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# NORTH AYRSHIRE COUNCIL

10 September 2019

## Audit and Scrutiny Committee

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<b>Title:</b>	<b>Internal Audit and Corporate Fraud Action Plans: Quarter 1 update</b>
<b>Purpose:</b>	To advise the Audit and Scrutiny Committee on the progress made by Council Services in implementing the agreed actions from Internal Audit and Corporate Fraud reports as at 30 June 2019.
<b>Recommendation:</b>	That the Committee (a) notes the current position with the implementation of Internal Audit and Corporate Fraud actions; and (b) challenges those Services that have not implemented actions within the previously agreed timescales.

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### 1. Executive Summary

- 1.1 The CIPFA document 'Audit Committee Principles in Local Authorities in Scotland' highlights that Audit Committees should monitor and review the progress made in implementing audit recommendations.
- 1.2 Service managers are responsible for ensuring that agreed actions arising from Internal Audit and Corporate Fraud reviews are implemented. This provides assurance that identified control weaknesses have been addressed and are being managed effectively.
- 1.3 All actions are monitored on the Pentana system and service managers are responsible for updating Pentana as they progress each action. This enables Internal Audit to monitor progress on a 'real-time' basis and address any delays in implementation.
- 1.4 This report details the position at 30 June 2019.

### 2. Background

- 2.1 The last report to the Audit and Scrutiny Committee on 28 May 2019 highlighted that there were 35 actions outstanding at the end of March 2019: 7 that had not been started or were only partially implemented and 28 where the due date had not yet passed.
- 2.2 In addition to these 35 'carried forward' actions, there have been 58 new actions agreed during quarter 1, giving a total of 93 action points for review.

- 2.3 Services have completed 44 actions since the last report. All services are required to retain evidence of work carried out in completing their actions and Internal Audit carries out 'spot-checks' on a sample of completed actions on an ongoing basis.
- 2.4 Of the remaining 49 actions, 3 were either not started or only partially complete at 30 June and the remaining 46 were not due for completion until after that date.
- 2.5 Appendix 1 to this report provides the Committee with full details of the 3 actions that were not complete within the agreed timescales.

### **3. Proposals**

- 3.1 It is proposed that the Committee (a) notes the current position with the implementation of Internal Audit and Corporate Fraud actions; and (b) challenges those services that have not implemented actions within the previously agreed timescales.

### **4. Implications/Socio-economic Duty**

#### **Financial**

- 4.1 None.

#### **Human Resources**

- 4.2 None.

#### **Legal**

- 4.3 None.

#### **Equality/Socio-economic**

- 4.4 None.

#### **Environmental and Sustainability**

- 4.5 None.

#### **Key Priorities**

- 4.6 The effective implementation of agreed Internal Audit and Corporate Fraud actions helps to support the efficient delivery of the strategic priorities within the Council Plan 2019-2024.

#### **Community Wealth Building**

- 4.7 None.

## **5. Consultation**

- 5.1 Council Services are consulted during the completion of each Internal Audit and Corporate Fraud review and have also provided updates on progress made in implementing action points.

**Laura Friel**  
**Executive Director (Finance and Corporate Support)**

For further information please contact **Paul Doak, Senior Manager (Internal Audit, Risk and Fraud)**, on **01294-324561**.

### **Background Papers**

None.

## Actions due by 30<sup>th</sup> June but not started or only partially complete

Generated on: 06 August 2019

<b>Code</b>	IA2016PA001c	<b>Description</b>	Employment Services should ensure that password rules are updated within CHRIS so that a mixture of upper- and lower-case letters, numbers and special characters are used.		
<b>Priority</b>	1	<b>Latest Note</b>	<b>2019/20 - Quarter One Update:</b> This was not feasible in CHRIS. However, the new XCD HR and Payroll system will force users to use an alphanumeric password and, in addition, use 2-factor authentication to verify users' identities. This is expected to be implemented by 31st March 2020.		
<b>Progress Bar</b>	<div><div></div>20%</div>	<b>Original Due Date</b>	30-Sep-2016	<b>Due Date</b>	31-Aug-2018
<b>Parent Code &amp; Title</b>	IA2016PA001 HR/Payroll System			<b>Managed By</b>	Fiona Walker
				<b>Assigned To</b>	Tracy Nicol

<b>Code</b>	IA2019CFT1734d	<b>Description</b>	Senior management should ensure that ADP budget holders attend the Council's financial management and procurement training courses and obtain ongoing support from Finance.		
<b>Priority</b>	1	<b>Latest Note</b>	<b>2019/20 - Quarter One Update:</b> The soon to be appointed ADP Lead Officer will be supported to attend the Council's Financial Management & Procurement Training Courses. Dedicated finance support is now in place. Regular ADP finance meetings are undertaken. NAC Contracts & Commissioning are supporting all ADP Activities. It is anticipated that the new ADP Lead Officer will have completed their induction by the end of December 2019.		
<b>Progress Bar</b>	<div><div></div>75%</div>	<b>Original Due Date</b>	30-Jun-2019	<b>Due Date</b>	30-Jun-2019
<b>Parent Code &amp; Title</b>	IA2019CFT1734 Financial Governance - Alcohol And Drugs Partnership			<b>Managed By</b>	Thelma Bowers
				<b>Assigned To</b>	Thelma Bowers

<b>Code</b>	IA2019CFT1734e	<b>Description</b>	Service audits or other formalised verification must be undertaken of service providers to validate the provision and quality of service delivery detailed on the self-reporting returns.		
<b>Priority</b>	1	<b>Latest Note</b>	<p><b>2019/20 - Quarter One Update:</b> A draft Contract Management approach for ADP has been compiled. This document requires further discussion with relevant colleagues, the ADP Lead Officer when in post and the ADP Chair.</p> <p>Commissioned services will provide bi-annual contract management returns and contract monitoring visits to services will take place based on value and essentiality of the contract so as to ensure a proportionate approach.</p> <p>The new ADP Lead Officer will take up post at the end of September. It is anticipated this action will be completed as soon as possible when the officer is in post. Action should be complete by end December 2019.</p>		
<b>Progress Bar</b>	<div><div>80%</div></div>	<b>Original Due Date</b>	31-Mar-2019	<b>Due Date</b>	31-Mar-2019
<b>Parent Code &amp; Title</b>	IA2019CFT1734 Financial Governance - Alcohol And Drugs Partnership			<b>Managed By</b>	Thelma Bowers
				<b>Assigned To</b>	Thelma Bowers