
NORTH AYRSHIRE COUNCIL

08 March 2022

Audit and Scrutiny Committee

Title: Internal Audit and Corporate Fraud Action Plans:
Quarter 3 update

Purpose: 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 31 December 2021.

Recommendation: 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.

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 31 December 2021.

2. Background

- 2.1 The last report to the Audit and Scrutiny Committee on 16 November 2021 highlighted that there were 34 actions outstanding at the end of September 2021: three that had not been started or were only partially implemented and 31 where the due date had not yet passed.
- 2.2 In addition to these 34 carried forward actions, there have been 23 new actions agreed, giving a total of 57 action points for review.

- 2.3 Services have completed 34 actions since the last report. All Council 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 23 actions, four were either not started or only partially complete at 31 December and the remaining 19 were not due for completion until after that date.
- 2.5 Appendix 1 to this report provides the Committee with full details of the four 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.

Mark Boyd
Head of Service (Finance)

For further information please contact **Laura Miller, Senior Manager (Audit, Fraud, Safety and Insurance)**, on **01294-324524**.

Background Papers

None.

Actions due by 31st December but not started or partially complete

Code	CFT3120b	Description	<p>Audit Action: Education Service should ensure that a sufficiency of Senior Managers, and Senior Leaders and Heads of Establishments are authorised and trained as approvers of procurement card expenditure, to avoid the need for Directorate support staff to carry out an approver role except where no alternative is available.</p> <p>Audit Risk: Lack of internal control measures, potential for fraudulent practises, lack of compliance with Council procurement policy and procedures.</p>		
Priority	1	Latest Note	<p>2021/22 - Quarter Three Update: Requested information from CPU has now been received. Education are working to identify the gaps in approvers and provide appropriate training. It is anticipated that this action will be completed by 31/03/2022.</p>		
Progress Bar	<div><div>75%</div></div>	Original Due Date	31-Dec-2021	Due Date	31-Dec-2021
Parent Code & Title	CFT3120 Allegation against an Education Business Assistant (Early Years)			Managed By	Lindsay Morris
				Assigned To	Lindsay Morris

Code	IA2020PA007a	Description	<p>Audit Action:</p> <p>Carefirst should be considered as a storage location for holding all relevant placement information – as a replacement to the current systems being used.</p> <p>This would ensure that all data is held securely against each young person's record, whilst remaining accessible to those with appropriate system access rights.</p> <p>In addition, Carefirst could be used to hold financial cost information on each placement. This would reduce the reliance on spreadsheets.</p> <p>Audit Finding:</p>
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			<p>Highly sensitive young person placement data is being kept in paper files by Education, with no direct electronic equivalent being available.</p> <p>Risk:</p> <p>Data loss due to paper files not being backed up; inability to locate highly confidential data; GDPR breaches.</p>		
Priority	1	Latest Note	<p>Update from Gail Nowek: Psychological Services have been actively pursuing the exploration of an appropriate electronic filing system that will meet our needs as a service. We have requested internal support to take this forward and have recently been allocated some admin support and contacts within the authority. We hope to be able to complete the move to electronic filing within 2022.</p>		
Progress Bar	<div><div>50%</div></div>	Original Due Date	31-Dec-2019	Due Date	31-Dec-2021
Parent Code & Title	IA2020PA007 External Residential and Education Placements			Managed By	Caroline Amos
				Assigned To	Gail Nowek

Code	IA2021PA009a	Description	<p>Audit Action:</p> <p>The admin team should ensure that all areas of this process are documented in standard operating procedures and issued to all relevant members of the team.</p> <p>Audit Finding:</p> <p>The admin team are currently working on standard operating procedures to cover the full process for Council tenants and those completed during the audit were provided to the auditor for review.</p> <p>Risk:</p> <p>Inconsistent approach by staff, possible key tasks not being carried out and lack of business continuity if staff familiar with the process are not available.</p>		
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Priority	2	Latest Note	2021/22 - Quarter Three Update: From Lynn Kirkland: Standard Operating Procedures are in draft form. Some are still to complete due to changing processes. Expected completion 30/6/22.		
Progress Bar	<div><div>75%</div></div>	Original Due Date	31-Dec-2021	Due Date	31-Dec-2021
Parent Code & Title	IA2021PA009 Aids and Adaptations			Managed By	David Thomson
				Assigned To	Lynn Kirkland

Code	IA2021PA009b	Description	Audit Action: The team should liaise with the Transformation team to streamline this part of the process and reduce the number of times the same information must be keyed. Audit Finding: The admin team are required to update the budget monitoring spreadsheet, an operational access database and the CareFirst system at each stage of this process for all council tenant jobs. In addition, the access database is not supported by IT Services. Risk: Inefficient use of staff time and increased risk of keying errors.		
Priority	2	Latest Note	2021/22 - Quarter Three Update: From Lynn Kirkland: We are working closely with Information Services to create one standard operational spreadsheet. Expected completion 31/3/22.		
Progress Bar	<div><div>50%</div></div>	Original Due Date	31-Dec-2021	Due Date	31-Dec-2021
Parent Code & Title	IA2021PA009 Aids and Adaptations			Managed By	David Thomson
				Assigned To	Lynn Kirkland