



Internal Audit Report

FINAL

Customer Services

Review of New Legislation

March 2011

1. INTRODUCTION

This internal audit report has been prepared as a result of the Internal Audit review of New Legislation as part of the 2010 - 2011 Internal Audit programme.

Under Governance & Risk, Internal Audit is required to look at how the responsibility for implementing changes to and new or amended legislation is being dealt with by Council departments.

2. AUDIT SCOPE AND OBJECTIVES

The scope of this review is limited to the Internal Control Questionnaire (ICQ) issued to the relevant department contact for completion.

The broad objectives of the review were to ensure:

- There are processes in place to ensure that departmental management become aware of new legislation;
- There are departmental procedures in place for dealing with new or amended legislation;
- That the Heads of Service have a verification process for implementing new or amended legislation
- Whether there is any new Legislation that the department is aware of that is not being fully addressed;
- That there are monitoring processes in place within departments to ensure that new or amended legislation has been properly implemented;
- That training is provided for staff involved in implementing new or amended Legislation and that it is recorded.

3. RISK ASSESSMENT

As part of the audit process and in conjunction with our Systems Based Auditing, ICQ approach, the risk register was reviewed to identify any areas that needed to be included within the audit.

SR13 Failure to comply with new legislation, regulations or statutory responsibilities

SR16 Failure to have a robust internal control process and system

SR20 Failure to ensure the Council acts in accordance with the law and its own regulatory framework

SR24 Changes to Scottish, UK and European Government Policy.

4. CORPORATE GOVERNANCE

There are no Corporate Governance issues to be reported as a result of this audit.

5. MAIN FINDINGS

- 5.1 A new Legislation tracker process has been introduced. Personnel in Information & Organisational Development monitor the Government legislation website and provide the Strategic Management Team with updates on a fortnightly basis with regard to any newly published Acts of Parliament.
- 5.2 Internal Audit can conclude from all the questionnaires completed that each departmental service has processes in place to ensure that Heads of Service and their managers become aware of new or amended legislation.
- 5.3 In departmental services there are processes in place to verify whether new or amended legislation has been implemented.
- 5.4 In some departments there are no formal processes in place to verify whether new or amended Legislation has been implemented.
- 5.5 Departments are aware of no amended or new Legislation that that is not being fully addressed.
- 5.6 Risk levels associated with non compliance with amended and new legislation are monitored on the Pyramid performance management system within the Strategic Risk Register, which also identifies the Operational Risk levels within Departments.
- 5.8 All Departments provide training when necessary to staff involved in implementing new or amended legislation and this is recorded.

6. RECOMMENDATIONS

Three recommendations were identified as a result of the audit all are medium priority. The recommendations ensure that the work undertaken by Heads of Service and their management under the direction of Executive Directors is fully noted. The recommendations are shown in the action plan attached at

Appendix 2 and has been compiled with the co-operation and agreement of the Supervisor/Manager.

Internal Audit considers that, in an effort to improve the quality of information, monitoring and control, the recommendations should be implemented in accordance with the agreed action plan. Management have set achievable implementation dates and will be required to provide reasons to the Audit Committee for failure to implement within the agreed timescale. Where management decides not to implement recommendations it must evaluate and accept the risks associated with that decision.

A system of grading audit findings, which have resulted in an action, has been adopted in order that the significance of the findings can be ascertained. Each finding is classified as fundamental, material or minor. The definitions of each classification are set out below:-

High - major observations on high level controls and other important internal controls. Significant matters relating to factors critical to the success of the objectives of the system. The weakness may therefore give rise to loss or error;

Medium - observations on less important internal controls, improvements to the efficiency and effectiveness of controls which will assist in meeting the objectives of the system and items which could be significant in the future. The weakness is not necessarily great, but the risk of error would be significantly reduced if it were rectified;

Low - minor recommendations to improve the efficiency and effectiveness of controls, one-off items subsequently corrected. The weakness does not appear to affect the ability of the system to meet its objectives in any significant way.

7. AUDIT OPINION

Based on the findings we can conclude that there is a process in place within each departmental service to ensure compliance with new and amended legislation.

Recommendations arising from the audit work should be implemented by the nominated responsible officer within the agreed timescale. Recommendations not implemented will require explanation to the Audit Committee. This could lead to findings being reported in the Internal Control Statement produced by the Council in support of the Annual Accounts.

8. ACKNOWLEDGEMENTS

Thanks are due to the Executive Directors, the Heads of Service and their staff for their co-operation and assistance during the Audit and the preparation of the report and action plan.

Argyll & Bute Council's Internal Audit section has prepared this report. Our work was limited to the objectives in section 2. We cannot be held responsible or liable if information material to our task was withheld or concealed from us, or misrepresented to us.

This report is private and confidential for the Council's information only and is solely for use in the provision of an internal audit service to the Council. In any circumstances where anyone other than the Council accesses this report it is on the strict understanding that the Council will accept no liability for any act or omission by any party in consequence of their consideration of this report or any part thereof. The report is not to be copied, quoted or referred to, in whole or in part, without prior written consent.

APPENDIX 2 ACTION PLAN

No.	FINDINGS	PRIORITY	RECOMMENDATION	RESPONSIBLE OFFICER	IMPLEMENTATION DATE
1	Returned questionnaire responses noted that some departmental services stated they did not have a formal process in place to verify that required action had been taken to implement amendments and new legislation.	Medium	All departmental services are to be reminded a formal verification process is required, for verifying that new or amended legislation has been implemented, A formalised process enables both Heads of Service and Executive Directors to fully comply with the terms of the Council Constitution.	Governance Manager	30 June 2011
2	Compliance with the Council Constitution - General Delegations to Officials – (3.2.10) could not be fully established.	Medium	In order to fully comply with the terms of the Council Constitution, Executive Directors should be requested to annually record in their DMT minutes (January) that their Heads of Service are meeting their responsibility regarding the implementation of new or amended legislation.	Governance Manager	30 June 2011
3	There is no central record where each department's adherence to implementation of amended or new legislation is kept.	Medium	Governance and Law should develop an electronic form for each Executive Director to complete on an annual basis to confirm their department's adherence to amended or new legislation implementation. This should be held on file and be available for review by Governance and Law and Internal Audit.	Governance Manager	30 June 2011