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Argyll and Bute Council
Comhairle Earra Ghaidheal agus Bhoid

Customer Services
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14 September 2011

SUPPLEMENTARY PACK 1

AUDIT COMMITTEE – FRIDAY 16 SEPTEMBER 2011 AT 11.15 AM

I enclose herewith items 9 (**EXTERNAL AND INTERNAL AUDIT REPORT FOLLOW UP 2011 – 2012**) and 14 (**RISK MANAGEMENT QUARTERLY UPDATE REPORT**) which were marked “to follow” on the above agenda.

Douglas Hendry
Executive Director - Customer Services

TO FOLLOW ITEMS

9. **EXTERNAL AND INTERNAL AUDIT REPORT FOLLOW UP 2011 - 2012**
Report by Chief Internal Auditor (Pages 1 - 10)
14. **RISK MANAGEMENT QUARTERLY UPDATE REPORT**
Report by Head of Strategic Finance (Pages 11 - 12)

AUDIT COMMITTEE

Martin Caldwell
Councillor George Freeman
Councillor David Kinniburgh
Ian M M Ross

Councillor Gordon Chalmers
Councillor Daniel Kelly
Councillor James Robb

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**ARGYLL & BUTE COUNCIL
STRATEGIC FINANCE**

**AUDIT COMMITTEE
16 SEPTEMBER 2011**

EXTERNAL & INTERNAL AUDIT REPORT FOLLOW UP 2011 – 2012.

1. SUMMARY

Internal Audit document the progress made by departmental management in implementing the recommendations made by both External Audit and Internal Audit. Set out below are the results from a review performed by Internal Audit for recommendations due to be implemented by 31 July 2011.

2. RECOMMENDATIONS

2.1 The contents of this report are noted and approved by the Audit Committee.

3. DETAILS

3.1 The process requires departmental Executive Directors assigning a 3rd tier officer to act as the sole contact for the follow up of both external and internal recommendations. The contact role involves updating both the Executive Directors and internal audit on progress with agreed department recommendation implementation.

3.2 Appendix 1 is a statistical summary of all agreed recommendations arising from both external and internal audit reports by department. Detailed is the number of recommendations due as at 31 July 2011, the number implemented, the number of agreed future recommendations and their status, i.e. on course etc.

3.3 Appendix 2 provides a summary of all outstanding recommendations from both external and internal audit reports by department and service. Detailed is the report name along with the weakness identified, agreed management action, revised date, any previous missed implementation dates reported to the Audit Committee, management comment and Pyramid status.

3.4 Appendix 3 provides a summary of all recommendations from both external and internal audit reports by department and service that are due after 31 July and not on track to achieve the agreed implementation dates. Detailed is the report name along with the weakness identified, agreed management action, revised date, any previous missed implementation dates reported to the Audit Committee, management comment and Pyramid status.

4. CONCLUSIONS

Implementation of all recommendations will continue to be monitored by

Internal Audit.

5. IMPLICATIONS

- | | | |
|-----|----------------------|------|
| 5.1 | Policy: | None |
| 5.2 | Financial: | None |
| 5.3 | Personnel: | None |
| 5.4 | Legal: | None |
| 5.5 | Equal Opportunities: | None |

For further information please contact Ian Nisbet of Internal Audit on (01546 604216)

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SERVICE SUMMARIES**RECOMMENDATIONS DUE 01 JUNE TO 31 JULY 2011**

SERVICE	Complete	Delayed but rescheduled	Total
CUSTOMER & SUPPORT SERVICES	2		2
EDUCATION	1		1
EXECUTIVE DIRECTOR DEVELOPMENT & INFRASTRUCTURE SERVICES	1		1
FACILITY SERVICES		1	1
GOVERNANCE & LAW	3	7	10
IMPROVEMENT & HR	15	3	18
ROADS & AMENITY SERVICES	2		2
STRATEGIC FINANCE	7		7
TOTALS	31	11	42

RECOMMENDATIONS DUE AFTER 31 JULY 2011

SERVICE	Complete	On Course	Total
ADULT CARE	2		2
COMMUNITY & CULTURE	1		1
CUSTOMER & SUPPORT SERVICES	1	2	3
EXECUTIVE DIRECTOR COMMUNITY SERVICES		6	6
EXECUTIVE DIRECTOR DEVELOPMENT & INFRASTRUCTURE SERVICES	1	1	2
FACILITY SERVICES		14	14
IMPROVEMENT & HR	3	17	20
ROADS & AMENITY SERVICES		1	1
STRATEGIC FINANCE		7	7
TOTALS	8	48	56

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Recommendations Overdue 01 June – 31 July 2011 (Updated 31 August 2011)

ACTION PLAN NO:	WEAKNESSES IDENTIFIED: GRADE:	AGREED ACTION:	DATES :	COMMENT/EXPLANATION:	PYRAMID:
DEPARTMENT CHIEF EXECUTIVE'S UNIT SERVICE IMPROVEMENT & HR <u>REPORT NAME REVIEW OF CAR ALLOWANCES</u>					
1	<p>The total mileage claimed for 2009/10 was 4,123,000 miles. 73% of the mileage was claimed by 27% of the staff who claimed mileage. Approximately 1,800 employees submitted mileage claims throughout the year. The total cost to the Council in respect of staff travel was £2.28m.</p> <p>HIGH</p>	<p>Corporate guidance should be developed to support arrangements for managing and controlling staff travel.</p>	<p>31 July 2011 31 October 2011</p>	<p>An initial draft of actions has been prepared and group of officers, led by HR, is being established to refine these and present to SMT for issue in October.</p>	<p>Delayed but rescheduled</p>
<u>REPORT NAME REVIEW OF HEALTH AND SAFETY 2010-11</u>					
4	<p>Internal Audit was provided with a list of staff within the Council that hold Health & Safety qualifications, however it was found to be out of date</p> <p>MEDIUM</p>	<p>Corporate Health and Safety should, in consultation with Departmental Management Teams define the expected role of IOSH and NEBOSH qualified staff within the Departments and should identify and circulate to all Departments a list of staff trained with IOSH and NEBOSH Health & Safety certificates for review and updating.</p>	<p>30 July 2011 30 September 2011</p>	<p>The Health and Safety Manager has compiled a list of all NEBOSH/IOSH qualified staff in departments. This will be circulated to Departments for updating in September and the expected roles presented to DMTs for approval</p>	<p>Delayed but rescheduled</p>

ACTION PLAN NO:	WEAKNESSES IDENTIFIED: GRADE:	AGREED ACTION:	DATES :	COMMENT/EXPLANATION:	PYRAMID:
REPORT NAME	REPORT NAME	REVIEW OF WORKFORCE PROTECTION 2010-11			
3	In certain areas throughout the authority it was found that public interview rooms were not equipped with panic buttons. In one area staff members carry belt alarms and in other area personal safety alarms are carried by staff. Risk assessments may deem that rooms be sufficiently safe without alarms. Individual design need to be considered before determining the actual needs. The control of interview rooms is integral to the Personal Safety Training Course. HIGH	All public interview rooms should be assessed for personal safety and any recommendation identified should be passed to the Head of Facility Services for implementation. If panic alarms are required then they should be tested on a regular basis and a log kept.	30 June 2011 30 September 2011	Memos sent to all Executive Directors, seeking information on the number of Interview rooms and the identity of the responsible person for the premises and the current risk assessment.	Delayed but rescheduled

DEPARTMENT CUSTOMER SERVICES

SERVICE FACILITY SERVICES

REPORT NAME REVIEW OF ASSET MANAGEMENT 2010-11

11	The final Guide was made available in June 2010; Appendix 6 provides for an annual report for Asset Sustainability Capital Projects. No reports were produced in respect of 2009/10. MEDIUM	The AMSB should ensure that each Service prepares an annual report on asset sustainability projects in respect of 2010/11 as soon as the capital monitoring reports for March 2011 have been finalised.	30 June 2011 31 August 2011 30 September 2011	Awaiting confirmation of the 2010/11 outturn figures.	Delayed but rescheduled
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ACTION PLAN NO:	WEAKNESSES IDENTIFIED: GRADE:	AGREED ACTION:	DATES :	COMMENT/EXPLANATION:	PYRAMID:
SERVICE GOVERNANCE & LAW					
REPORT NAME REVIEW OF BUSINESS CONTINUITY					
3	The report from Glen Abbot on the 'Ocean Drive' exercise highlighted areas that required to be addressed HIGH	Recommendations in the action plan will be met through an internal training programme which be developed by December 2009 and implemented by April 2010.	30 April 2010 31 May 2010 30 September 2010 30 April 2011 29 July 2011 30 September 2011	The meetings with Consultant took place and it was agreed that a report should be submitted to the SMT proposing a corporate wide review of our ability to respond in terms of our responsibilities under the Civil Contingencies Act is undertaken. This would include a review of our internal BC processes.	Delayed but rescheduled
4	The fact that the Council has BCP plans is not widely known by employees. MEDIUM	The Governance & Risk Manager has reviewed the information contained within Public Folders and has replaced it with the most up to date information. He has also instructed a review of the Departmental Recovery Plans (DRPs) and has asked the Risk Management Group to take forward the process of arranging meetings with the staff who will be involved in the invocation of the DRPs to ensure that they are aware of their responsibilities in relation to that process. It is hoped that these meetings will be completed by June 2010.	30 June 2010 30 April 2011 29 July 2011 30 September 2011	The meetings with Consultant took place and it was agreed that a report should be submitted to the SMT proposing a corporate wide review of our ability to respond in terms of our responsibilities under the Civil Contingencies Act is undertaken. This would include a review of our internal BC processes.	Delayed but rescheduled
REPORT NAME REVIEW OF BUSINESS CONTINUITY PLANNING					
2	The Council's Business Continuity Plan and Business Continuity Policy do not provide a sample DRPs or guidance on how it should be completed. The DRPs which are already in place were completed under the guidance of Glenn Abbot Ltd HIGH	Appropriate training and/or guidance on the completion of DRPs must be planned and provided for officers at Departmental Head of Service level. A structured approach to the completion of these documents should be put in place to ensure consistency across the Service and prevent repetition of work	29 July 2011 30 September 2011	The meetings with Consultant took place and it was agreed that a report should be submitted to the SMT proposing a corporate wide review of our ability to respond in terms of our responsibilities under the Civil Contingencies Act is undertaken. This would include a review of our internal BC processes.	Delayed but rescheduled

ACTION PLAN NO:	WEAKNESSES IDENTIFIED: GRADE:	AGREED ACTION:	DATES :	COMMENT/EXPLANATION:	PYRAMID:
3	<p>The Council's Governance Manager currently has the role of coordinating but is rarely contacted regarding updates that have been enacted by departmental services/units.</p> <p>The business continuity representative for Social Work was previously the Training, Health and Safety Manager however following the centralisation of Health and Safety it is unclear if this officer is still the business continuity representative.</p> <p>HIGH</p>	<p>The roles and responsibilities for Business Continuity within the Council require to be clarified and the Business Continuity Policy updated to reflect the current position</p>	<p>29 July 2011 30 September 2011</p>	<p>The meetings with Consultant took place and it was agreed that a report should be submitted to the SMT proposing a corporate wide review of our ability to respond in terms of our responsibilities under the Civil Contingencies Act is undertaken. This would include a review of our internal BC processes.</p>	Delayed but rescheduled
9	<p>External Providers are not required to provide BCPs as part of the approval process.</p> <p>MEDIUM</p>	<p>The Council should consider whether there is a requirement to routinely obtain BCPs from external providers as part of the approval process</p>	<p>29 July 2011 30 September 2011</p>	<p>The meetings with Consultant took place and it was agreed that a report should be submitted to the SMT proposing a corporate wide review of our ability to respond in terms of our responsibilities under the Civil Contingencies Act is undertaken. This would include a review of our internal BC processes.</p>	Delayed but rescheduled

ACTION WEAKNESSES IDENTIFIED:
PLAN NO: GRADE:

AGREED ACTION:

DATES :

COMMENT/EXPLANATION:

PYRAMID:

DEPARTMENT DEVELOPMENT & INFRASTRUCTURE SERVICES

SERVICE ROADS & AMENITY SERVICES REPORT NAME REVIEW OF ARGYLL AIR SERVICES

1	Audit was unable to reconcile the flight and passenger statistics submitted to the CAA for the months of June 2009 to August 2010; to the detailed flight statistics provided by Airport Admin Staff to provide historical trend data on which to base business plan calculations. In some cases the differences were sufficiently significant as to give concern for the integrity of some of the returns. We understand that both sets of statistics are derived from the same source. MEDIUM	It will be necessary to ensure that regardless of the management regime in place statistics in relation to volume frequency and type of flights landing and taking off at each of the Council's airports are provided and can be reconciled to any statutory and statistical returns that have to be submitted to internal and external parties.	31 July 2011	Complete, Evidence, to be obtained from Airport Administrator will follow.	Evidence Required
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RISK MANAGEMENT UPDATE

1 SUMMARY

- 1.1 This report updates the Audit Committee on progress and issues related to risk management.

2 RECOMMENDATION

- 2.1 The report is a progress report for noting.

3 DETAIL

- 3.1 The report to the Audit Committee on 24 June advised that the overdue audit recommendations relating to risk management had all been actioned and completed. There still remain a few audit recommendations due for action over the remainder of the financial year. As part of the review of the whole risk management policy and framework etc an action plan for risk management was prepared along with a timetable and format for reporting on risk management as part of the planning and budgeting exercise and through routine performance monitoring.
- 3.2 The strategic and operational risk registers have been reviewed and revised. The “old” SRR and ORRs have in effect been closed at 30 June 2011 and “new” SRR and ORRs have been established with effect from 1 July 2011. The first set of quarterly reports based on the “new” SRR and ORR will be prepared 30 September. The “new” SRR and ORRs will also be reported on as consideration is given to the review and updating of corporate and service plans to ensure the current risks facing the Council are taken into account as part of the planning and budgeting exercise. This addresses the key tasks/dates outlined in the risk management calendar for July to September:
- July - Quarterly reports on SRR & ORRs and risk management action plan for June – completed.
 - August - Start of planning cycle reports on SRR & ORRs – in progress.
 - September - Quarterly reports on SRR & ORRs and risk management action plan for September – will commence second half of September.
- 3.3 The remaining audit actions are noted below. Progress is being made with these and at this stage both are on target for completion as per agreed timescales.
- The Council should explore alternatives to Pyramid as a means of managing the risk registers – 30 September 2011
 - Consideration should be given to using risk assurance statements as a means of enhancing accountability - 31 March 2012

4 CONCLUSION

- 4.1 This report advises that the key audit recommendations in relation to risk management have been completed or are in progress. The SRR and ORRs have been revised and updated and will be used as part of the coming planning and budgeting exercise. Progress is being made with the actions included in the risk management action plan.

Bruce West
Head of Strategic Finance
5 September 2011