insurance arrangements or non-compliance with the insurance company's notification procedures.

**2 Summary of main findings from reports issued since previous Audit Committee (Cont'd)**

- 2.9 The review identified a total of 7 issues, 4 of which we consider to be individually significant, and an action plan is in place to address all issues by 31 March 2015.

3. Audit Plan for 2013/14 – Progress to 31 January 2014

Planned Audit Cover	Planning	TOR Issued	Fieldwork in Progress	Fieldwork Complete	Draft Report	Report Finalised	Reported to Audit Committee
<b>Risk-Based Reviews</b>							
Homecare	Deferred to 2014/2015 Annual Audit Plan						
Property Maintenance	√	√	√	√	√		
Waste Contract Management	√	√	√	√	√		April 2014
Trading Standards	√	√	√	√	√		
Client Accounts - CHCP	√	√	√	√	√		April 2014
School Meals	√	√	√	√	√		
<b>Limited Scope Financial System Reviews</b>							
Debt Recovery	√	√	√	√	√		
Creditors	√	√	√	√	√	√	January 2014
<b>Follow Up Reviews</b>							
Corporate Purchase Cards	√	N/A	√	√	√	√	October 2013
Corporate Complaints	√	N/A	√	√	√	√	January 2014
<b>Performance Reviews</b>							
Statutory Performance Indicators	√	√	√	√	√	√	August 2013
CSA Education	√	√	√	√	√	√	February 2014
CSA CHCP	√	√	√	√	√	√	October 2013
<b>Corporate Governance</b>							
SSIFC 2012/13	Input provided by CIA.						
<b>Projects/Key Change Initiatives</b>							
Information Governance and Management	Input provided by CIA via Information Governance Steering Group.						
Annual Governance Statement/Local Code	Input provided by CIA via AGS working group.						
Solace Indicators	Input provided by CIA via Corporate Performance Improvement Group.						

**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 relevant input to the information governance working group.
  - Providing relevant input to inform the Council's approach to the Annual Governance Statement/Local Code of Governance.

**INVERCLYDE COUNCIL INTERNAL AUDIT**  
**REPORT TO AUDIT COMMITTEE ON**  
**STATUS OF INTERNAL AUDIT ACTION PLAN POINTS (RED AND AMBER ONLY)**  
**AT 28 FEBRUARY 2014**

**Summary: Section 1 Summary of Management Actions due for completion by 28/02/14**

There were no items due for completion by 28 February 2014.

**Section 2 Summary of Current Management Actions Plans at 28/02/14**

At 28 February 2014 there were no audit reports delayed due to management not finalising the action plan within agreed timescales.

**Section 3 Current Management Actions at 28/02/14**

At 28 February 2014 there was a total of 37 current audit action points.

**Section 4 Analysis of Missed Deadlines**

At 28 February 2014 there was a total of 7 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 28.02.14**

**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				
Community Health & Care Partnership (CHCP)				
Education, Communities and Organisational Development				
<b>Total</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 28.02.14**

**SECTION 2**

**CURRENT ACTIONS BY DIRECTORATE**

<b>Environment, Regeneration and Resources</b>	
Due for completion March 2014	3
Due for completion April 2014	4
Due for completion June 2014	1
<b>Total Actions</b>	<b>8</b>
<b>Community Health and Care Partnership</b>	
Due for completion March 2014	2
Due for completion April 2014	3
Due for completion August 2014	3
Due for completion September 2014	1
Due for completion October 2014	1
Due for completion November 2014	7
Due for completion February 2015	1
Due for completion March 2015	1
<b>Total Actions</b>	<b>19</b>
<b>Education, Communities and Organisational Development</b>	
Due for completion March 2014	5
Due for completion April 2014	1
Due for completion June 2014	2
Due for completion September 2014	1
Due for completion October 2014	1
<b>Total Actions</b>	<b>10</b>
<b>Total current actions:</b>	<b>37</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 28.02.14**

**SECTION 3**

**Environment, Regeneration and Resources**

<b>Action</b>	<b>Owner</b>	<b>Expected Date</b>
<b>Customer Services Review (April 2012)</b>		
<b>Customer Service Strategy (Amber)</b> Complete SLA with services below; <ul style="list-style-type: none"> <li>➤ Education</li> <li>➤ Licensing / Legal</li> <li>➤ Procurement</li> <li>➤ Human Resources</li> <li>➤ Corporate Communication</li> <li>➤ Roads / Transport / Waste Collection</li> <li>➤ Environmental / Streetscene / Registrars</li> <li>➤ Safer Communities / Pest Control</li> <li>➤ Revenues</li> <li>➤ Benefits</li> </ul>	<b>Revenues and Customer Services Manager</b>	<b>30.04.14</b>
<b>Software Licensing (January 2013)</b>		
<b>Completeness and Accuracy of Software Register (Amber)</b> An annual exercise will be done to ensure the register is maintained up to date. However, as a result of the introduction of the Curriculum for Excellence schools are being encouraged to develop their own curriculum using a wide range of systems and applications. This may create issues for software asset management if this responsibility is devolved to schools.	<b>Transitional Head of ICT</b>	<b>30.06.14</b>
<b>Corporate Purchase Cards Follow Up Review (August 2013)</b>		
<b>Appropriateness of Authorisation Limits (Amber)</b> The Payments & Control Team will: <ul style="list-style-type: none"> <li>• maintain a list of corporate purchase card holders</li> <li>• validate the list of corporate purchase cardholders annually by contacting relevant Service Managers; and</li> <li>• for each cardholder confirm that their purchase card transaction limit does not exceed their FMS creditors' limit. Purchase card transaction limits which are found to exceed creditor limits will be aligned following discussions between all relevant officers, including Service Managers and Corporate Procurement staff when appropriate.</li> </ul>	<b>Principal Accountant (Exchequer)</b>	<b>31.03.14*</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 28.02.14**

**SECTION 3**

**Environment, Regeneration and Resources (Continued)**

<b>Action</b>	<b>Owner</b>	<b>Expected Date</b>
<b>Business Continuity Management (May 2013)</b>		
<p><b>ICT Role in Business Continuity Management (Amber)</b> As a joint exercise the Transitional Head of ICT and Civil Contingencies Service will;</p> <ul style="list-style-type: none"> <li>• formalise the ICT Disaster Recovery Plan (DRP). This will include agreeing a timetable for finalising the DRP in order to provide an acceptable minimum standard of BCM preparedness; and</li> <li>• assist the Corporate Management Team (CMT) with determining the restoration order for computer applications. Objective criteria along with ICT technical advice and the BCM framework document will all be used to choose between the relative importance of different computer applications. These criteria will include the need to provide statutory services and protecting the most vulnerable Inverclyde residents.</li> </ul>	<b>Transitional Head of ICT</b>	<b>31.03.14</b>
<b>Waste Management Contracts (February 2014)</b>		
<p><b>Insufficient Checking of Information Submitted by Contractors to Recover Income (Amber)</b> The spreadsheet used to check the amount due to be recovered from the scrap metal contractor will contain formula and the contract rates in protected cells and distinguish between the different grades of scrap metal, rates paid per tonne and the transport cost applicable.</p>	<b>Team Leader, Waste Strategy and Technical Support</b>	<b>31.03.14</b>
<p><b>Monitoring of Contractors Performance (Amber)</b> A centralised electronic log will be maintained for each contract listing performance issues, the date referred to the contractor, the steps taken to address the problem and if escalation to a senior member of staff was required. The log entries will contain the name of the officer responsible. The log will be used by Management and referred to during the contract meetings.</p>	<b>Team Leader, Waste Strategy and Technical Support</b>	<b>30.04.14</b>
<p>The service will liaise with Corporate Procurement to tailor the scorecard to better measure performance monitoring of the higher value waste management contractors. When developed the new scorecard will be completed after each meeting with a contractor.</p>	<b>Team Leader, Waste Strategy and Technical Support</b>	<b>30.04.14</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 28.02.14**

**SECTION 3**

**Environment, Regeneration and Resources (Continued)**

<b>Action</b>	<b>Owner</b>	<b>Expected Date</b>
Corporate Procurement will also be requested to link the scorecard into any additional financial or management information received from contractors during the contract period.	<b>Team Leader, Waste Strategy and Technical Support</b>	<b>30.04.14</b>

**Community Health & Care Partnership**

<b>Action</b>	<b>Owner</b>	<b>Expected Date</b>
<b>Homelessness (January 2010)</b>		
<p><b>Writing-off irrecoverable rent arrears (Amber)</b> Management will review current arrears position and consider write off.</p> <p>Management will consider processes and procedures for monitoring bad debts and introduce a system for write offs which will include:</p> <p>(a) Submitting cases to Chief Financial Officer for write off approval in order to comply with Council Financial Regulations</p> <p>(b) Seeking advice from the Social Work Accountant on how to create ongoing bad debt provision to fund write offs</p> <p>(c) maintaining adequate records of all write off activity</p>	<b>Service Manager (Homelessness)</b>	<b>01.04.04*</b>
<b>Information Governance and Management (May 2009)</b>		
<p><b>People (Amber)</b> 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>01.04.14*</b>
<p><b>Process (Amber)</b> 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>• Identifying owners for critical information and systems</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>31.10.14*</b>

\* See Analysis of Missed Deadlines – Section 4

**INVERCLYDE COUNCIL INTERNAL AUDIT  
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STATUS OF INTERNAL AUDIT ACTION PLAN POINTS (RED AND AMBER ONLY)  
CURRENT MANAGEMENT ACTIONS AS AT 28.02.14**

**SECTION 3**

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

Action	Owner	Expected Date
<b>CSA – CHCP (October 2013)</b>		
<p><b>Managing Cash Payments for Client Project Work (Amber)</b> Management will ensure that:</p> <ul style="list-style-type: none"> <li>the Head of Administration develops and implements a system to routinely check that procedures are being followed.</li> </ul>	<b>Head of Administration</b>	<b>30.04.14*</b>
<p><b>Managing Data Protection in Practice (Amber)</b> Management will:</p> <ul style="list-style-type: none"> <li>remind all staff of the process to be followed if they encounter any difficulties when implementing the Data Protection Act. This guidance will include highlighting the Head of Administration's lead role regarding data protection matters</li> </ul>	<b>Head of Administration</b>	<b>31.03.14</b>
<b>Client Accounts – CHCP (March 2014)</b>		
<p><b>Managing client and trust accounts across CHCP teams (Amber)</b> CHCP Management will;</p> <ul style="list-style-type: none"> <li>develop and apply a single assessment mechanism for creating new clients and trust accounts. The assessment process will be informed by the experience of other Scottish local authorities whilst complying with relevant legislation.</li> <li>obtain legal advice regarding the validity of the Community Care client account policy and, if appropriate, the drafting of mandates whereby clients consent to support with managing their personal finances. If appropriate, all existing clients will be requested to sign these mandates.</li> <li>introduce the Access to Funds scheme for new and existing clients along with determining the roles of all relevant staff. Initially, a suitable existing case will be used to pilot the move to in-house administration.</li> <li>review and update the policy for trust accounts to allow for current processes and the ATF scheme. The review will draw on the findings of this audit and best practice obtained from other Scottish local authorities.</li> </ul>	<b>Service Manager (Mental Health and Wellbeing)</b>	<b>30.11.14</b>
	<b>Team Lead (Community Care)</b>	<b>30.11.14</b>
	<b>Service Manager (Mental Health and Wellbeing)</b>	<b>30.11.14</b>
	<b>Service Manager (Mental Health and Wellbeing)</b>	<b>30.11.14</b>

\* See Analysis of Missed Deadlines – Section 4

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

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

<b>Action</b>	<b>Owner</b>	<b>Expected Date</b>
<ul style="list-style-type: none"> <li>• introduce a specific mechanism for regularly reviewing, recording and reporting to the DWP changes in client circumstances when corporate appointee-ships apply. This mechanism will ensure that the Council fully meets its legal obligations to the DWP in respect of those clients.</li> </ul>	<b>Team Lead – CMH/Team Lead CC</b>	<b>31.08.14</b>
<p>Management will ensure clients and trust accounts where next of kin;</p> <ul style="list-style-type: none"> <li>• are available and co-operate are closed by administrative and frontline staff working together and so continue existing practices;</li> <li>• are available but do not co-operate will be closed using a newly developed procedure which allows for the Council's legal obligations and staff roles; and</li> <li>• cannot be traced accounts will be closed in line with legal guidance on remitting unclaimed estates to the relevant government department. The working group will seek legal advice on this subject and Finance will close individual trust accounts when required.</li> </ul>	<b>Service Manager (Mental Health and Wellbeing)</b>	<b>30.11.14</b>
<p>CHCP management will;</p> <ul style="list-style-type: none"> <li>• ensure that implementation of policy for clients and trust accounts is fully co-ordinated across relevant CHCP teams. This will include fully specifying and agreeing staff roles across and within teams;</li> </ul>	<b>Service Manager (Mental Health and Wellbeing)</b>	<b>30.11.14</b>
<ul style="list-style-type: none"> <li>• ensure that all relevant officers are fully trained in the revised processes for managing clients and trust accounts.</li> </ul>	<b>Service Manager (Mental Health and Wellbeing)</b>	<b>28.02.15</b>
<p>Following implementation of the recommendations arising from this review the Working Group will agree a timetable for examining the costs and benefits of using electronic client account management services.</p>	<b>Service Manager (Mental Health and Wellbeing)</b>	<b>31.03.15</b>
<p>Where appropriate the above recommendations will be implemented following consultation with Finance staff and Legal &amp; Democratic Services.</p>		

\* See Analysis of Missed Deadlines – Section 4

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**SECTION 3**

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

<b>Action</b>	<b>Owner</b>	<b>Expected Date</b>
<p><b>Reconciling Community Care client accounts (Amber)</b> Community Care administration staff will ensure that daily input into the clients account spreadsheet is checked by a separate officer in order to promptly identify and correct any input errors. This will include a sign-off as "prepared by" and "checked by".</p>	<b>Business Support Co-Ordinator</b>	<b>31.08.14</b>
<p>Finance staff will examine the practicalities of amending the clients account spreadsheet to show daily closing bank balances and request Community Care administration staff to input all income transactions in date order of receipt. Otherwise reliance will be placed on the monthly bank reconciliations. The labelling of the bank reconciliation will include fuller details of unpresented cheques and lodgements not yet credited.</p>	<b>Finance Supervisor</b>	<b>31.03.14</b>
<p><b>Reconciling trust bank accounts (Amber)</b> As a one-off exercise Finance staff will work with relevant administration staff and Business Support Co-ordinators to ensure that all trust bank accounts are regularly reconciled against newly created cashbook records.</p>	<b>Finance Supervisor</b>	<b>30.09.14</b>
<p><b>Security arrangements over clients cash held by Community Mental Health (Amber)</b> Management will review the security arrangements over clients' cash held by Community Mental Health (CMH) administration staff within Crown House and comply with the Audit Guidance Circular on the security of keys.</p>	<b>Business Support Co-Ordinator</b>	<b>31.08.14</b>
<p>Clarification will be obtained from the Council's Insurance Officer that insurance cover applies to clients trust account cash balances held within Crown House. If necessary, arrangements will be made to supply the Council's insurer with technical details of the safe used to hold clients monies. In addition, this subject will be examined to ensure that all safes operated in similar circumstances across the CHCP are covered by insurance.</p>	<b>Head of Administration</b>	<b>30.11.14</b>

\* See Analysis of Missed Deadlines – Section 4



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**SECTION 3**

**Education, Communities and Organisational Development**

<b>Action</b>	<b>Owner</b>	<b>Expected Date</b>
<b>Information Governance and Management (May 2009)</b>		
<b>Organisation (Red)</b> 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>Corporate Director EC&amp;OD</b>	<b>01.04.14*</b>
<b>Travel and Subsistence (June 2010)</b>		
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>HR Manager (Organisational Development)</b>	<b>31.03.14*</b>
<b>Performance Management (March 2013)</b>		
<b>Managerial capacity and training for implementing performance management (Amber)</b> Develop a series of Planning and Performance Management events.	<b>Corporate Policy Manager</b>	<b>31.03.14</b>
Carry out training needs analysis at events, in conjunction with HR, within the capacity of a small Corporate Policy Team.	<b>Corporate Policy Manager</b>	<b>31.03.14</b>
Roll out training on Inverclyde Performs once CDIPs are entered onto it.	<b>Corporate Policy Manager</b>	<b>31.03.14</b>
Review training on performance management currently available and identify if there are any mandatory elements.	<b>Corporate Policy Manager</b>	<b>31.03.14</b>
<b>Control Self-Assessment – Education (April 2013)</b>		
<b>Managing Pupil Transport (Amber)</b> Education management will convene a short life working group to fully identify and actively manage the issues involving contract buses. The working group will:	<b>Policy &amp; Commissioning Team Leader</b>	<b>30.09.14</b>
<ul style="list-style-type: none"> <li>• examine greater use of Strathclyde Passenger Transport's complaints procedure;</li> <li>• clarify the role of Schools Support Managers and Headquarters staff in managing pupil transport, including the production of appropriate action plans; and</li> <li>• ask Head Teachers to advise the working group of any other unresolved issues associated with contract buses.</li> </ul>		

\* 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 28.02.14**

**SECTION 3**

**Education, Communities and Organisational Development (Continued)**

<b>Action</b>	<b>Owner</b>	<b>Expected Date</b>
<b>Business Continuity Management (May 2013)</b>		
<p><b>Business Continuity for Education Establishments (Amber)</b> The Head of Education in partnership with the Civil Contingencies Service will develop appropriate business continuity arrangements which collectively cover all of the Council's Education establishments. This exercise will include appropriate input from School Support Managers and a representative group of Head Teachers and Heads of Establishment.</p>	<b>Head of Education</b>	<b>31.03.14</b>
<b>Control Self Assessment – Education (January 2014)</b>		
<p><b>Supply Teachers (Amber)</b> Education management will:-</p> <ul style="list-style-type: none"> <li>• review the management of teacher absence. Relevant action in relation to supply teacher management will then be taken.</li> <li>• continue to monitor the effectiveness of the current supply teacher process which will inform any further proposals regarding supply teacher management.</li> </ul>	<b>Head of Education</b>	<b>30.06.14</b>
<p><b>Performance Appraisal Review and Timetable (Amber)</b> Heads of Establishment will liaise with School Support Managers to put a timetable in place each year to ensure all Performance Appraisal Reviews are completed consistently and in a timely manner in accordance with the Council's annual target.</p>	<b>Head of Education</b>	<b>30.06.14</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>Information Governance and Management (May 2009)</b>	<b>Organisation (Red)</b> 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>	<b>01.04.14</b>	A training sub-group has been formed and it is has been decided that a number of e-learning modules will be made mandatory for all staff. ICT are part of the training sub-group and work is being finalised to address this issue.
<b>Homelessness (January 2010)</b>	<b>Writing-off irrecoverable rent arrears (Amber)</b> 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.	<b>30.09.10</b> <b>31.12.10</b> <b>31.05.11</b> <b>30.09.11</b> <b>31.01.12</b> <b>30.06.12</b> <b>31.01.13</b> <b>31.10.13</b>	<b>01.04.14</b>	The new rent accounting system will allow for the management of rent arrears and write-offs. ICT and Legal issues now resolved with staff training set for 25/2/14. This will be followed by input of up to 100 house records and amending standard form letter templates. The SLA has a "go live" date of 1/4/14.
<b>Information Governance and Management (May 2009)</b>	<b>People (Amber)</b> 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.	<b>31.03.11</b> <b>31.12.12</b>	<b>01.04.14</b>	A number of Data Protection workshops have been facilitated by Legal Services which have been attended by a number of Services across the Council. Further workshops have been organised for the remainder of 2014.  A communication briefing is scheduled for March and April 2014 to sign-post staff to relevant e-learning modules on Brightwave.  New start induction checklist is being reviewed and updated to ensure that new employees do not get access to corporate information systems until they have completed the e-learning training.

**INVERCLYDE COUNCIL INTERNAL AUDIT  
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ANALYSIS OF MISSED DEADLINES**

**SECTION 4**

Report	Action	Original Date	Revised Date	Management Comments
<b>Information Governance and Management (May 2009)</b>	<p><b>Process (Amber)</b> 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>• Identifying owners for critical information and systems</li> <li>• Investing in secure archiving facilities for appropriate hard copy records that must be retained in accordance with relevant legislation.</li> </ul>	<p><b>31.03.11</b> <b>31.12.12</b></p>	<b>31.10.14</b>	<p>The information classification system was approved at P&amp;R Committee on 13 August 2013.</p> <p>A records management sub-group has been formed and will take the remaining actions forward. A progress report was presented to the February P&amp;R Committee and the February Audit Committee.</p>
<b>Travel and Subsistence (June 2010)</b>	<p><b>Value for Money – Mileage Claims (Amber)</b> 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>	<p><b>31.12.10</b> <b>31.03.11</b> <b>30.04.11</b> <b>30.09.11</b> <b>31.03.12</b></p>	<b>31.10.14</b>	<p>A report has been presented and approved by CMT. A local agreement is now being progressed which will include this issue.</p>
<b>CSA – CHCP (October 2013)</b>	<p><b>Managing Cash Payments for Client Project Work (Amber)</b> Management will ensure that:</p> <ul style="list-style-type: none"> <li>• the Head of Administration develops and implements a system to routinely check that procedures are being followed.</li> </ul>	<b>31.12.13</b>	<b>01.04.14</b>	<p>It has been agreed that Business Support Co-ordinators will undertake checks annually. A template requires to be created for BSC use and checks will then be started.</p>

**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 Purchase Cards – F/Up Review (August 2013)</b>	<b>Appropriateness of Authorisation Limits (Amber)</b> The Payments & Control Team will: <ul style="list-style-type: none"> <li>• maintain a list of CPC holders</li> <li>• validate the list of corporate purchase cardholders annually by contacting relevant Service Managers; and</li> <li>• for each cardholder confirm that their purchase card transaction limit does not exceed their FMS creditors' limit.</li> </ul>	<b>31.01.14</b>	<b>31.03.14</b>	Work is underway to address this issue and it is anticipated that work will be complete by March 2014.

**INVERCLYDE COUNCIL INTERNAL AUDIT  
REPORT TO CMT 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 28 February 2014.

<b>Audit Year</b>	<b>Total Agreed Actions</b>	<b>Total Actions Completed</b>	<b>Total Current Actions</b>		
			<b>Red</b>	<b>Amber</b>	<b>Green</b>
2006/2007	26	26	0	0	0
2007/2008	174	174	0	0	0
2008/2009	214	209	1	2	2
2009/2010	194	190	0	2	2
2010/2011	118	118	0	0	0
2011/2012	62	61	0	1	0
2012/2013	76	56	0	9	11
2013/2014	73	27	0	22	24
<b>Total</b>	<b>937</b>	<b>861</b>	<b>1</b>	<b>36</b>	<b>39</b>