

**THE HIGHLAND COUNCIL**  
**AUDIT AND SCRUTINY COMMITTEE – 17 APRIL 2008**

Agenda Item	
Report No	

**Internal Audit Reviews**

**Period: 1 February 2008 to 31 March 2008**

**Report by Head of Internal Audit and Risk Management**

**SUMMARY**

This report summarises the Final Reports issued since the date of the last meeting of the Audit and Scrutiny Committee, on 21<sup>st</sup> February 2008, together with other information relevant to the operation of the Internal Audit Section.

**1. Introduction**

1.1 Members should note that while the reports referred to in Section 2 are in summarised format, full copies are available to them, following this meeting. Any Member wishing to have sight of any report is asked to contact me.

**2. Final Report Summaries**

2.1 The following table lists the audits finalised since the date of the previous Audit and Scrutiny Committee. Report Summaries and relevant Action Plans are attached for consideration by Members.

REF. NO.	DATE	SUBJECT
HF06/002	26/03/08	Energy Management
HF12/001	18/03/08	Commercial Rent Collection
HK38/001	20/03/08	Purchase Cards
HL35/001	11/03/08	Joint Service: Partnerships

**3. Advisory and Other Direct Audit Activity**

3.1 Apart from the audits outlined above, and others that are under progress for future reporting, staff from the Internal Audit Section have been involved in the following areas of activity:

## **Systems Development**

- Payroll/Personnel Project
- ECDM Project (Dip and Workflow)

## **Other**

- Common Good
- Tactical Planning - 2008/09
- Staff Training

Staff from the Section have also been involved in Agency work for the three Joint Boards, and Computer Audit agency work for Shetland Council.

## **4. Internal Audit Activity Monitoring**

- 4.1** It is the regular practice for this report to provide an update on the performance of the Internal Audit Section against the Tactical Plan for the year 2007/08.

However as the performance information for the full year to 31<sup>st</sup> March 2008 will be included within my formal annual report for the year 2007/2008, it has been decided to leave this matter for that report, which will be at the next meeting of the Committee.

## **5. Administrative Matters**

- 5.1** Two members of staff left the Section at the end of March/ beginning of April and the effect of this is referred to within the report which accompanies the Tactical Plan for 2008/09. However, it is appropriate to acknowledge these as follows:
- George Munro (Head of Internal Audit & Risk Management) - retired with effect from 7<sup>th</sup> April 2008 after heading the Section since Re-Organisation in 1996. As an interim measure the Depute Chief Executive & Director of Finance has asked the Principal Auditor to cover the post.
  - Linda Mackay (Auditor) – resigned with effect from 24<sup>th</sup> March 2008 to take up an Accounting post in the Housing & Social Work Team of the Finance Service. Arrangements are in hand to recruit a suitable replacement.
- 5.2** On a happier note I am pleased to announce the following examination successes:
- Norma Duncan (Computer Audit Assistant) – accepted for IIA Qualification in Computer Audit following examination success and logbook submission
  - Lorna Forward (Audit Assistant) – accepted for PIIA Qualification following examination success and logbook submission
  - Laura Maclean (Audit Assistant) – accepted for PIIA Qualification following examination success and logbook submission
  - David Martin (Audit Assistant) – passed his ACCA final examinations

As a result of the above successes all staff within the Section are qualified to at least Practitioner level of the Institute of Internal Audit examinations, or equivalent.

**RECOMMENDATION**

Members are invited to consider the information outlined in this report, and discuss any matters of interest.

Signature:

Designation: Principal Auditor

Date: 4<sup>th</sup> March 2008

## AUDIT REPORT SUMMARY

### Report Title

Chief Executive's Office (Policy and Performance) - Energy Services

### Report No.

HF06/002

### Type of Audit

Systems

### Issue Date

Draft Report

19/03/08

Final Report

26/03/08

## 1. Introduction

- 1.1 The purpose of this report is to record the findings of a recently completed audit review in respect of Energy Services. The audit was undertaken as part of the annual plan for 2007-08.
- 1.2 On the 11th of January 2006 The Highland Council's Sustainable Development Select Committee approved the Energy Management Performance Plan (EMPP). The EMPP is a five-year plan to "green" the use of energy in Council buildings, it sets targets for energy, carbon and cost reductions and undertakes to carry out a programme of energy saving measures in the Council's top energy-consuming buildings. The EMPP set the following targets to be achieved by April 2010:
- reduce energy use by 15%;
  - avoid £3.8 million in energy costs;
  - reduce carbon emissions from Council building by a minimum of 15%; and
  - increase the installed capacity of renewable energy equipment in Council buildings by a minimum of 4,000 kilowatts.

## 2. Review Objectives

The objectives of the assignment were to assess:

- 2.1 the adequacy and effectiveness of the measures in place to reduce energy use;
- 2.2 the adequacy and effectiveness of the measures in place to reduce energy bills;
- 2.3 the adequacy and effectiveness of the measures in place to increase the Council's share of energy from renewable sources; and
- 2.4 whether there are appropriate monitoring and reporting arrangements.

## 3. Main Findings

In respect of the above objectives, the main findings of the review are as follows:

- 3.1 The EMPP provides a clear strategy through encouraging behavioural change and implementing energy efficiency improvements to progress towards a 15% reduction in energy use by April 2010. Analysis of the monitoring reports shows that energy consumption is being reduced and that progress is being made towards achieving the 15% target.

However, it was difficult to evidence whether progress towards the 15% target for total energy reduction was being made solely as a result of behavioural change and implementing energy efficiency improvements alone.

In order to help establish whether measures to reduce energy consumption were working effectively it is important to take into account other factors that could influence the Council's energy consumption. It is therefore necessary to establish whether changes in the estate such as, acquisitions, disposals, closures or transfers of property, were impacting upon the Council's total energy consumption. This factor was not being monitored or reported in the context of the Energy Management Performance Plan targets.

There were measures in place to support the process of encouraging energy saving behaviours in Council staff. These included the support of Responsible Officers, Energy Champions and the use of publicity such as posters, screensavers and events such as Energy Efficiency Week.

- 3.2 The need to improve energy billing and monitoring arrangements had been recognised and was being undertaken as a project carried out by the Business Improvement Team. To help ensure that key controls were identified and included in new workflows and processes Internal Audit provided advice to the staff involved.
- 3.3 There were processes and procedures in place to facilitate the strategic sourcing of energy supplies. The Council had demonstrated that whilst procuring its electricity contract it took into account the share of energy from renewable sources. Progress was also being made towards the target of increasing the installed capacity of renewable energy equipment by a minimum of 4,000kW by April 2010. However, given the lead time involved in implementing works, the progress made so far and the lack of a structured plan, there is a risk of not meeting the 4,000 kW target for renewable energy equipment.
- 3.4 New procedures have been introduced for the collation and processing of monitoring and reporting information which will help to ensure the robustness of reporting information going forward. Quarterly and Annual Energy Management Performance reports were being reviewed by Service Directors at the Weekly Business Meeting ahead of being submitted to the Resources Committee.

#### **4. Conclusion**

- 4.1 The Energy Management Performance Plan has acted as a key driver to raise awareness about energy saving and resulted in progress being made to reduce energy consumption. The need to improve processes and procedures has been recognised and efforts are being made to strengthen these on an ongoing basis. Work is underway to improve the energy efficiency of buildings and to implement longer term measures by increasing the Council's renewable energy capacity. Steps are being taken to increase the robustness and availability of energy use monitoring information, which will in time help to facilitate better management of energy consumption in individual Council buildings.
- 4.2 As a result of the audit five recommendations were made, four recommendations have been graded priority classification grade 2 and one at grade 3. An action plan has been agreed and target dates set for implementation.

**Prioritisation Classifications** (Risk assessment of area of concern)

Likelihood	Grade 3	Grade 1
	Grade 4	Grade 2
		Impact

## AUDIT REPORT ACTION PLAN

**Report Title**

**Report No.**

<b>Chief Executive's Office (Policy and Performance) - Energy Services</b>	HF06/002
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Report Ref.	Area of Concern	Grade	Management Agreed Action	Responsible Officer	Target Date
5.1	In order to establish whether measures to reduce total energy consumption are working effectively it is important to monitor whether changes in the estate such as, acquisitions, disposals, closures or transfers of property, are impacting upon the total energy consumption of the Council.	2	Changes to the estate for energy management need to be linked to the new process of asset management and the asset management plan within the Council. For each annual report (normally August) an appendix will be included to show changes in the estate for that year with a view on how this may have impacted on performance for that year.	Principal Engineer (Energy and Engineering) Housing and Property Service	31/08/08 and annually thereafter.
5.2	As monitoring information is not being reported on whether the energy efficiency improvements carried out are delivering real savings there is a risk that progress may not be made towards achieving a 5% reduction in energy use through energy efficiency improvements. It may also be difficult to demonstrate that value for money has been achieved without appropriate monitoring information to demonstrate savings achieved.	2	Information is held on how much energy use and CO2 emissions should reduce by based on the types of improvements done to buildings. This has not been reported to date, but could be. This will be done twice a year:  once when the energy management capital programme is presented to committee for consideration (around April each year) to show assumed savings; and  secondly in the annual report on performance (August) to show assumed savings against savings reported.  In addition, for the quarterly monitoring reports, a new column will be added to the report on the top 40 buildings to list the	Principal Engineer (Energy and Engineering) Housing and Property Service  "  "	30/04/08 and annually thereafter.  31/08/08 and annually thereafter  31/10/08 and quarterly thereafter.

**Prioritisation Classifications** (Risk assessment of area of concern)

Likelihood	Grade 3	Grade 1
	Grade 4	Grade 2
Impact		

			energy saving and carbon reducing measures which have been installed in each site. Next quarterly report (for 2008-9) due October.		
5.3	Maintaining energy savings achieved is dependent on sustaining behavioural change. This requires an active process in which staff feel continually engaged and motivated to save energy, there is always a risk that staff can become disengaged from the process and that positive behavioural changes could revert, resulting in building users not saving energy effectively.	2	<p>Refresher training for energy champions and responsible officers is conducted at least once a year. Current process includes expanding the role to cover other strands of "greening" procedures to develop "Green Ambassadors" to cover travel and waste from buildings. Staff training to be delivered in May 2008.</p> <p>Promotional activity for all staff and Members is tied into national energy savings campaigns either once or twice a year. Energy Efficiency week events October 2008.</p> <p>New page on intranet to be developed along with poster campaign and screensaver revamp.</p> <p>Calendar of press releases to be delivered.</p> <p>Staff quality Awards now include category for "green" achievements. Strong leet of nominations in 2007 to be encouraged each year.</p>	<p>Policy Manager (P&amp;P) Chief Executive's Service supported by Energy Efficiency staff in Housing and Property Service.</p> <p>"</p> <p>"</p> <p>"</p>	<p>31/05/08</p> <p>31/10/08</p> <p>31/05/08</p> <p>01/03/08.</p>
5.4	Given the lead time involved in implementing works, the progress made so far and the lack of a structured plan, there is a risk of not meeting the 4,000 KW target for renewable energy capacity.	2	<p>The target was based on replacing 20 oil boilers with biomass boilers over a 5 year period. The risk of failing the target can be managed by:</p> <ul style="list-style-type: none"> <li>• Whole buildings approach to options for renewables is now in place, starting with the top 40 buildings which means not focusing solely on boiler replacement.</li> </ul>		

**Prioritisation Classifications** (Risk assessment of area of concern)

<b>Likelihood</b>	<b>Grade 3</b>	<b>Grade 1</b>
	<b>Grade 4</b>	<b>Grade 2</b>
		<b>Impact</b>

			<ul style="list-style-type: none"> <li>• New approach in place for options appraisal which supports presumption in favour of renewables for all new or replacement heating systems.</li> <li>• An annual plan for renewables is contained within the programme proposals for energy management – reported annually to April meeting of the Resources Committee.</li> <li>• The targets are being stretched to 2010-11 to fit the Corporate Plan timescale, although the target is a minimum to achieve.</li> <li>• Quarterly performance reports set out the status of all renewables works – this will be monitored continually. <ul style="list-style-type: none"> <li>○ Ongoing annual reports.</li> <li>○ Ongoing quarterly reports.</li> </ul> </li> <li>• Further commitment to extend the energy management capital programme beyond 2008-9 to be considered by Budget Working Group. To fit with budget process for 2009-10.</li> </ul>	Principal Engineer (Energy and Engineering) Housing and Property Service  Head of Policy and Performance   "	16/04/08 and annually thereafter.  31/05/2008   31/08/08 31/10/08 31/03/09
5.5	There is potentially an opportunity to reduce carbon emissions further by investigating the use of a combination of biodiesel and heating oil. American research suggests that it is possible to gain operational efficiencies using up to 20% biodiesel mixed with heating oil.	3	Agreed to explore through a pilot scheme for oil heating in HQ, Inverness. Early indications are that dual fuel rather than mixed fuel is possible. To explore potential for internal source of oil to be used (from catering waste or from other waste collection).		

**Prioritisation Classifications** (Risk assessment of area of concern)

<b>Likelihood</b>	<b>Grade 3</b>	<b>Grade 1</b>
	<b>Grade 4</b>	<b>Grade 2</b>
	<b>Impact</b>	

			Feasibility study to be carried out in 2008-9	Principal Engineer (Energy and Engineering) Housing and Property Service	31/03/09
			Pilot scheme to be implemented in 2009-10	"	31/03/10

## AUDIT REPORT SUMMARY

### Report Title

Housing & Property Services (Property Section) Rent Collection

### Report No.

HF12/001

### Type of Audit

Systems

### Issue Date

Draft Report

19/02/08

Final Report

18/03/08

### 1. Introduction

- 1.1 The Property Section currently manages 763 properties for the Highland Council and the Common Good fund. As part of the audit plan for this financial year, this audit examined several systems in place to ensure that the management of rental properties is efficient and effective.
- 1.2 During the course of the audit, concerns were raised regarding the rental payment deficit in respect of one of the properties. As a result, the Depute Chief Executive and Director of Finance requested further information regarding the deficit and also sought assurance that procedures were being improved. This was investigated separately and the appropriate assurance reported to Management.

### 2. Review Objectives

- 2.1 All properties are identified in a property database.
- 2.2 Rents are collected for all properties in line with leasing agreements.
- 2.3 Properties are let to the bidder submitting the highest offer.
- 2.4 Rents are reviewed, and tenants notified, in line with lease agreements, and that reviews correspond to valuations provided by either a Council Surveyor or the District Valuer.
- 2.5 Void periods and associated costs are minimised.
- 2.6 Removal of properties from the database is properly authorised, and supported by an adequate audit trail.

### 3. Main Findings

- 3.1 The methodology used for creating the current database was adequate to ensure that, as far as possible, all the properties operated by the Property Service were included. Also, while this is a rare event, there are procedures that can be used to input new properties onto the database.
- 3.2 Some instances were found where a small number of increases to the rent charged had not been processed following a rent review. While all the cases found could be rectified by backdating the rent claim, this highlights a lack of control which can be rectified by recording when the rent increases have been carried out. The correct rent was being collected for the other cases tested.

- 3.3 The majority of tender applications examined during the audit were let to the bidder submitting the highest offer. Where the tender was not awarded to the highest bidder sample testing indicated that in the tenders reviewed the correct procedures had been followed.

It was noted however that it is currently possible to submit unsealed bids (such as e-mailed applications), which would undermine the fairness of the sealed bids system. The particulars on the application form need to be amended to ensure that only sealed written bids are accepted, or the Property Section may wish to consider using the Council's electronic tendering system should it want to receive electronic bids.

The guidance in place is adequate to ensure that the tender submission and evaluation process is fair. However it needs to be updated as job-titles have changed due to reorganisation.

- 3.4 Rent reviews are generally being carried out in a timely manner. Rent review valuations are being provided by either a Council Surveyor, the District Valuer or, on occasions due to large workloads, by private sector surveyors.

- 3.5 Procedures are in place to ensure that the Council minimises void periods. This includes statements in the lease ensuring that either party must inform the other if they wish to terminate the lease. There is also a standard letter that is sent to the tenant, and relevant Council Services, following a request to terminate a property to ensure that costs (such as non-domestic rates) are minimised and any relevant void relief maximised.

- 3.6 There are good overall procedures in place for the removal of properties, and it was found that properties are being removed from the database with the correct authorisation. However the procedures need to be updated to reflect the correct officer responsible for updating the database after a sale is completed.

The database system does have specific weaknesses in relation to the removal of properties. Listed properties could be removed from the database accidentally or without authorisation and not be detected. Suggested monitoring by the Property Manager (AMP & Sales) to ensure that closed or 'archived' properties are correctly done and removing the access to close accounts for Officers who also administer the rental payments will ensure these risks are minimised.

#### **4. Conclusion**

- 4.1 Overall the service provided by the Property Section in managing the areas covered by this audit is of a high professional standard. The development of the property database allows the section to manage a large portfolio of land and properties efficiently and effectively.

- 4.2 The recommendations suggested in the report will further strengthen the good procedures already in place.

- 4.3 There are six recommendations in this report. Two recommendations have been graded priority classification two and four recommendations at grade three. They should be implemented by September 2008 except for the first recommendation, which should be completed by April 2009.

**Prioritisation Classifications** (Risk assessment of area of concern)

Likelihood	Grade 3	Grade 1
	Grade 4	Grade 2
Impact		

## AUDIT REPORT ACTION PLAN

Report Title

Report No.

<b>Housing &amp; Property Services (Property Section) Rent Collection</b>	HF12/001
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Report Ref.	Area of Concern	Grade	Management Agreed Action	Responsible Officer	Target Date
5.1	Rental payments had not been increased following a rent review for 3 of the 30 cases tested.	2	Short term action has already been implemented by the inclusion of an additional column in the rent review monitoring spreadsheet. There is currently a project to the new rent review monitoring module in the main Property Database. Contained within the module is a milestone "update details and charge rent".	Property Manager	01/04/09
5.2.1	One application from a sample of 12 bids was attached to an e-mail and therefore an unsealed bid.	2	The policy and procedures document needs to be amended (see comments below) to properly deal with this matter. However, letting particulars have now been amended to advise applicants that emails will not be accepted, and the recommendation has been implemented.	Property Manager / Property Administrator	10/03/08

**Prioritisation Classifications** (Risk assessment of area of concern)

Likelihood	Grade 3	Grade 1
	Grade 4	Grade 2
Impact		

5.2.2	The procedures for opening tendering applications are out of date. They state that at the opening of the tender applications one of the three Officers present should be either a Principal Surveyor or a Senior Surveyor (procedures 5.1). However there is no longer a position of Senior Surveyor.	3	The policy and procedures will be amended once a new structure within the Housing & Property Service has been agreed. The implementation date will be reviewed in 6 months.	Property Manager	01/09/08
5.3	There is a risk that a whole site of properties can be archived as sold on the database in error when in reality only one building from that site is to be sold. This would then remove all these properties from any future rent review list.	3	The procedure for archiving property on the property data base will be reviewed under the proposed restructuring of the Housing & Property Service.	Head of Housing Development & Estates	30/09/08
5.4	Administrators have access rights on the database to archive properties as surplus, which they do not need to be able to carry out in performing their duties. Because they can also amend rental payments there is a lack separation of duties.	3	The responsibility of who can archive properties will be considered by the proposed restructuring of the Housing & Property Service.	Head of Housing Development & Estates	30/09/08
5.5	The property disposal procedures need to be updated to state that once a sale has been formally concluded then the Surveyor and not the Property Administrator will up-date the property database.	3	The member of staff responsible for ensuring the property data base is updated when a sale is formally concluded will be considered by the proposed restructuring of the Housing & Property Service.	Head of Housing Development & Estates	30/09/08

## AUDIT REPORT SUMMARY

### Report Title

Purchase Cards

### Report No.

HK38/001

### Type of Audit

Systems

### Issue Date

**Draft Report**

29/01/08

**Final Report**

20/03/08

### 1. Introduction

- 1.1 The purpose of this report is to record the findings of a recently completed audit review in respect of the VISA Purchase Card scheme. The audit was undertaken as part of the annual plan for 2007-08
- 1.2 Since the current scheme's inception in February 2007 to the end of September 2007, purchases totalling £860,855 have been made, with the Housing Building Maintenance section accounting for 75% of this amount

### 2. Review Objectives

The objectives of the review were to ensure that:

- 2.1 There are clear and concise policies in place to govern the operation of the Purchase Card scheme;
- 2.2 Cards are only issued to authorised staff;
- 2.3 Cards are only used for authorised purchases - within the pre-determined expenditure limits;
- 2.4 All purchases are reconciled to the monthly statement prior to payment.

### 3. Main Findings

In respect of the above objectives, the main findings of the review are as follows:

- 3.1 The status of the User Reference Guide, which does contain many of the required elements of a policy, is not adequately formal enough to allow it to be enforced by the Purchase Card Administrator. The inclusion of an overarching policy statement and the role of the Guide would ensure its role is more clearly understood by all Users. It has also been highlighted that the Guide needs to be reviewed and updated;
- 3.2 Cards are only issued to authorised staff and the Purchase Card Administrator maintains a register of all Card Holders, Card Officers and Card Controllers. However, a variety of reasons has resulted in the situation of some officers having multiple roles within the scheme, which could weaken the segregation of duties control;
- 3.3 The authorisation of transactions by Card Officers ensures only permitted items are purchased. Limits set out in the User Reference Guide have however, not been complied with, with around 12% of Card Holders having the ability to spend more on a single transaction than the stated £1,500 limit. There is also no checking to ensure whether limits set are reasonable with regards to actual usage;
- 3.4 All purchases have to be cleared and checked by the relevant Card Holder and Card Officer on the Purchase Card system prior to the ledger journal posting. However, neither Service reviewed (Housing & Property and Finance) maintain a transaction log as prescribed. Whilst the former does maintain a details sheet for each transaction, which is checked by the Card Controller, the absence of any transaction log prevents the Card Controllers audit.

#### **4. Conclusion**

- 4.1 Overall the major findings stem from a single underlying issue in that the User Reference Guide is not being adhered to by a number of users in a number of areas. This has resulted in a number of differing working practices evolving such as the setting of transaction limits, the recording of transactions, and the mixed take-up of the Card Controller's audit procedure. As a result of the above weaknesses there is a need for the User Reference Guide to be updated and enhanced by a policy which enforces the adherence to the procedure therein. This would provide the appropriate framework for the Purchase Card Administrator to enforce the User Reference Guide. The importance of such a framework is going to increase as the number of Card Holders and expenditure through this medium grows.
- 4.2 As a result of this audit, five recommendations are being made, four at grade 2 and one at grade 3.

**Prioritisation Classifications** (Risk assessment of area of concern)

Likelihood	Grade 3	Grade 1
	Grade 4	Grade 2
Impact		

## AUDIT REPORT ACTION PLAN

Report Title

Report No.

<b>Purchase Cards</b>	HK38/001
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Report Ref.	Area of Concern	Grade	Management Agreed Action	Responsible Officer	Target Date
5.1	There is no overarching policy statement which supports the User Reference Guide. The User Reference Guide does not match operational requirements in a number of key areas.	2	Policy statement to be produced and incorporated into the next revision of Contract Standing Orders	Head of Procurement	31/12/2008
5.2	The criteria and suitable post holders for roles within the Purchase Card scheme is not set out nor is the exclusiveness of the Card Controller role made prominent.	3	Review P-Card Manual	Head of Procurement	31/12/2008
5.3	Actual transaction limits exceed the suggested limits; limits are not assessed against actual use to determine if they are excessive and the use of single and monthly limits seems not to be understood.	2	Review limits, and implement usage review into card management process	Head of Procurement	31/12/2008
5.4	The use of manual transaction logs as prescribed in the User Reference Guide was found not to be in operation universally across all Purchase Card users.	2	Transaction logs should be kept, but these should not necessarily be manual where spreadsheets can be used, as this undermines part of the justification in reducing paperwork, and makes them more difficult to share with line/card	Head of Procurement	31/12/2008

**Prioritisation Classifications** (Risk assessment of area of concern)

<b>Likelihood</b>	<b>Grade 3</b>	<b>Grade 1</b>
	<b>Grade 4</b>	<b>Grade 2</b>
	<b>Impact</b>	

			management when necessary. The Manual will be amended to reflect this.		
5.5	Of the eight officers designated as Card Controllers, only two had at the time of the audit, undertaken selective monthly scrutiny checks.	2	Regular review of card controller activity to be implemented and written into the Manual	Head of Procurement	31/12/2008

## AUDIT REPORT SUMMARY

### Report Title

Joint Services - Partnerships

### Report No.

HL35/001

### Type of Audit

Systems

### Issue Date

Draft Report

28/02/08

Final Report

11/03/08

### 1. Introduction

- 1.1 The purpose of this report is to record the findings of a recently completed audit review in respect of Joint Services – Partnerships, which was undertaken as part of the audit plan for 2007/08.
- 1.2 The annual budget for the Joint Committee on Children and Young People is just below £25 million of which almost £24 million is funded by Highland Council.

### 2. Review Objectives

- 2.1 The objectives of the review were to consider the extent to which the Highland Council comply with good practice in terms of a developmental tool produced by the Scottish Executive Action Team. This tool sought to ensure that agencies in the field work toward more integrated services, thus providing better outcomes for children and families. Six key elements were identified by the Scottish Executive Action Team and these are referred to below:
- 2.2 To ensure that there are Policies and Strategies in place in respect of joint Children's Services.
- 2.3 To ensure that there are clear plans in place in respect of the provision of Children's Services.
- 2.4 To ensure that there are effective processes in place to deliver the services as efficiently and effectively as possible.
- 2.5 To ensure that adequate resources have been made available to deliver the planned services.
- 2.6 To ensure that there are arrangements in place to make Children's Services accessible to all.
- 2.7 To ensure that there are outcome targets set in line with the plan and that these are regularly monitored.
- 2.8 In order to undertake the review a questionnaire was designed which was sent to the key people involved in the provision of Shared Services.

### 3. Main Findings

- 3.1 The policy and strategy in respect of Children's Services within the Highlands is well defined and is publicly available.
- 3.2 Generally the planning of Children's Services is well managed, but there needs to be some clarification work completed on the make up of the budget to ensure that the costs of providing an integrated service can be demonstrated.
- 3.3 There are effective processes in place in respect of the delivery of planned services, but they could be enhanced with the introduction of a Communication Strategy.
- 3.4 Resources are well managed but this will be more transparent after the Budget Scrutiny Group complete their review.

- 3.5 Services for children are accessible to all and the Council are leading the way in the provision of integrated services.
- 3.6 The outcomes from the integrated Children's Services are well managed and monitored.

#### **4. Conclusion**

- 4.1 Generally, the integrated Children's Services are well managed and have in place the majority of the requirements suggested by the Scottish Government. The review of the budget currently being undertaken should ensure that there is transparency in the way in which the funding is agreed and monitored. The introduction of a Communication Strategy would further enhance the service. Two recommendations have been made, one at grade 2 and one at grade 3 and these will be addressed by March 2009.

**Prioritisation Classifications** (Risk assessment of area of concern)

Likelihood	Grade 3	Grade 1
	Grade 4	Grade 2
Impact		

## AUDIT REPORT ACTION PLAN

**Report Title**

**Report No.**

<b>Joint Services - Partnerships</b>	HL35/001
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Report Ref.	Area of Concern	Grade	Management Agreed Action	Responsible Officer	Target Date
5.2	To ensure there is transparency in which the funding is agreed and monitored, the work currently being undertaken needs to be completed to ensure the budgets are properly set and managed.	2	The budget will be properly established for 2008/09 in discussion with the Director of Social Work and Director of Education, Culture and Sport.	Head of Accounting, Finance Service	01/04/08
5.3	There is no Communication Strategy currently in place.	3	Report to 6 June Joint Committee for further implementation.	Head of Children's Services, Social Work Service	06/06/08